



*SinoPac Holdings*

2004

ANNUAL REPORT

SinoPac Holdings & Its Subsidiaries

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<http://www.sinopacsecurities.com>
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SinoPac Holdings

A CrossPacific[®] Financial Holding Company



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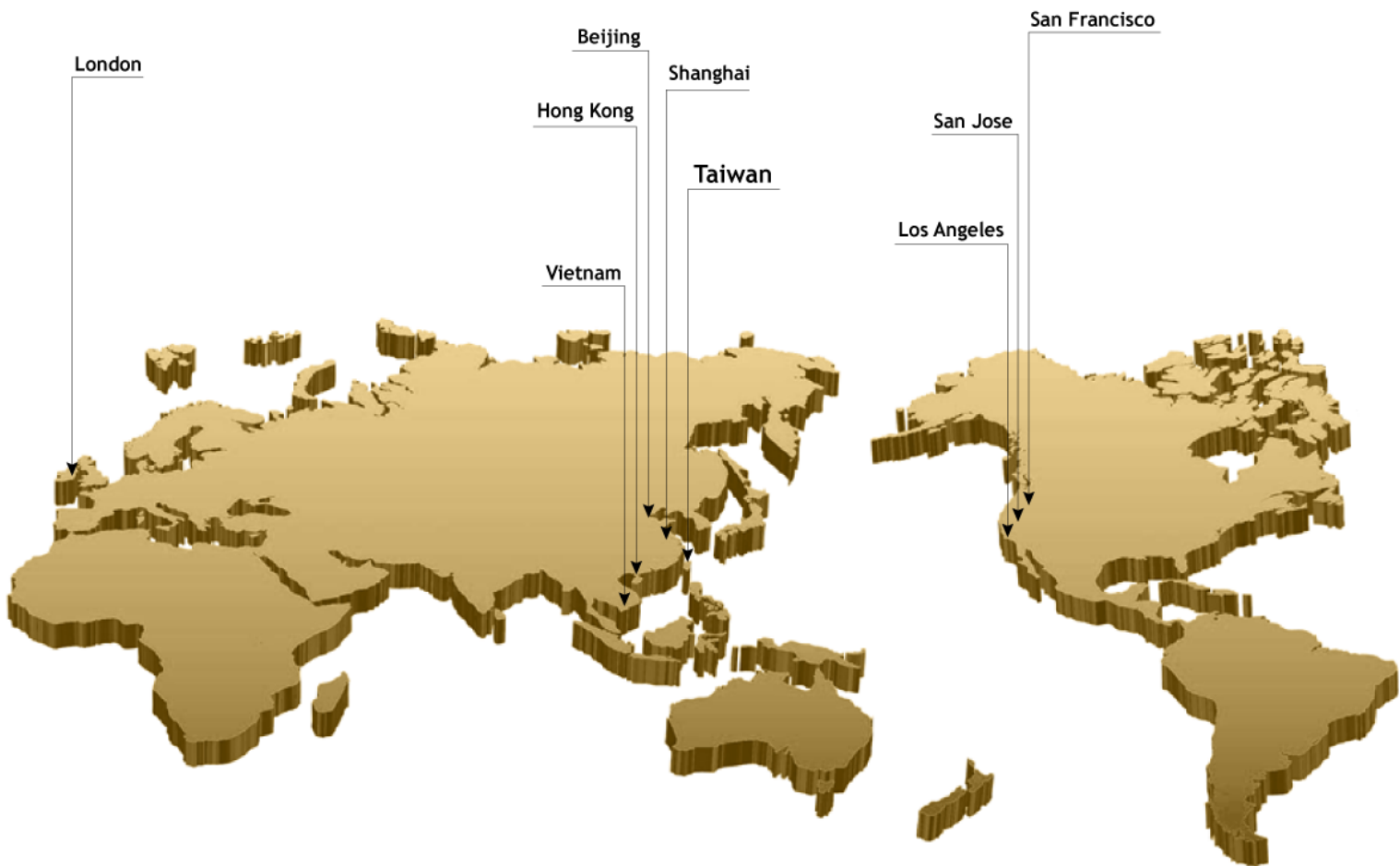


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2004 ANNUAL REPORT

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Letter To Shareholders

2004 was another strong year for SinoPac Holdings. Our net income after tax reached a record NT\$4,623 million, translating to NT\$1.24 in earnings per share. During the past year, we experienced political currents brought on by Taiwan's presidential and legislative elections, which in turn led to volatility in both the stock and foreign exchange markets. Despite these uncertainties, SinoPac's management and colleagues remain focused on business objectives and once again achieved a new earnings record. This reflects our ability to manage risks, meet challenges, and remain competitive while pursuing profitable growth.

In early 2004, SinoPac Holdings established a new customer-oriented management structure. Aligned with our diverse client base, we divided our business channels into the Institutional Financial Services Group, Individual Financial Services Group, Wealth Management Group, and Financial Market Group. Our support units have been consolidated into the Customer Support Group to form a technology and services provider for our business groups. In November 2004, we acquired United Securities Investment Trust Corporation to enhance our asset management platform.

Solid recovery, stable employment, and rising prices were key features of the global economy in 2004. The U.S. consumer continued to be the growth stimulus for the world's economy, as the U.S. economy grew by 4.3% and the global economy by 5%. The U.S. Federal Reserve reversed its loose monetary policy of the past five years and increased key interest rates. China, as an emerging economic powerhouse, recorded a 9.5% growth rate in 2004. The unprecedented demand from emerging markets such as China and India sent prices of basic metals such as copper, iron, and aluminum soaring. Crude oil reached a high of US\$50 per barrel.

Taiwan's economy grew by 5.93% during 2004, the highest since 1988, based on strong exports and recovering investment activities. Exports to China and the U.S. remained strong, however, high prices for material imports substantially reduced Taiwan's traditional trade surplus. Intense campaigning in the March 2004 presidential race and the thin margin of victory generated uncertainty in the marketplace as the Taipei Stock Exchange index fell 25% to 5,255.



Dr. Richard M. Hong, Chairman

Our Institutional Financial Services Group met the challenges of this fast-changing business environment by developing several powerful electronic delivery platforms. The Los Angeles Branch established an e-factoring platform for financing Taiwan and China exports to the vast U.S. consumer market. Our Hong Kong Branch exceeded all revenue expectations during only its second year of operation and built a multi-faceted platform for securities brokering and trade finance targeting Taiwan companies operating in China. SinoPac Holdings, in October 2004, opened a full-service branch in Ho Chi Minh City under our wholly-owned U.S. subsidiary Far East National Bank. This reflects our commitment to servicing our Taiwan small and medium-sized enterprises in their operations abroad in California and along the Pacific Rim. The Group also divided its domestic corporate banking operations into six divisions along industry segments to better understand and service our corporate relationships. The Group initiated online e-credit data and an e-approval process to expedite client requests.

The Institutional Financial Services Group also retained its premier position in Taiwan's investment banking market, being the lead underwriter on 15 issues in the Taiwan and Over-The-Counter Stock Exchanges with total portfolio value of NT\$5,083 million. Abroad, the Group signed up five IPOs in Hong Kong, spearheaded offshore e-factoring, and developed an e-position system that mark-to-market securities online and provides management with real-time investment portfolio data.

Our Individual Financial Services Group is composed of the Individual Banking Division of Bank SinoPac and AnShin Card Services, SinoPac Life Insurance, SinoPac Property Insurance, and SinoPac Marketing Consulting subsidiaries. The Group bases its business model on the e-cash Money Market Account (MMA) as the key platform in providing customers with a "one-stop" location for an array of financial products and services.

2004 was also a very good year for the Individual Financial Services Group. Consumer loans grew by 16% to NT\$170 billion, the number of credit cards issued almost doubled to 1.5 million, and a NT\$10 billion card securitization was successfully closed. In July 2004, AnShin Card Services joined forces with the Eastern Home Shopping Network to issue 300,000 co-branded credit cards. Despite rapid expansion and strong market penetration, the Group held past due loans to only 0.53% of outstandings, the lowest among Taiwan's banks.

The Wealth Management Group successfully integrated its securities brokerage and personal asset management businesses. The Group maintained its position as Taiwan's fourth largest securities broker with a 4.8% market share, capitalizing on its user friendly e-Broker trading platform. The Group also made substantial progress in options and futures trading. By September of 2004, we were listed as Taiwan's second largest trader in the options market. Wealth Management centers are being established to provide state-of-the-art technology with customized service.

The Financial Market Group oversees SinoPac Holdings' foreign exchange and money market dealings in global financial markets. The Group fields a staff of professionals that, in 2004, was ranked among the top five in derivatives trading volume and top three in options issuance for all domestic and foreign banks in Taiwan. Also, a new Financial Products Unit was established to evaluate, using financial models, new derivative products, its market risks and adherence to regulatory compliance.

The management strategy of SinoPac Holdings is to constantly strive for improved efficiency, lower cost, and drive performance. In 2004, we initiated a multi-dimensional management enhancement approach incorporating the Balanced Scorecard, Six Sigma, Risk Metrics, and Activity-based Costing. We continue to invest heavily in technology, and spent NT\$1.5 billion in 2004 to upgrade electronic delivery platforms.

We are confident that we can meet every challenge posed by the ever-changing financial markets and that we can continue to expand our scale and broaden our scope to become a premier regional financial services provider.



Paul C. Lo, President & CEO

Dr. Richard M. Hong
Chairman

A handwritten signature in black ink that reads "Richard Hong".

Paul C. Lo
President & Chief Executive Officer

A handwritten signature in black ink that reads "Paul Lo".

Corporate Profile

I. Introduction

SinoPac Holdings (code: 2890) was officially listed on the Taiwan Stock Exchange on May 9, 2002. The operations of its subsidiaries include banking, securities, credit card, call center, insurance agency, marketing, venture capital, management consulting, and securities investment trust. There are over 100 offices and 1.5 million clients. Apart from Taiwan, SinoPac also operates abroad in Hong Kong, China, the USA, the UK, and Vietnam.

SinoPac Holdings was formed from the merger of two established financial institutions in Taiwan -- Bank SinoPac and SinoPac Securities (formerly National Securities). Based on the strategy of "one brand and total integration", all subsidiaries of the newly established company were renamed SinoPac. The global perspective of SinoPac Holdings is to become the most competitive financial holding company in the Pan-Pacific region.

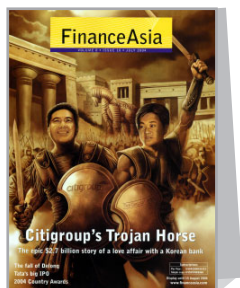
In December 2003, the Board of Directors approved the "organization restructure" initiative and adopted a "customer-oriented" management structure to set up four business groups: Institutional Financial Services Group, Wealth Management Group, Individual Financial Services Group, and Financial Market Group. In addition, information technology, operations, and call centers were integrated into the Customer Support Group, while strategic planning, risk management, finance, research, human resources, accounting, legal and compliance, and administration were centralized under the headoffice of the holding company. Also, in October 2004, SinoPac Holdings acquired United Securities Investment Trust Corporation (United SITC) and renamed United SITC as SinoPac SITC.

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, and The Best Corporate/Institutional Internet Bank in Taiwan. In particular, The Asset has ranked Bank SinoPac as The Best Domestic Bank in Taiwan for four years in a row. In 2002, Bank SinoPac's industry-leading internet banking platforms "MMAb2b" and "MMA" were both selected side by side with some other internationally renowned banks by Global Finance as The World's Best Corporate Integrated Site and Best Consumer Integrated Site/Asia Pacific.

SinoPac Securities was first 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\$15.27 billion and over 40 branches in Taiwan. The company has been actively internationalizing its operations and enhancing its internet trading capabilities while striving to become the leading securities firm offering a comprehensive range of products and services in the Greater China area. SinoPac Securities is a top-4 brokerage house in terms of market share and its e-brokerage business is a leader in Taiwan. The Asset magazine, in "The Asset Equities Index", recently ranked SinoPac Securities as the second largest securities firm in Taiwan. In 2004, SinoPac Securities was ranked by both Asiamoney and FinanceAsia as the "The Best Domestic Equity House in Taiwan."



The Best Domestic Bank in Taiwan
Nov. 2004 / The Asset



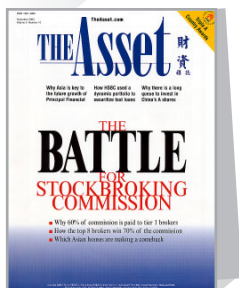
The Best Equity House in Taiwan
July 2004 / FinanceAsia



The Best Emerging Market Bank in Taiwan
May 2004 / Global Finance



The Best Domestic Equity House in Taiwan
May 2004 / Asiamoney



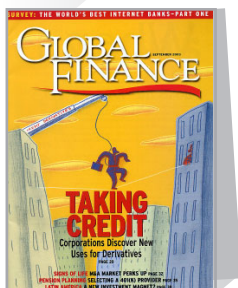
The Best Domestic Bank in Taiwan 獎
Top Local Brokerage House
Nov. 2003 / The Asset



The Best Corporate Governance Company in Taiwan
Sept. 2003 / Euromoney



Bank of the Year in Taiwan
Sept. 2003 / The Banker

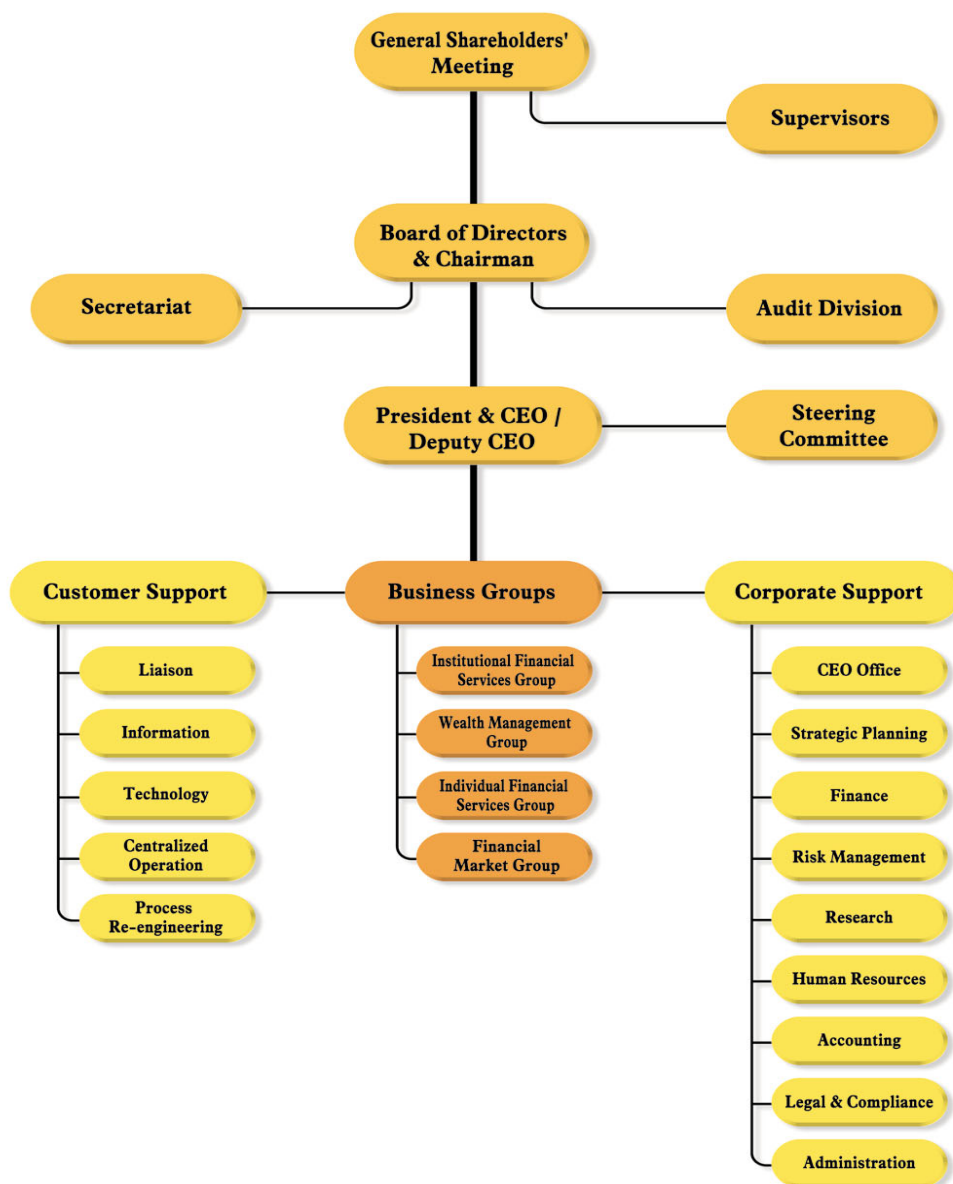


Best Corporate/Institutional Internet Bank /Taiwan
Sept. 2003 / Global Finance

II. Corporate Organization

(I) Organization Structure

A. SinoPac Holdings Organization and Management Structure



B. Duties and Functions of Major Groups

The General Shareholders' Meeting is the supreme decision-making event of the company, after which the Chairman, Board of Directors, Supervisors are elected.

1. Steering Committee

The Steering Committee is set up to assist the CEO in making strategic planning and policy decision. Its major duties include:

- | | |
|------------------------------------------------------------------|---------------------------------------------------------|
| (1) drawing up long-term strategic plans; | (5) defining rights and obligations of employees; |
| (2) managing assets and liabilities; | (6) proposing to set up, relocate and remove channels; |
| (3) controlling risk management; | (7) managing and supervising company investments; |
| (4) researching and developing important and strategic products; | (8) reviewing major investment or procurement projects. |

2. Business Groups

Business groups are set up to manage financial businesses within approved scopes

- (1) Institutional Financial Services Group: responsible for the development and marketing of corporate financial products, establishment of channels, corporate finance, inter-bank relations, financial consulting, domestic and international underwriting, stock agency business, offshore corporate banking, venture capital, and management consulting services.

- (2) Wealth Management Group: responsible for securities brokerage, trust investment and trust management, individual wealth management, development and marketing of wealth management products, and promotion of the futures business.
- (3) Individual Financial Services Group: responsible for consumer banking, mortgage loans, individual wealth management, credit card, life and property insurance agency, development and marketing of individual financial products, MMA account management.
- (4) Financial Market Group: responsible for dealings and tradings in currencies, bonds, securities, futures and derivatives, and in charge of money market treasury.

3. Corporate Support

- (1) CEO Office: managing corporate affairs, meeting schedules, public relations, investor relations, CEO's special assignments.
- (2) Strategic Planning Division: strategic planning, reviewing inter-group products, and making inter-group business plans
- (3) Finance Division: financial planning, managing assets and liabilities.
- (4) Risk Management Division: making risk management policies and principles, establishing risk management systems, planning risk management mechanism, and overseeing the operation of risk management.
- (5) Research Division: conducting macroeconomic, industry, corporate and securities research.
- (6) Human Resources Division: managing human resources, planning recruiting and training.
- (7) Accounting Division: managing accounting principles, accounting operations, profit and loss analysis and taxation planning.
- (8) Legal and Compliance Division: managing legal and compliance affairs, handling legal affairs, examining rules and codes.
- (9) Administration Division: handling administrative affairs, managing and maintaining properties, procurement, security, and other general affairs.

4. Customer Support

The Customer Support Group's primary task is to integrate the information and technology support functions as well as operations and call centers of the financial holding company and its subsidiaries in order to enhance the overall performance of the Company on one hand and improve the synergy of shared resources on the other.

C. SinoPac Holdings and Its Subsidiaries

Unit: NT\$ million



(II) Directors, Supervisors, Executives and Principal Officers

A. Directors and Supervisors

Board of Directors and Supervisors

December 31, 2004



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, Pou-Tsang



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



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

Directors and Supervisors

Title	Name	Elected Date	Term (Year)	First Elected	Shares Owned When Elected		Shares Owned Currently		Shares Owned by Spouse & Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors and Department Heads		
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Chairman	National Holding Co., Ltd. / HONG, Richard M	2002/05/09	3	2002/05/09	134,012,787	3.79%	148,921,887	3.73%	17,282,757	0.43%	0	0	Chairman of National Investment Trust Co., Ltd. President of National Leasing Co., Ltd. Chairman of Oriental Semi-Conductor Electronics Ltd. Ph.D. in E.E. of Michigan State University.	Chairman of National Holding Co., Ltd. Chairman of Matsushita Electric (Taiwan) Co., Ltd. Chairman of National Electric Appliance Co., Ltd. Director of HongYue Investment Co., Ltd. Director of National Venture Capital Corp. Director of National Finance Corp. Supervisor of Cosmos Technology Venture Capital Investment Corp.	Director	HONG, Eugene	Son
Managing Director	Gin An Investment Ltd. / YN, Yen-Liang	2002/05/09	3	2002/05/09	82,971,999	2.35%	92,073,225	2.31%	6,375,999	0.16%	0	0	CEO of Ruentex Group Ph.D. in Business Administration of National Cheng Chi University	Chairman of AnShin Card Services Co., Ltd. Chairman of Ruentex Leasing Co., Ltd. Chairman of Ruen Hua Dyeing & Weaving Co., Ltd. Chairman of Ruen Young Trading Co., Ltd. Director of Kwang Hua Development & Investment Ltd. Director of Prudence Venture Investment Corp. Managing Director of Bank SinoPac Director of Ruentex Advertising Co., Ltd. Director of RF-MART International Co., Ltd. Director of Acer Inc. Director of Trend Laser Technology Co., Ltd. Director of Runhom Pretech Engineering Co., Ltd. Director of Ruentex Resources Integration Co., Ltd. Director of Ruen Fu NewLife Corp.	NA	NA	NA
Managing Director	LO, Paul C.	2002/05/09	3	2002/05/09	6,975,748	0.20%	7,882,332	0.20%	0	0	0	0	Vice President of Citibank MBA, Indiana State University	President and CEO of SinoPac Holdings Chairman of Bank SinoPac Chairman of Far East National Bank Chairman of SinoPac Bancorp Director of AnShin Card Services Co., Ltd.	NA	NA	NA
Director	National Holding Co., Ltd. / HONG, Eugene	2002/05/09	3	2002/05/09	134,012,787	3.79%	148,921,887	3.73%	1,808,079	0.05%	0	0	CFA, The Blackstone Group, NY Senior Analyst of Electra Fleming Inc., B.S. in E. E. and Finance University of Pennsylvania	Chairman of SinoPac Securities (USA) Director of National Holding Co., Ltd. Director of HongYue Investment Co., Ltd. Director of SinoPac Securities (Cayman) Holdings Director of Far East National Bank	Chairman	HONG, Richard M.	Father
Director	Rei-Fu Investment Co., Ltd. / HSU, Cheng-Tsa	2002/05/09	3	2002/05/09	138,083	0.00%	153,228	0.00%	0	0	0	0	Chairman Formosa Rubber Group Ltd. Fu-Shin Industrial College	Chairman Formosa Rubber Group, Ltd. Chairman of Hao Ho Construction Ltd. Chairman of Rei Fu Construction Ltd. Chairman of Rei Jing International Ltd. Director of SinoPac Futures Co., Ltd. Director of Shan Chu Construction Ltd. Director of Rei Fu International Ltd. Director of Rei Li International Ltd. Director of Fong Ho International Director of Cheng Shi Investment Ltd. Director of Rei Hwa Ltd.	NA	NA	NA
Director	Fortune Investment Co., Ltd. / SHEU, Jong-Ming	2002/05/09	3	2002/05/09	588,565	0.02%	630,963	0.02%	18,173,017	0.46%	0	0	Chairman of Taiwan Feed Industry Association	Chairman of Fortune Electric Co., Ltd. President of Formosa Oilseed Processing Co., Ltd.	NA	NA	NA

December 31, 2004

Title	Name	Elected Date	Term (Year)	First Elected	Shares Owned When Elected		Shares Owned Currently		Shares Owned by Spouse & Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Positions Held Concurrently	Related to Directors Supervisors and Department Heads		
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
													Managing Supervisor of Chinese National Federation of Industries BA of National Cheng Chi University	Director of Hwa Chueng Ltd. Director of Far East National Bank Director of ET Internet Technology Corp. Director of Central Union Oil Corp. Director of Kuang Ta Grain Corp. Director of Force Engineer Co., Ltd. Director of Timing Technology Co., Ltd.			
Director	National Holding Co., Ltd./HSU, Daw-Yi	2002/05/09	3	2002/05/09	134,012,787	3.79%	148,921,887	3.73%	2,184,018	0.05%	0	0	Vice President of Core Pacific Securities Co., Ltd. Executive Vice President, National Investment Trust Co., Ltd. MBA, Ohio State University	President of SinoPac Securities Corp. Director of National Finance Corp. Director of SinoPac Securities (Cayman) Holdings Ltd. Chairman of SinoPac Securities (Asia) Ltd. Chairman of SinoPac Securities (Europe) Ltd.	NA	NA	NA
Director	CHEN, Po-u-Tsang	2002/05/09	3	2002/05/09	3,004,272	0.09%	3,688,600	0.09%	0	0	0	0	Vice President, Citibank MBA, UCLA	President of Bank SinoPac Director of SinoPac Leasing Corp. Director of Far East National Bank Director of SinoPac Bancorp Chairman of Secoda Corp.	NA	NA	NA
Director	Southeast Soda Manufacturing Co., Ltd./ CHEN, Kai-Yuan	2002/05/09	3	2002/05/09	30,356,222	0.86%	33,686,005	0.84%	11,412,139	0.29%	0	0	Chairman of Southeast Soda Manufacturing Co., Ltd. College of Engineering, CYOU	Chairman of Southeast Soda Manufacturing Co., Ltd. Chairman of China Corporate Venture Fund Ltd. Director of SinoPac Industrial Corp. Director of East Tender Trading Co., Ltd. Director of Don Shin Investment Co., Ltd.	NA	NA	NA
Director	National Holding Co., Ltd./ HWANG, Min-Juh	2002/05/09	3	2002/05/09	134,012,787	3.79%	148,921,887	3.73%	2,461,452	0.06%	0	0	President of Top Soon Portfolio Securities Co., Ltd. President of Institute of Securities & Futures Markets Development, Taiwan Director & President of Taiwan Over-The-Counter Securities Exchange Ph. D. Business Administration of Tokushoku University	Deputy CEO of SinoPac Holdings Chairman of SinoPac Securities Corp. Chairman of Shenglung Venture Capital Corp. Chairman Hua-Mi Venture Capital Corp. Director of SinoPac Securities (Cayman) Holdings Ltd. Supervisor of Taiwan Integrative Shareholder Service Co.	NA	NA	NA
Director	Gin An Investment Ltd./ YEH, Tien-Cheng	2002/05/09	3	2002/05/09	82,971,999	2.35%	92,073,225	2.31%	0	0	0	0	Vice President of Ruentex Construction & Development Co., Ltd. Master in Administration of Chiao Tung University	Vice President of Ruentex Construction & Development Co., Ltd.	NA	NA	NA
Supervisor	Yu Ruen Investment Ltd./ TSENG, Ta-Mong	2002/05/09	3	2002/05/09	9,240,417	0.26%	10,254,000	0.26%	0	0	0	0	Officer of Bureau of Foreign Trade, Ministry of Economic Affairs LL.M. of University College London	Special Assistant for Board of Directors of Ruentex Industries Ltd. Director of AP Logistics Corp. Director of China Marine Surveyors & Measures Co., Ltd. Director of Thomas Miller (Taiwan) Ltd. Supervisor of Hua Hsia Leasing Ltd.	NA	NA	NA
Supervisor	Hong Yue Investment Corporation Ltd./ HUANG, Chuen-Su	2002/05/09	3	2002/05/09	66,606,628	1.88%	73,912,730	1.85%	1,227	0	0	0	President & Chairman of SinoPac Securities Corp. Division Manager of First Bank BA. of National Taiwan University	Supervisor of Bank SinoPac Director of Total Technology Ltd.	NA	NA	NA

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

Title	Name	Assumption Date	Shares Owned		Shares Owned by Spouse & Minors		Shares Held under Surrogate AC		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors and Department Heads		
			No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
President, CEO, and President of Financial Market Group	LQ, Paul C.	2002/5/9	7,882,332	0.20%	0	0	0	0	Vice President, New York, Los Angeles, San Francisco and Taipei Branch of Citibank MBA, Indiana State University	Chairman, Bank Sino Pac	NA	NA	NA
Deputy CEO	HWANG, Min-Juh	2004/1/1	2,461,452	0.06%	0	0	0	0	Director & President, Taiwan Over-The-Counter Securities Exchange President, Top Soon Portfolio Securities Co., Ltd. President, Institute of Securities & Futures Markets Development, Taiwan Doctorate in Business Administration, Takushoku University	Chairman, Sino Pac Securities	NA	NA	NA
President of Institutional Financial Services Group	CHEN, Pou-Tsang	2004/1/1	3,688,600	0.09%	0	0	0	0	Vice President, Citibank N. A., Taipei Branch MBA, UCLA	President, Bank Sino Pac	NA	NA	NA
President of Wealth Management Group	HSU, Daw-Yi	2004/1/1	2,184,018	0.05%	0	0	0	0	Executive Vice President, National Investment Trust Co., Ltd. Senior Vice President, Core Pacific Securities Co., Ltd. MBA, Ohio State University	President, Sino Pac Securities	NA	NA	NA
President of Individual Financial Services Group	CHIA, Chen-I	2004/1/1	3,042,762	0.08%	7,773	0	0	0	President, An Shin Card Services Co., Ltd. SEVP, Bank Sino Pac Vice President, Taipei Branch of Citibank MBA, University of Wisconsin-Madison	Senior Executive Vice President, Bank Sino Pac	NA	NA	NA
President of Customer Support Group	FANG, Joan	2004/1/1	763,848	0.02%	0	0	0	0	Vice President, Citibank Taipei MBA, Tamkang University	Senior Executive Vice President, Bank Sino Pac	NA	NA	NA
Chief Secretary	CHIANG, Wen-You	2002/5/9	414,850	0.01%	0	0	0	0	Vice President, Sino Pac Securities SVP of the Securities Business Group, Sino Pac Securities Bachelor of International Trade, Tamkang University	Chairman, National Investment Trust Co., Ltd. Supervisor, An Shin Card Services Co., Ltd. Director, Sino Pac Asset Management International Co., Ltd.	NA	NA	NA

December 31, 2004

Title	Name	Assumption Date	Shares Owned		Shares Owned by Spouse & Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors and Department Heads		
			No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Chief Auditor	LEE, Nancy C.	2002/5/9	814,202	0.02%	92,621	0	0	0	Chief Auditor, Bank Sino Pac Assistant Vice President of the International Division, The International Commercial Bank of China Assistant Vice President of the Information Technology Division, The International Commercial Bank of China Master Degree of Computer Science, Pratt Institute of Technology	Supervisor, Bank Sino Pac Supervisor, Sino Pac Call Center Co., Ltd.	NA	NA	NA
Chief of Staff and Spokesperson	PENG, Kevin H.	2002/5/9	604,416	0.02%	152,402	0	0	0	Chairman & President, Sino Pac Securities Investment Advisory Chairman, IntelliSys SVP., Bank Sino Pac DGM, Service Marketing, Carrier (JTC) Taiwan MBA, Freeman School of Tulane University	Supervisor, IntelliSys	NA	NA	NA
Head of Strategic Planning Division	CHANG, Richard	2004/1/1	2,395,304	0.06%	942	0	0	0	Senior Executive Vice President, Sino Pac Securities President, former Sino Pac Securities (Subsidiary of Bank Sino Pac) MBA, University of Chicago	Director, Sino Pac Securities Corporation Managing Director, Sino Pac Securities (Asia) Ltd. Director, Sino Pac Asset Management International Co., Ltd.	NA	NA	NA
Head of Finance Division & Risk Management Division	LIN, Walter	2004/1/1	238,627	0.01%	0	0	0	0	Vice President, Bank Sino Pac COO, Bexco Enterprises (US A.) Vice President, AIA Capital, Taiwan Assistant Manager, Citibank N.A., Taipei MBA, Columbia University	NA	NA	NA	NA
Head of Research Division	CHEN, Daniel	2004/8/1	0	0	0	0	0	0	Director & Senior Executive Vice President, Industrial Bank of Taiwan President, Institute of Research, Corporate Planning & Training, China Trust Commercial Bank Post Dr. research, Harvard University PHD of Economics, National Taiwan University	Director, Sino Pac Asset Management International Co., Ltd. Director, Sino Pac Venture Capital Co., Ltd.	NA	NA	NA

(Continued)

Title	Name	Assumption Date	Shares Owned		Shares Owned by Spouse & Minors		Shares Held under Surrogate AC		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors and Department Heads		
			No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Head of Human Resources Division	HAN, Amy	2004/1/1	394,107	0.01%	0	0	0	0	Assistant Vice President, Citibank B.A. National Chengchi University	Head of Human Resources Division, Senior Vice President, Bank SinoPac	NA	NA	NA
Head of Accounting Division	PAO, Shu-Chun	2004/1/1	225,118	0.01%	0	0	0	0	Specialist of Central Trust of China MBA, State University of New York at Buffalo	Head of Accounting Division, Senior Vice President, Bank SinoPac	NA	NA	NA
Head of Legal & Compliance Division	HSU, Swei-Yuan	2004/1/1	426,237	0.01%	0	0	0	0	Legal Specialist, Citibank NA, Taipei Branch Bachelor, Department of Law, National Taiwan University	Chairman, SinoPac Leasing Corporation EVP, Chief Secretary Legal Division, Bank SinoPac	NA	NA	NA
Head of Administration Division	LIANG, Bor-Song	2004/1/1	782,005	0.02%	61	0	0	0	EVP, Chief Auditor, SinoPac Securities B.A. Dept. of Business Admin., Tamkang University	Executive Vice President, SinoPac Securities	NA	NA	NA
Executive Vice President of Financial Market Group	TU, Lily	2004/4/1	306,423	0.01%	0	0	0	0	Vice President, JP Morgan Chase New York Assistant Vice President, Citibank Taipei Branch Master of Economics, National Taiwan University	Executive Vice President, Bank SinoPac	NA	NA	NA
Deputy Chief Auditor	LYU, Albert	2002/10/21	184,197	0	0	0	0	0	Executive Vice President, SinoPac Securities Corp. Chief Executive of International Division, SinoPac Securities Corp. Assistant Vice President of Underwriting Department, SinoPac Securities Corp. Deputy Division Chief, ICBC PHD of Shanghai University in Finance & Economics	Supervisor of SinoPac Marketing Consulting Co., Ltd. Supervisor of SinoPac Securities Investment Trust Co., Ltd.	NA	NA	NA

Title	Name	Assumption Date	Shares Owned		Shares Owned by Spouse & Minors		Shares Held under Sunogate A/C		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors and Department Heads		
			No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Senior Executive, Research Division	CHEN, Bruce	2002/10/21	104,468	0	0	0	0	0	Senior Vice President of SinoPac Leasing Corp. Chief Secretary of Board of Bank SinoPac Vice President of Code Master Corp. Specialist of Department of National Treasury of the Ministry of Public Finance Master Degree of the Department of Public Finance of Chang Chi University	Senior Vice President of SinoPac Asset Management International Co., Ltd.	NA	NA	NA
Executive Vice President & Chief of Staff, Individual Financial Services Group	HAN, Tao-Wei	2004/4/1	456,699	0.01%	0	0	0	0	Assistant Manager, Citibank Taipei Branch Aethia University, Department of International Trade	Executive Vice President, Bank SinoPac Chairman, SinoPac Marketing Consulting Co., Ltd.	NA	NA	NA
Chief Business Liaison Officer, Customer Support Group	TAO, Ruey Ching	2004/4/1	152,260	0	0	0	0	0	Regional Information Resources Manager, Taiwan American President Lines Instructor, Department of Industrial Engineering National Tsing Hua University Master of Science in Industrial Engineering, University of Wisconsin - Madison	Senior Vice President An Shin Card Services Co., Ltd.	NA	NA	NA
Senior Executive, Individual Financial Services Group	YANG, Meng-Lai	2004/4/1	16,000	0	0	0	0	0	Vice President, Corporate Banking, Citibank Taipei Branch M.S. Accountancy, University of Houston	Senior Vice President, An Shin Card Services Co., Ltd.	NA	NA	NA
Chief Information Officer, Customer Support Group	SHIEH, Shang-Bin	2004/4/1	233,970	0.01%	0	0	0	0	Vice President, Information Technology Div., Citibank MBA, Memphis State University	Senior Vice President & General Manager Bank SinoPac	NA	NA	NA

(Concluded)

C. Remuneration and Compensation Paid to Directors, Supervisors, President and Executive Vice Presidents in 2004

Directors' Remuneration							Unit: NT\$ thousand			
Name	Transportation Allowance & Remuneration	Directors' Remuneration from Appropriation of Earnings	Employee Bonus from Appropriation of Earnings				Aggregate Amount of the Aforesaid Items	Total Amount/Net Income	Employee Stock Options	Other Remuneration
			Cash	No. of Shares	Market Price	Amount				
HONG, Richard M. YIN, Yen-Liang LO, Paul C. Rei-Fu Investment Co., Ltd. National Holding Co., Ltd. Southeast Soda Manufacturing Co., Ltd. Fortune Investment Co., Ltd. GinAn Investment Ltd. SHEU, Jong-Ming HSU, Daw-Yi CHEN, Pou-Tsang CHEN, Kai-Yuan HWANG, Min-Juh YEH, Tien-Cheng HONG, Eugene HSU, Cheng-Tsai	5,286	45,000	4,000	151 thousand shares	18.17	2,751	57,037	1.23%	11,192 thousand shares	Company car at book value and rental expenses NT\$6,137

Supervisors' Remuneration					Unit: NT\$ thousand
Name	Transportation Allowance & Remuneration	Supervisors' Remuneration from Appropriation of Earnings	Aggregate Amount of the Aforesaid Items	Total Amount/Net income	Other Remuneration
Yu Ruen Investment Ltd. Hong Yue Investment Corporation Ltd. LU, Daung-Yen HUANG, Chuen-Su TSENG, Ta-Mong	1,155	9,000	10,155	0.22%	-

President and Executive Vice Presidents' Compensations							Unit: NT\$ thousand			
Name	Salary	Bonus & Special Allowance	Employee Bonus from Appropriation of Earnings				Aggregate Amount of the Aforesaid Items	Total Amount/Net Income	Employee Stock Options	Other Remuneration
			Cash	No. of Shares	Market Price	Amount				
LO, Paul C. HWANG, Min-Juh CHEN, Pou-Tsang HSU, Daw-Yi CHIA, Chen-I FANG, Joan CHIANG, W.Y. LEE, Nancy C. PENG, Kevin H. CHANG, Richard CHEN, Daniel	22,331	18,314	9,900	70 thousand shares	18.17	1,272	51,817	1.12%	16,782 thousand shares	-

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

Title	Name	2004		January 1 to February 28, 2005	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	HONG, Richard M / National Holding Co., Ltd.	6,543,701	(2,549,487)	-	-
Managing Director	YIN, Yen-Liang / Gin An Investment Ltd.	4,045,743	12,996,495	-	-
Managing Director	LO, Paul C.	481,552	(143,739)	707,065	-
Director	Hong, Eugene / National Holding Co., Ltd.	6,543,701	(2,549,487)	-	-
Director	HSU, Cheng-Tsai / Rei-Fu Investment Co., Ltd.	6,732	-	-	-
Director	SHEU, Jong-Ming / Fortune Investment Co., Ltd.	27,724	-	-	-
Director	HSU, Daw-Yi / National Holding Co., Ltd.	6,543,701	(2,549,487)	-	-
Director	CHEN, Pou-Tsang	297,278	-	424,239	-
Director	CHEN, Kai-Yuan / Southeast Soda Manufacturing	1,480,179	-	-	-
Director	HWANG, Min-Juh / National Holding Co., Ltd.	6,543,701	(2,549,487)	-	-
Director	YEH, Tien-Cheng / Gin An Investment Ltd.	4,045,743	12,996,495	-	-
Supervisor	TSENG, Ta-Mong / Yu Ruen Investment Corporation Ltd.	450,565	-	-	-
Supervisor	HUANG, Chuen-Su / Hong Yue Investment Corporation Ltd.	3,247,761	(1,544,000)	-	-
President	LO, Paul C.	481,552	(143,739)	707,065	-
Deputy CEO	HWANG, Min-Juh	299,014	-	282,826	-
Director	CHEN, Pou-Tsang	297,278	-	424,239	-
Director	HSU, Daw-Yi	(412,243)	-	374,239	-
SEVP	CHIA, Chen-I	94,436	(300,000)	424,239	-
SEVP	FANG, Joan N.	33,563	-	-	-
EVP	CHIANG, Wen-You	(79,095)	-	147,306	-
EVP	LEE, Nancy C.	148,443	-	-	-
EVP	PENG, Kevin H.	139,225	-	176,768	-
EVP	CHANG, Richard	207,917	-	176,768	-
EVP	CHEN, Daniel	-	-	-	-
EVP	TU, Lily	145,423	-	162,036	-
EVP	HAN, Tao-Wei	106,920	-	-	-
SVP	LIN, Walter	100,618	-	70,707	-
SVP	HAN, Amy	107,450	-	-	-
SVP	PAO, Shu-Chun	119,146	-	-	-
SVP	HSU, Swei-Yuan	42,630	-	-	-
SVP	LIANG, Bor-Song	2,395	-	42,424	-
SVP	LYU, Albert	33,491	-	42,424	-
SVP	CHEN, Bruce	58,669	-	42,424	-
SVP	TAO, Ruey-Ching	115,945	-	70,707	-
SVP	YANG, Meng-Lai	16,276	-	-	-
SVP	SHIEH, Shang-Bin	(929)	-	70,707	-

(IV) Consolidated Shareholdings in Invested Companies

Unit : million shares

Investees	Investment Made by SinoPac Holdings		SinoPac Holdings' Investment in Companies Controlled by the Directors, Supervisors, Managers of SinoPac Holdings		Consolidated Investment	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Bank SinoPac	1,944	100%	0	0%	1,944	100%
SinoPac Securities	1,527	100%	0	0%	1,527	100%
AnShin Card Services	193	100%	0	0%	193	100%
SinoPac Call Center	10	100%	0	0%	10	100%
SinoPac Property Insurance Agent	0.3	100%	0	0%	0.3	100%
SinoPac Life Insurance Agent	0.3	100%	0	0%	0.3	100%
SinoPac Asset Management International	10	100%	0	0%	10	100%
SinoPac Venture Capital	100	100%	0	0%	100	100%
SinoPac Marketing Consulting	5	100%	0	0%	5	100%
SinoPac Securities Investment Trust	30	100%	0	0%	30	100%

III. Stocks and Dividends

(I) Source of Capital Stock

Unit : NT\$ million ; million shares

Issued Date	Issued Price	Authorized Capital Stock		Issued Capital Stock		Remarks
		Shares	Amount	Shares	Amount	
2002.05	N/A	10,000	100,000	3,538	35,384	Share swap
2002.09	N/A	10,000	100,000	3,748	37,481	Capital reserves
2004.05	N/A	10,000	100,000	3,771	37,710	ECB conversion
2004.08	N/A	10,000	100,000	3,945	39,452	Earnings
2005.02	N/A	10,000	100,000	3,988	39,881	ECB conversion

February 28, 2005

Type of Stock	Authorized Stock Capital (million shares)				Remarks
	No. of Shares Outstanding	Unissued Shares	Company Buy-back	Total	
Common Stock	3,968	6,012	20	10,000	-

(II) Shareholder Structure

August 9, 2004

Item \ Type	Government Entity	Financial Institution	Other Institution	Individual	Foreign Institution & Individual	Total
Quantity	12	18	304	150,735	339	151,408
Shares	1,996,389	344,053,118	1,040,371,400	1,338,125,240	1,220,688,122	3,945,234,269
Percentage	0.05%	8.72%	26.37%	33.92%	30.94%	100.00%

(III) Shareholding Distribution

August 9, 2004

Tier	Number of Shareholders	No. of Shares (par value: NT\$10)	Percentage
1~ 999	57,618	16,931,675	0.42%
1,000~ 5,000	51,889	117,060,221	2.97%
5,001~ 10,000	16,541	109,480,266	2.78%
10,001~ 15,000	8,972	103,258,985	2.62%
15,001~ 20,000	5,589	97,128,624	2.46%
20,001~ 30,000	4,320	99,194,563	2.51%
30,001~ 50,000	2,697	99,712,882	2.53%
50,001~ 100,000	1,863	121,138,425	3.07%
100,001~ 200,000	837	109,420,123	2.77%
200,001~ 400,000	479	126,856,169	3.22%
400,001~ 600,000	158	76,554,453	1.94%
600,001~ 800,000	69	46,877,253	1.19%
800,001~ 1,000,000	53	47,483,624	1.20%
1,000,000 and above	323	2,774,137,006	70.32%
Total	151,408	3,945,234,269	100.00%

(IV) List of Major Shareholders

August 9, 2004

Major Shareholders	No. of Shares (par value NT\$10)	Percentage
Bank SinoPac	226,495,205	5.7410%
National Holding Co., Ltd.	148,921,887	3.7747%
Gin An Investment Ltd.	92,073,225	2.3338%
Hong Yue Investment Co., Ltd.	73,912,730	1.8735%
Yuen Foong Yu Paper Mfg. Co., Ltd.	73,592,699	1.8654%
Ruentex Industrial Ltd.	70,775,389	1.7939%
Formosan Rubber Group Inc.	60,360,437	1.5300%
FINIA	49,682,588	1.2593%
FINIB	43,753,014	1.1090%
FINIC	37,928,962	0.9614%

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

Unit : NT\$

Item		Year	2003	2004	January 1 to February 28, 2005
Stock price	Highest		20.20	21.50	19.40
	Lowest		10.60	15.20	18.00
	Average		15.75	18.30	18.63
Book value per share	Before distribution		13.30	13.48	13.69
	After distribution		12.26	12.49	-
Earnings per share	Weighted average shares		3,501 million shares	3,726 million shares	3,900 million shares
	Earnings per share		1.20	1.24	0.14
	Cash dividend		0.4995	0.88	-
Dividend per share	Stock dividend	Earnings	0.4596	-	-
		Capital reserves	-	-	-
	Dividend in arrears		-	-	-
ROI Analysis	Annual average price/Earnings (x)		12.02	14.76	22.18
	Annual average price/Cash dividend (x)		28.87	20.80	-
	Cash dividend yield (%)		3.46%	4.81%	-

(VI) Dividend Policy

A. Dividend Policy

The Company's Articles of Incorporation provide that, after deducting any accumulative losses of past years and paying all taxes due, after providing 10% of the annual earnings as legal and special reserves, after offering employees bonuses which should not be less than 1% of the balance of the above, the remaining portion together with the balance at the beginning of the year should be appropriated as dividends. The board of directors should then propose the dividend policy to the shareholders' meeting for approval. In the event that employee bonus is paid out in stock, the beneficiaries may also include the employees of subsidiaries.

To fund continuous expansion and increase profitability, the Company may retain cash for capital needs. In accordance with the Company's business plans, the principle of dividend policy is to pay most dividends in stocks. However, except for the

preceding and following three years before and after the Company was set up, cash dividend shall not be less than 10% of the total dividends declared.

Cash dividend should be paid after it has been approved by the shareholders' meeting, while stock dividend can only be issued after the regulators have approved it.

The distribution of dividends should be acknowledged at the next shareholders' meeting and booked accordingly.

B. Proposed Dividends for the Approval of the Coming Shareholders' Meeting

NT\$38 million for employees' bonus, NT\$54 million for directors and supervisors' remuneration; NT\$3,723 million for cash dividend.

C. Status for 2003

NT\$19 million each in cash and stock bonuses for employees, with employee bonus stocks accounting for 1.07% of all new stocks issued on earnings; NT\$54 million for directors and supervisors' remuneration.

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

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

(VIII) Buy-back Status of Company Shares

December 31, 2004	
Tranche of Buy-back	First Tranche
Purpose of buy-back	To be transferred to employees
Buy-back period	2004/3/25 ~ 2004/5/24
Buy-back price range	NT\$12.11 ~ 20.00 per share
Type & number of buy-back shares	20 million shares of common stock
Value of buy-back shares	NT\$334 million
CAR before buy-back	154%
CAR after buy-back	153%
Number of cancelled and transferred shares	0
Number of accumulated shares	20 million shares of common stock
Number of accumulated shares as a percentage of total issued shares	0.49%
Progress on transfer of buy-back shares to employees	Not transferred yet
Status of shares not transferred within 3 years after buy-back which are thus subject to certain restrictions	NA

IV. Issuance of Corporate Bonds

(I) Status of Corporate Bond Issuance

Type of Bonds	Unsecured Euro Convertible Bonds Issuance in 2002
Issued date	2002/7/12
Par value	US\$1,000
Places of issue and listing	Asia & Europe; Luxembourg
Issued price	100%
Total dollar amount	US\$230 million
Coupon	Zero
Life	5 years; maturity date: 2007/7/12
Priority of repayment	First priority

Type of Bonds	Unsecured Euro Convertible Bonds Issued in 2002
Guarantor	None
Trustee	Bank of New York
Lead Underwriter	UBS Warburg
Legal Advisers	Linklaters; Lee and Li Attorney-at-Law/HSU, Hsiao-Po
Independent Auditors	Deloitte Touche Tdmatsu/CHANG, Ryh-Yan & WEI, Yung-Tu
Repayment method	Unless previously redeemed or converted or purchased and cancelled in accordance with the terms and conditions of the offering of the Bonds, the payments of principal and premium will be made in cash at maturity.
Unpaid principal amount (as of February 28, 2005)	US\$131 million
Conditions on early redemption or payment	<p>1. The Bonds may be redeemed at their early redemption amount, in US dollars, in whole or in part, at the option of the Company at any time after July 12, 2005 provided that the closing price of SinoPac Holdings (translated into US dollars at the prevailing rate), for a period of 20 consecutive trading days, is at least 130% of the conversion price of the Bonds then in effect (translated into US dollars at a fixed exchange rate of NT\$33.513 = USD1.00) on each such trading day.</p> <p>2. The Company may, at any time, redeem all of the Bonds, at their early redemption amount, if at least 90% in principal amount of the Bonds has already been redeemed, converted, or purchased and cancelled.</p> <p>3. The Company may, at any time, redeem all of the Bonds at their early redemption amount as a result of any change in, or amendment to, the laws and regulations of the ROC, or any change in the general application or official interpretation of such laws and regulations, to oblige the Company to pay additional taxes which the Company, after taking reasonable measures available to it, cannot avoid.</p>
Restrictions	None
Eligible Capital	No
Credit rating agency, date of rating, rating results	Credit rating agency: Moody's Date: 2002/14 Credit rating: Baa3
Other Rights	US\$99 million
As of February 28, 2005 the amount that has been converted into common shares, global depository receipts, or other marketable securities	
Issuance and conversion methods	Refer to 2004 financial statements for details
Impact of the issuance method and conversion terms on possible dilution of shares and current shareholders' equity	Maximum dilution is 10.34%; impact is not significant.
Custodian for securities to be exchanged	None

(II) Data on Convertible Bonds

Unit : US\$; NT\$

Type of Bonds		Unsecured Euro Convertible Bonds Issued in 2002			
Item	Year	2002	2003	2004	January 1 to February 28, 2005
Convertible bonds market price (US\$)	Highest	108.400	126.450	132.946	138.900
	Lowest	99.573	107.893	118.374	129.696
	Average	105.179	113.594	124.635	132.497
Conversion price (NT\$)		17.666 & 16.651	16.651 & 15.768	15.768 & 14.618	14.618
Issued date & conversion price on issued date (NT\$)		17.666 on July 12, 2002			
Method of conversion		Into new shares			

(III) Overall Declaration of Corporate Bond Issuance

Projected issuing amount	NA
Issued amount	US\$230 million in unsecured convertible bonds on 2002/7/12
Declared balance	US\$230 million
Expiry date for unissued amount	NA

V. Issuance of Preferred Shares or Depositary Receipts

None

VI. Employee Stock Options

(I) List of Executives Receiving Employee Stock Options and the Top 10 Officers with at Least NT\$30 Million in Option Value

December 31, 2004

Title	Name	No. of Option Shares	Option Shares as a Percentage of Shares Issued	Exercised				Unexercised				
				No. of Shares Converted	Strike Price	Exercised Amount	Converted Shares as a Percentage of Shares Issued	No. of Shares Yet to be Converted	Strike Price (NT\$)	Unexercised Option (NT\$ thousand)	Unconverted Shares as a Percentage of Shares Issued	
President, CEO, and President of Financial Market Group	LO, Paul C.											
Deputy CEO	HWANG, Min-Juh											
President of Institutional Financial Services Group	CHEN, Pou-Tsang											
President of Wealth Management Group	HSU, Daw-Yi											
President of Individual Financial Services Group	CHIA, Chen-H											
President of Customer Support Group	FANG, Jan											
Chief Secretary	CHIANG, Wen-You											
Chief Auditor	LEE, Nancy C.											
Chief of Staff and Spokesman	PENG, Kevin H.											
Head of Strategic Planning Division	CHANG, Richard											
Head of Finance Division & Risk Management Division	LIN, Walter	24,186,000	0.60%	0	NA	0	0	24,186,000	11.14 or 15.96	309,843	0.60%	
Head of Human Resources Division	HAN, Amy											
Head of Accounting Division	PAO, Shu-Chun											
Head of Legal & Compliance Division	HSU, Swei-Yuan											
Head of Administration Division	LIANG, Bor-Song											
EVP, Financial Market Group	TU, Lily											
Deputy Chief Auditor	LYU, Albert											
EVP, Research Division	CHEN, Bruce											
Chief of Staff, Individual Financial Services Group	HAN, Tao-Wei											
CLO, Customer Support Group	TAO, Ruey-Ching											
CFO, Individual Financial Services Group	YANG, Meng-Lai											
CIO, Customer Support Group	SHIEH, Shang-Bin											

(II) Status of the Issuance of Employee Stock Options

December 31, 2004

Type of Stock Option	First Tranche	
Regulatory approval date	2003/07/16	
Issued date	2003/07/31	2003/12/30
Units issued	157,422	67,466
Option shares to be issued as a percentage of outstanding shares	3.95%	1.69%
Duration	7 years	7 years
Conversion measures	Into new common shares	Into new common shares
Conditional conversion periods and percentages	Over 2 years - 50%	Over 2 years - 50%
	Over 3 years - 60%	Over 3 years - 60%
	Over 4 years - 80%	Over 4 years - 80%
	Over 5 years - 100%	Over 5 years - 100%
Converted shares	0	0
Exercised amount	0	0
No. of shares yet to be converted	157,422 thousand shares	67,466 thousand shares
Strike price for unexercised options	NT\$ 11.14	NT\$ 15.96
Unconverted shares as a percentage to outstanding shares	3.95%	1.69%
Impact on shareholders' equity	Dilution: 3.80% ; No significant impact on shareholders' equity	Dilution: 1.66% ; No significant impact on shareholders' equity

VII. Merger with or Acquisition of Other Financial Institutions

In order to enter the securities investment trust industry and to expand the scope of the Wealth Management Group so that shareholders' equity can be increased, SinoPac Holdings acquired SinoPac Securities Investment Trust Co., Ltd. in 2004.

December 31, 2004

Name of Financial Institution	SinoPac Securities Investment Trust Co., Ltd. (Formerly United Investment Trust Corp.)	
Address	4F, No. 76, Section 2, Dun Hua South Road, Taipei, Taiwan 106, R.O.C.	
Chairman	CHIANG, Wen-You	
Paid-in capital	NT\$300 million	
Main businesses	1. Issuing beneficiary certificates to raise securities investment trust funds 2. Investing the funds in securities and other related products 3. Discretionary portfolio management 4. Other business approved by regulators	
Major products	SinoPac Genesis Fund, SinoPac Pilot Fund., SinoPac Columbus Fund., SinoPac New Century Fund,	
Financial Data	Total assets	NT\$339 million
	Total liabilities	NT\$26.7 million
	Total shareholders' equity	NT\$312.6 million
	Operating revenue	NT\$117.8 million
	Gross profit	NT\$117.8 million
	Operating income (loss)	(NT\$1.9 million)
	Net income (loss)	NT\$1.2 million
Earnings per share	NT\$0.04	

Operating Report

I. Business Contents

(I) Business Scope

A. SinoPac Holdings

According to the Financial Holding Company Act, SinoPac Holdings is allowed to invest in banking, bills finance, credit card, trust, insurance, securities, futures, venture capital, foreign financial institutions approved by the regulators, and other industries in accordance with related laws and regulations, and to engage in the management of the invested companies.

B. Bank SinoPac

1. Business Scope

The business scope of Bank SinoPac is determined 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 and conditions of the Bank and how the Bank can best meet the demands of the general public

(1) General Deposits and Loans

- Take various types of NTD demand deposits, time deposits, and mixed deposits;
- Provide short-term, medium-term, and long-term consumer loans and secured and unsecured corporate loans as short-term working capital and mid- to long-term financing, guarantees, and bank acceptances services;
- Provide peripheral financial services including domestic fund remittances, safe deposit rental services, short-term bill trading, over-the-phone and on-line fund transfer, and taking and payment of utility fees and taxes;
- Provide corporations with cash management services, electronic fund management systems to handle salary disbursements for company employees as well as general cash management services including payments, fund transfers, and funding;
- Provide domestic and foreign accounts receivable financing.



Kaohsiung Branch / Bank SinoPac

(2) Trust and Investment

- Money, securities, real estate, debt and collateral trust services;
- Discretionary trust funds for investing in domestic mutual funds as well as offshore securities;
- Custodian services for securities investment trust funds, overseas Chinese and foreigners investing in domestic securities, funds for discretionary account management, operation guarantees and investment-type insurance policies;
- Trust and custodian services for employee welfare, savings, and pension funds of state-run or private companies;
- Consulting services for raising funds through securities issuances;

- Trusteeship for bond offerings and certification of issued securities;
- Discretionary account management services;
- Pooled accounts services;
- Mutual trust funds issuance and offering services

(3) Foreign Exchange Business

- Export & import financing guaranty service for foreign currency payments;
- Cross-border outward and inward remittances, foreign currency deposits and loans, buying and selling of foreign currencies (cash and traveler's checks);
- Trading in financial derivatives

2. Major Businesses and Their Weightings

Deposits					Unit : NT\$ million
Type of Deposits	2003/12/31		2004/12/31		
	Amount	Percentage	Amount	Percentage	
Demand Deposits					
Checking Accounts	4,207	1.38%	5,532	1.68%	
Same Bank Checking Accounts	206	0.07%	247	0.08%	
Passbook Deposits - General	18,077	5.95%	21,296	6.47%	
Passbook Deposits - Savings	59,686	19.64%	73,452	22.32%	
Passbook Deposits - Employees	989	0.32%	980	0.30%	
Passbook Deposits - Foreign Currencies	30,452	10.02%	31,571	9.59%	
Sub-total	113,617	37.38%	133,078	40.44%	
Time Deposits					
Time Deposits - General	90,792	29.87%	88,357	26.85%	
Time Deposits - Savings	60,331	19.85%	65,594	19.93%	
Time Deposits - Foreign Currencies	34,623	11.39%	37,926	11.52%	
Redeposits Placed by Chunghwa Post Co.	4,597	1.51%	4,135	1.26%	
Sub-total	190,343	62.62%	196,012	59.56%	
Total	303,960	100.00%	329,090	100.00%	
Number of Accounts	1,095,867		1,208,169		

Credits - Table 1					Unit : NT\$ million
Type of Credits	2003/12/31		2004/12/31		
	Amount	Percentage	Amount	Percentage	
Loans					
Short-term Unsecured Loans	33,846	16.39%	46,949	18.24%	
Short-term Secured Loans	20,031	9.70%	22,710	8.82%	
Mid-term Unsecured Loans	12,933	6.26%	21,099	8.19%	
Mid-term Secured Loans	22,059	10.68%	23,270	9.04%	
Long-term Unsecured Loans	3,302	1.60%	3,351	1.30%	
Long-term Secured Loans	114,380	55.37%	140,086	54.41%	
Sub-total	206,551	100.00%	257,465	100.00%	
Non-performing Loans	2,840	-	1,881	-	
Bills Purchased and Import/Export Bills	2,736	-	2,547	-	
Guarantees, Acceptances, Letters of Credit	14,753	-	17,414	-	
Factoring business	14,737	-	16,185	-	
Others	18,862	-	17,639	-	
Total	260,479	-	313,131	-	

Credits - Table 2

Unit : NT\$ million

Type of Credits	2003/12/31	2004/12/31
Corporate Banking		
Credit lines	282,213	386,208
Credit balance	110,644	142,237
Loan balance	58,728	87,003
Consumer Banking		
Credit lines	203,406	227,401
Credit balance	149,835	170,894
Loan balance	147,823	170,462
Total Credit Balance	260,479	313,131
Total Loan Balance	206,551	257,465

Overdue & Non-performing Loans

Unit : NT\$ million

Type	2003/12/31		2004/12/31	
	Amount	Percentage (Note)	Amount	Percentage (Note)
Overdue Loans (1)	883	0.42% (0.34%)	62	0.02% (0.02%)
Non-performing Loans in collection (2)	2,840	1.34% (1.09%)	1,881	0.72% (0.60%)
Loans Under Surveillance (3)	832	0.39% (0.32%)	820	0.31% (0.26%)
Loan Category (1)+ (2)	3,723	1.76% (1.43%)	1,943	0.74% (0.62%)
Loan Category (1)+ (2)+ (3)	4,555	2.15% (1.75%)	2,763	1.05% (0.88%)
Write-off (Net)	1,472	0.69% (0.56%)	908	0.35% (0.29%)
Provision for Bad Debts	1,628	-	1,258	-

Note : The denominator is total loans; percentages in brackets are based on total credits.

Foreign Currency Business

Unit : US\$ million

Type of Business	2003	2004
Outward Remittances	15,718	30,627
Inward Remittances	18,018	29,913
Export Bills, Bills for Collection	1,180	1,899
Import Letters of Credit, Bills for Collection	1,061	1,926
Buying and Selling of Foreign Currency (Cash and Traveler's Checks)	58	75
Clean Bill Collection & Purchase	21	39
Total	36,056	64,479

Securities Trading

Unit : NT\$ million

Type	2003	2004
Bills, Bonds Trading Volume	1,657,825	2,208,001
Bills, Bonds Holdings (Average)	111,047	114,283
Bills, Bonds Holdings at Year-end	115,389	98,412
Listed Share Holdings (Average)	2,897	3,095
Beneficiary Certificates Holdings (Average)	144	851
Listed Share Holdings at Year-end (Note)	2,897	1,602
Beneficiary Certificates Holdings at Year-end	173	1,320
Bills Certified and Underwritten	36,616	30,256

Note : The 2003 and 2004 balances include SinoPac Holdings' shares valued at NT\$2,897 million, NT\$1,491 million, NT\$0.2 million and NT\$111 million in other listed companies, respectively.

Income Statements

Unit : NT\$ million

Item	2003		2004	
	Amount	Percentage	Amount	Percentage
Operating Income	15,077	100.00%	19,709	100.00%
Interest Income	9,629	63.87%	10,713	54.36%
Fee Income	1,383	9.17%	2,074	10.52%
Income from Securities-net	2,337	15.50%	2,193	11.13%
Net income from investee companies - net	640	4.24%	516	2.62%
Foreign Exchange Gains	-	-	4,114	20.87%
Derivatives Gains - net	1,058	7.02%	-	-
Other Income	30	0.20%	99	0.50%
Operating Expense	12,187	80.83%	15,048	76.35%
Interest Expense	5,091	33.77%	5,781	29.33%
Fee Expense	236	1.57%	228	1.16%
Provisions for Trading Loss	-	-	3	0.02%
Foreign Exchange Losses	568	3.77%	-	-
Allowances and Provisions	1,505	9.98%	540	2.74%
Promotion and Administrative Expenses	4,786	31.74%	5,623	28.53%
Derivatives losses - net	-	-	2,873	14.58%
Other Expenses	-	-	-	-
Non-operating Income / Expense - Net	121	0.80%	242	1.23%
Pre-Tax Earnings	3,012	19.98%	4,903	24.88%
Net Income	2,754	18.27%	4,285	21.74%

C. SinoPac Securities

1. Business Scope

- (1) Securities Brokerage: taking orders from clients to trade stocks on the Taiwan Stock Exchange (TSE) and the Over-the-Counter Securities Exchange (OTC).
- (2) Margin Financing: lend cash and stocks to investors trading stocks on margin.
- (3) Electronic Trading: customers can trade over the Internet or telephone (including fixed-line) and mobile phone 688 and mobile phone WAP; quotations, news, research reports, futures, and mutual funds information are provided on-line around-the-clock to clients.



Pan Sheng Branch / SinoPac Securities

- (4) Futures Intermediary Brokerage: provide intermediary brokerage to clients who trade in index futures and options. In 2004, an on-line futures and options trading platform "eLeader" was designed and launched to cater for the specific requirements of Taiwanese investors.
- (5) International Business
- FINI Brokerage: in the TSE and the OTC market;
 - International Brokerage: the first Taiwan integrated securities company to offer brokerage entrusted by foreign brokers to local investors who wish to trade in Hong Kong, Japanese, and US stocks.
- (6) Securities Underwriting: assist public companies in listing their stocks in the local bourse and listed companies in raising funds in domestic and international capital markets.
- (7) Registration Services: act as agent and advisor for listed companies regarding stock affairs.
- (8) Securities Dealing: trade securities on its own account in the securities market. Such trading can help boost market transactions, moderate sharp price fluctuations, and help adjust market supply and demand as well as stabilize market movements.
- (9) Futures Dealing: trade securities-related futures and options and act as "market-maker" for certain futures and options contracts; research, analyze and build hedge-oriented trading strategies.
- (10) Bonds: offer brokerage for trading in various kinds of fixed-income instruments such as government bonds, corporate bonds, financial debentures, convertible bonds, bills, and securitization products; underwrite in the primary market and trade in the secondary market.
- (11) Financial Derivatives: issue, make market, hedge and arbitrage in the warrants and options market; engage in businesses relating to interest rate swaps, asset swaps, and structured notes.

2. Weightings of Operations

Breakdown of Major Businesses				Unit : NT\$ million	
Business	Year	2003		2004	
		Revenue	Percentage	Revenue	Percentage
Brokerage		3,274	52.69%	3,893	63.50%
Dealing		2,059	33.13%	1,741	28.40%
Underwriting		881	14.18%	497	8.10%
Total		6,214	100.00%	6,131	100.00%

Market Shares of Major Businesses			Unit : NT\$ million	
Major Businesses		2003	2004	
Brokerage	Turnover	2,263,300	2,675,084	
	Market Share (%)	4.99	4.80	
Underwriting	Lead Manager (deals)	30	44	
	Lead + Co-manager (deals)	90	95	
Bonds	Lead Underwriting (deals)	8	4	
	Lead Underwriting Amount	15,500	1,760	
Stock Registration	No. of Companies	222	225	
Services	No. of Accounts	2,210,000	2,335,000	

3. Plans for New Financial Products Development

As more new financial products have emerged, SinoPac Securities has made efforts to study and develop these products so that it will be ready to offer these products to its customers when these products are made legally available. In addition, with

the globalization of investment, investor needs are getting increasingly diverse. The concept of "asset allocation" has thus become more acceptable to investors. Being fully aware of this trend, SinoPac Securities is actively setting up wealth management business models under the financial holding company, to provide more financial products and value-added services to its clients.

D. AnShin Card Services

1. Business Scope

- (1) Credit card issuing and credit card related services
- (2) Extension of revolving credit on credit cards and cash advances

2. Weightings of Revenues

- (1) Interest income: 73%
- (2) Fee income: 27%

3. Business Analysis

- (1) Cardholders' Geographical and Age Distributions



Geographical Distribution

December 31, 2004

Item	Region						Total
	Taipei	Northern Region	Central Region	Southern Region	Kachsiung	Eastern Region & Others	
Cards in Force	302,049	566,965	270,337	160,676	117,908	91,553	1,509,488
Percentage	(20%)	(38%)	(18%)	(11%)	(8%)	(6%)	(100%)
Total Spending (in NT\$ million)	9,958	16,118	7,190	3,837	3,063	2,452	42,618
Percentage	(23%)	(38%)	(17%)	(9%)	(7%)	(6%)	(100%)

Age Distribution

Cards in circulation: cards; spending amount: NT\$ million

Item	Age Segment					Total
	20 & Below	21-30	31-40	41-50	51 & Above	
Cards in Force	47	350,964	620,877	372,751	164,849	1,509,488
Percentage	(0%)	(23%)	(41%)	(25%)	(11%)	(100%)
Total Spending (in NT\$ million)	27	10,240	18,242	10,471	3,638	42,618
Percentage	(0%)	(24%)	(43%)	(25%)	(9%)	(100%)

(2) Market Share

Related Market Share

December 31, 2004

Item	Market		Market Share
	Total Market (Note)	AnShin	
Cards in Force (thous ands)	44,182	1,509	3.4%
Total Spending (in NT\$ million)	1,254,451	42,618	3.4%
Total Amount of Cash Advances	205,781	9,362	4.6%

Note: 2004 estimates given by the Financial Supervisory Commission

E. SinoPac Call Center

SinoPac Call Center mainly provides around-the-clock phone-based and on-line services to customers of the banking, securities and credit card operations of the holding company.

SinoPac Call Center implemented new management and assessment systems in 2004, including balanced scorecard and activity-based costing. To meet growing demand, the company recruited young talent and provided training and incentive programs. In order to improve customer service quality, the company enhanced the security of customer transactions, strengthened security and control mechanisms, consolidated customer complaints.

At the end of 2004, the staff amounted to 210 working on banking, securities and credit card transactions. In 2004, total revenue, profit after tax and EPS reached NT\$147 million, NT\$5.32 million and NT\$0.53 per share.

F. SinoPac Property Insurance Agent

1. Business Scope

SinoPac Property Insurance Agent has always dedicated itself to fulfilling the property insurance needs of its clients. Its businesses have expanded from general property insurance for individual clients, such as automobile insurance, fire insurance, liability and casualty insurance, to property, fire and board member insurance for corporate customers. It will continue to offer new products as permitted by laws and regulations to meet the growing needs of its clients.

2. Weightings of Insurance Products

Unit: %		
Product	2003	2004
Residential Fire and Earthquake Insurance	31.27	42.95
Individual Liability and Casualty Insurance	48.09	38.37
Automobile Insurance	11.21	7.19
Others	9.43	11.49
Total	100.00	100.00

G. SinoPac Life Insurance Agent

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

As of December 31, 2004, total assets reached NT\$122 million. Operating revenue, operating cost, operating profit, non-operating profit and pretax profit in 2004 were NT\$196 million, NT\$110 million, NT\$86 million, NT\$0.6 million, NT\$87 million respectively.

H. SinoPac Marketing Consulting

SinoPac Marketing Consulting provides direct marketing services and accepts outsourcing requests from subsidiaries of SinoPac Holdings. It earns commission income by utilizing in a flexible manner its manpower to establish channels and generate businesses. Auto loans, on new, second-hand and original cars as well as revolving facilities, account for a major part of SinoPac Marketing Consulting's business currently. Except for auto loans, SinoPac Marketing Consulting also extends its business line to offer housing loans and consumer loans as a supplement. A new product line, factoring for business travels, is offered jointly with AnShin Card Services.

Unit: %	
Product	Percentage
Auto Loans	70
Housing Loans	20
Consumer Loans	5
Non-financial Products	5

I. SinoPac Asset Management International

The major business of SinoPac Asset Management International is to manage venture capital and earn management fees. The venture capital currently under management includes National Venture Capital and SinoPac Venture Capital. As of December 31, 2004, venture capital and projects under management are as follows:

Unit: NT\$ million		
Item	National Venture Capital	SinoPac Venture Capital
Size	541	1,000
No. of Investment Projects	32	44

J. SinoPac Venture Capital

SinoPac Venture Capital invests in both domestic and international projects to generate return. As of December 31, 2004, breakdown of the company's investments by industry is as follows:

Unit: NT\$ million		
Industry	No. of Projects	Investment Amount
I.C. Design	9	88
PCB	3	86
Semiconductor	5	100
Optronics	11	165
Computer & Peripherals	7	112
Electronic Distribution Channels	4	80
Others	5	71
Total	44	702

K. SinoPac Securities Investment Trust (Formerly United Securities Investment Trust Which was Acquired by SinoPac Holdings in November 2004)

1. Operation

- (1) Issuing beneficiary certificates and raising securities investment trust funds;
- (2) Investing in securities or other related products with the trust funds;
- (3) Managing discretionary accounts for customers;
- (4) Conducting other businesses approved by the Securities and Futures Bureau of the Financial Supervisory Commission.



2. Major Product Lines and Weightings

(1) Major Product Lines

Type of Funds	Name	Setup Date	Major Investment Objectives	Features
Open-ended Domestic Equity Fund	SinoPac Genesis Bond	1/20/1998	Domestically listed stocks, placements, government bonds, debentures, convertible bonds, entitlement certificates, listed funds	Seeking long-term and stable return on investment.
	SinoPac Pikt Bond	9/4/1998	Listed hi-Tech stocks	Seeking return for investors with greater risk-tolerance
	SinoPac Columbus Bond	9/2/1999	1. Stocks, listed or quoted in the TSE and OTC, of companies with operations abroad 2. Stocks of companies with paid-in capital less than NT\$5 billion	Seeking aggressive return on investment. Suitable for investors with greater risk-tolerance.
Open-ended Foreign Equity Fund	SinoPac New Century Bond	6/20/2000	Stocks listed in Taiwan, the U.S., Japan, Korea, Hong Kong and Singapore stock markets and stocks quoted in the OTC markets of the above-mentioned bourses approved by the Securities and Futures Bureau.	Focusing on stocks listed in the U.S. and Asia's four dragons to benefit from the growth momentum of these markets.

(2) Weightings of Fee Incomes

Type of Funds	Management Fee	Subscription Fee	Management & Subscription Fees
Equity Fund	17.33	79.38	18.16
Bond Fund	72.03	0.00	71.07
Balanced Fund	10.64	20.62	10.77

unit: %

(II) Business Plans for 2005

A. SinoPac Holdings

1. Institutional Financial Services Group

- (1) Continue integrating the regional business platforms in the Pacific region;
- (2) Place high importance to developing overseas business;
- (3) Differentiate financial products as a core competitive edge;
- (4) Emphasize risk management and business flow structure.

2. Wealth Management Group

- (1) Enlarge the size of assets under management and properly manage asset allocation and improve performance;
- (2) Personal financial consultants to provide one-stop shopping financial services to meet each customer's needs;
- (3) Integrate sales outlets, converge sales momentum, and launch timely and competitive products;
- (4) Improve the efficiency of the operating and trading platforms;
- (5) Cultivate and build a multi-dimensional wealth management team;
- (6) Incorporate SinoPac Securities Investment Trust to extend business and services scope;
- (7) Maintain solid risk management mechanism.

3. Individual Financial Services Group

- (1) Continue recruiting and training new financial talent;
- (2) Employ risk management models to develop new high-yield products;
- (3) Achieve goal of deriving revenue from products which either produce interest spreads or fee income;
- (4) Strengthen risk management system.

4. Financial Market Group

- (1) Strengthen overall regional deployment and build trading size;
- (2) Increase sales revenue;
- (3) Research and develop new types of financial derivatives;
- (4) Strengthen the middle and back offices of the sales platform.

5. Customer Support

- (1) Consolidate the IT system after the organization restructure while continuing the effort in integrating the information and operation systems and plan for upgrading the IT operation model to the next level;
- (2) Achieve the best management on IT system with reasonable cost and flexibility.

B. Bank SinoPac

1. Corporate Banking

- (1) Integrate corporate banking and securities investment banking to enlarge the customer base and provide high value-added financing services to medium and large corporations;
- (2) Utilize the intercontinental money management account (CPA) to provide overseas financing and factoring services to overseas Taiwan SMEs;
- (3) Initiate "Joint Credit Guarantees" with the Taiwan Small & Medium Business Credit Guarantee Fund to assist SMEs in obtaining medium-term preferential financing;
- (4) Be prudent in extending credits and managing risks to ensure asset quality.

2. Individual Banking

- (1) Expand the scale of existing core businesses, increase the housing loan volume, boost fee income from wealth management products;
- (2) Innovate business models, target existing customers with new financial products, and enhance performance with risk-based pricing and multiple marketing strategies;
- (3) Recruit, train and deploy a large sales team;
- (4) Strengthen quantitative risk management to calculate the correlation between risk and return with scientific method to generate the optimal mix;
- (5) Broaden the customer base through segmentation and diverse marketing;
- (6) Understand, control and manage costs.

3. Foreign Exchange and International Business

- (1) Construct a balanced investment portfolio which places equal importance on asset quality and profitability through a proper arrangement of credit-type derivatives and manage the assets in dynamic financial markets;
- (2) Bring in suitable investment products and enhance their added value through proper inter-departmental cooperation;
- (3) Design timely and appropriate products to meet client demands to increase revenue;
- (4) Provide financial consulting services to Taiwan companies headquartered or listed overseas to enhance their visibility in global markets;
- (5) Design and develop foreign exchange products to increase Bank SinoPac's market share in the import-export foreign exchange market, further integrate the foreign exchange businesses of overseas branches to provide customers in the Pacific region with more products and services.

4. Wealth Management

- (1) Launch new trust products once relevant laws and regulations have been amended and plan for the issuance of mutual trust funds;
- (2) Increase market share in the custodian bank business;
- (3) Standardize and streamline operation procedures, protect the security of information, enhance the efficiency of the services platform, and improve the offering of information to customers by speeding up the renovation of information systems;
- (4) Organize a training unit to cultivate professional trust and financial consultants.

5. Treasury

- (1) Recruit and train staff to build up a more capable treasury team which will coordinate and deal with treasury requirements of all subsidiaries of the financial holding company;
- (2) Build up a global financial management network to improve the performance of treasury operations;
- (3) Materialize the concept of evaluating income and risk-based capital on an integrated basis in contemporary banking to rationalize the allocation of group resources to enhance the overall return;
- (4) Research and develop new financial products to strengthen competitiveness through the offering of a comprehensive range of products to generate high value-added transactions and profits;
- (5) Conduct joint marketing under the structure of the financial holding company to provide customers with tailor-made financial planning to create win-win results.

C. SinoPac Securities

To maintain its leading positions in its businesses and to provide a comprehensive range of services to its customers, SinoPac Securities will adhere to its management philosophy of "Innovation & Balance", continue to enlarge its scale, complete its deployment in the Greater China region, build up a wealth management operation model, diversify its income streams, maintain a stable growth pattern. To become a leader in the securities industry in Chinese communities across the Pacific Rim has been the corporate vision of SinoPac Securities. Based on the existing foundation, it will pursue this goal by further sharpening its competitive edge and enhancing its performance.

1. Business Plans

- (1) Strengthen the business in futures and options;
- (2) Create the value of channels;
- (3) Develop on-line trading platforms with more functions and higher security and stability;
- (4) Build up a highly-efficient decision-making mechanism for the underwriting business;
- (5) Provide diversified financial products and set up channels for new products on the wealth management platform;
- (6) Enhance performance of operating and trading platforms;
- (7) Manage risks.



2. Business Targets

SinoPac Securities' 2005 operating targets are as follows:

Business	Target
Brokerage	TSE average daily trading value: NT\$95 billion
	OTC average daily trading value: NT\$10 billion
	TSE market share: 4.67%
	OTC market share: 4.87%
Underwriting	Lead: 40 deals Co-lead / Co-manager: 52 deals
Stock Registration Services	Number of companies: 249 Number of accounts: 2,350,000
Dealing	Beat benchmarked Taix performance by 5%
Bonds	Government bond warehoused position: NT\$4 billion
	Corporate bond warehoused position: NT\$3 billion
Derivatives	40 issues

D. AnShin Card Services

In 2005, AnShin Card Services will benefit from its existing advantages in current channels to strengthen product functions and services to increase the number of cards in circulation and to stimulate more spending. It will also attempt to explore new channels and issue more co-branded cards. With respect to the creation of customer value, AnShin will conduct segmentation marketing and offer incentives to stimulate spending. The 2005 targets are as follows:

Cards in Force		Unit : cards		
Item \ Year	2003	2004	2005E	
Cards in Force	1,076,392	1,509,488	1,820,000	
Growth Rate	19%	40%	21%	

Spending (not including cash advance)		Unit : NT\$ million		
Item \ Year	2003	2004	2005E	
Spending	30,508	42,618	53,035	
Growth Rate	-1%	40%	24%	

Total Accounts Receivable		Unit : NT\$ million		
Item \ Year	2003	2004	2005E	
Year-end Balance	11,987	21,306	26,359	
Growth Rate	54%	78%	24%	

Revenue		Unit : NT\$ million		
Item \ Year	2003	2004	2005E	
Revenue	1,796	2,944	3,822	
Growth Rate	28%	64%	30%	

E. SinoPac Call Center

In 2005, SinoPac Call Center will move in line with the financial holding company's business groups to adjust the allocation of human resources, streamline operation flows, make value-added call-outs, improve risk management, upgrade the IVR system, improve telephone service effectiveness and quality, and strengthen service contents.

In addition, SinoPac Call Center will continue with the Balanced Score Card management system, activity-based costing, incentive-driven evaluation, and continue improving its operating procedures, intensifying staff training, strengthening internal structure to boost overall performance.

Armed with automated, high-power, and low-cost customer service platforms, and assisted by the abovementioned programs, SinoPac Call Center expects to strengthen and broaden its service contents to solidify its client loyalty so that it can become the best customer service network in the Pacific Rim.

F. SinoPac Property Insurance Agent

1. Continue with its research on market conditions and product trends in order to provide the best insurance products.
2. Increase distribution channels and product visibility, expand customer base for mainstream products, consolidate existing channels, and explore new channels and seek new strategic partners
3. Improve the retention ratio.
4. Strengthen product differentiation and marketing
5. Upgrade the on-line inquiry function to increase the log-on rate.
6. Reinforce employee training, strengthen agent expertise in insurance products, and encourage employees to obtain insurance licenses.
7. Improve internal operating procedures to improve client satisfaction levels, examine and control expenditures to reduce operating cost.



G. SinoPac Life Insurance Agent

1. Strengthen employee education to enhance their knowledge in life insurance products and create a favorable business-generating environment.
2. Continue holding seminars and training programs on investment-type products to assist employees in obtaining Life Insurance Solicitors License
3. Keep enhancing agents' professionalism, and assist them in acquiring related wealth management licenses
4. Set up a R&D committee to develop differentiated products.
5. Build up customer service
 - (1) New business: focus on generating new insurance policies;
 - (2) Policyholder service: focus on policy amendments and related services;
 - (3) Claim: focus on explanation about insurance benefits and claims and how to file applications.
6. Build up on-line operating systems and increase wealth management inquiry services.
7. Set up a customer service department to meet future requirements
8. Build up a bank assurance sales and marketing team.



H. SinoPac Marketing Consulting

SinoPac Marketing Consulting in 2005 will focus mainly on the auto loan business, including used car loan, new car financing and revolving finance. It will reinforce the recruitment of direct sales personnel and strengthen their professional knowledge to increase their competitiveness and enhance their service to customers. Meanwhile, it will review its internal operating process and compensation program as well as strengthen its structure and be forced to increase its market share.

I. SinoPac Asset Management International

SinoPac Asset Management International will consolidate the investment function of every business group under the financial holding company and cultivate overall management capabilities.

J. SinoPac Venture Capital

SinoPac Venture Capital will focus on pre-IPO deals during the investment stage to build up basic positions. In respect of targets, the electronics industry comes as the top choice, with traditional industries as a supplement. With regard to return on investment, capital gain comes as the main source, with dividends as the supplement.

K. SinoPac Securities Investment Trust

It is expected that the Taiwan stock market will revive along with a steady recovery in the world economy in 2005. SinoPac Securities Investment Trust will thus take this opportunity to expand its business scale and push the fund size to the NT\$20 billion target.

In new product development, considering that existing funds are all equity funds, it will issue bond funds as a matter of priority to diversify the product lines and provide customers with more choices in 2005.

Besides, to follow the policy of the securities authorities on developing diverse financial products and to provide customers with more investment options, it will consider developing and issuing new types of funds such as principal guaranteed fund, fund of funds, and privately placed fund.

In respect of investment service and marketing, it will actively promote the regular subscription plan and discretionary management. Detailed business plans are stated as follows:

1. Raise new funds to apply for the issuance of a bond fund in 1Q05; to study the feasibility of offering a balanced fund in 2H05.
2. Market existing funds: to increase the size of each of the existing four equity funds to NT\$1 billion.
3. Realize the marketing synergy offered by the financial holding company: to launch a series of campaigns to increase the understanding of all subsidiaries of the financial holding company about the products so that more funds will be sold or raised.
4. Promote actively the discretionary management business: to target four government-managed funds, high net-worth individuals, and institutions for the business.
5. Promote the regular subscription plan: to provide retail investors with a comprehensive range of products.
6. Enrich the contents of website: to integrate its website with that of the financial holding company and enrich its contents in the long-term, and build an on-line transaction platform in the medium/long term.

(III) Financial Industry

A. Financial Holding Companies

Compared with other countries, Taiwan is over-banked with too many small-sized financial institutions and is thus not competitive in the international financial services market. According to a report issued by McKinsey & Company, the market share of the top 5 banks in Sweden exceeds 90%. In Hong Kong and Korea, the reading is above 50%. In the case of Taiwan, the figure is a mere 38%. In Taiwan, every 10,000 people are serviced by 3.4 bank branches - far above the ideal number of two. As such, no optimal benefits have been generated. It is therefore inevitable that the financial services industry in Taiwan will further consolidate.

Some mergers and acquisitions took place over the past few years. The government has set a goal creating internationally competitive financial institutions by pushing for further consolidation. Its policy goals are: (i) to create three financial institutions that have a 10% market share each; (ii) to reduce the 12 state-controlled banks to 6 by 2005; (iii) to encourage the current 14 financial holding companies to merge amongst themselves to bring the number down to 7; and (iv) to have at least one financial institution managed by a foreign company or listed abroad. The consolidation will thus only gather pace in the future.

B. Banking Industry

1. Corporate Banking

With the recovery of the world economy in 2004, corporations are met with both opportunities and challenges. They take these opportunities to expand their businesses and speed up globalization, while managing associated risks in cash flow and interest rate and exchange rate movements. As such, they need better and closer banking services in their activities. As regards the banking industry, it has to deal with the competition brought about by the globalization trend and the pressure generated by the lack of economies of scale. Against this backdrop, banks have to break conventional barriers and offer cross-border financial services to customers to ensure stable growth.

2. Individual Banking

Led by export and domestic investment, the Taiwan economy recovered nicely in 2004. The property and stock markets were active. However, interest rates were still declining and interest spreads were still narrowing as far as the banking industry was concerned. Most banks were therefore forced to engage themselves in the fees and commissions business in a bid to balance off the negative impact of the mortgage loan market.

3. Foreign Exchange and International Finance

According to statistics released by the Finance Ministry, the volume of import L/Cs continued to increase but the volume of export L/Cs was almost flat in 2004, indicating that (1) some export orders have been moved offshore; (2) trading pattern has changed with accounts receivables replacing letters of credit; (3) transformation of the economic structure from what was based on conventional industries to what is now centered around IT industries, with the latter using T/T as the major payment method.

4. Wealth Management

Judging from the trend in the trust industry and the development of related products, the wealth management business can be divided into two categories: (1) tailor-made trust products, such as minors' education trust, personal assets trust, insurance claims trust, pension trust, death will trust; (2) management of trust funds, with the trust bank managing the trust funds in accordance with the trust agreements, such as discretionary investment trust, mutual trust, and pooled accounts.

5. Treasury

Treasury operations contributed about 22% to the financial holding company's earnings in 2004. However, the local and international financial markets have been increasingly influenced by factors other than the fundamentals. Movements by hedge funds, the size of which is expected to top US\$1 trillion in 2005, increase the volatility in foreign exchange rates and commodities prices. All these have made treasury operations more challenging in the year ahead.

The average annual return of hedge funds has declined to 5% in 2004 from 25% in 1994. In order to enhance the stability of the revenue stream, most financial holding companies have established a wealth management unit to bring in more fee income. Fee income contributed 15% of total revenue in 2004, and is expected to increase to 18% in 2005. Treasury has to move in line with the changing trend and develop more structured notes to generate more fee income on top of the existing businesses in forwards, interest rate swaps, bonds and bills.

C. Securities Industry

In a bid to move Taiwan towards a financial center, the government in recent years has carried out many financial reforms to liberalize the business scope of the securities industry while strengthening its supervision over financial aspects to ensure a sound financial structure at the same time. For the securities industry, the Securities Investment Trust and Consulting Law was enacted; securities brokers and futures brokers are allowed to cross over to each other's area. Securities houses are allowed to set up branches in China. A platform for the proxies has been set up. Consideration is being taken to set up a private placement platform. Preparation has been made for the opening of offshore funds. All of these liberalization programs will no doubt open up more business lines and create more revenues for securities companies.

D. Credit Card Industry

1. Cards in Circulation, Spending Amount, Cash Advance and Revolving Credit

Because of the active participation of domestic and foreign players, the Taiwan credit card market has become somewhat mature. As of the end of 2004, the total number of credit cards issued, and in circulation, by 53 card issuers reached 44.18 million, with cardholders totaling 9 million and each one holding 5 credit cards on average. The keen competition in the credit card market has driven up card issuing cost, slowed down the growth rate in cards in circulation, and reduced the average spending amount per card.

Nevertheless, the overall spending amount of the credit card is still on the increase because this plastic currency has been more widely accepted by merchants and used by consumers. Total credit card spending grew 26% to NT\$1,254.5 billion, with the card spending to total private consumption ratio dimming steadily up to 19% in 2004, compared with the ratios of 20-30% of other more mature markets like Hong Kong and the U.S., however, there is still ample room for the local credit card market to grow in future.

Total cash advance increased to NT\$205.8 billion in 2004, +15% YoY. Total revolving credit balance also posted a 15% annual growth rate to reach NT\$457.9 billion.

2. Market Trends and Potential

Attracted by high margins and stable income in consumer banking, many players, especially credit card issuers, have jumped into this market. However, it is difficult to come up with new ideas and products. How to sustain the growth momentum and profitability has thus become a challenge to card issuers.

Co-branded cards still dominate the market. That said, zero interest / installment payment cards, IC cards and multipurpose cards are increasing. In spending, installment is a major driver while bonus points for rebate is also popular. Cash advance is being severely affected by consumer loans, and profitability of revolving credit is being penalized by narrowing margins. How to segment the market and come up with proper risk-based pricing will determine future profit margins.

E. Call Center Industry

Call centers have emerged quickly around the world against a generally depressed global economy over the past few years. According to a forecast given by Datamonitor in November 2004, the call center services business will continue to grow by an

average of 6% between 2002 and 2007, with its business volume reaching US\$5.5 billion in 2007. The number of call center agents will increase to 10 million in 2005.

In Taiwan, the business volume of call centers is expected to reach NT\$ 239 million, with 75,000 agents deployed mainly in providing services for the banking, insurance, securities, telecom and e-commerce industries.

F. Insurance Agent Industry

Assumed yields of insurance policies came under adjustment while interest rates were on the downturn. Those insurance companies offering assumed yields higher than 2.5% on life insurance policies may face the problem of insufficient provision and thus have to increase capital. Life insurance policies were sold at higher premiums which led to a decline in business. In the first half of 2004, however, sales of short-term insurance policies with higher assumed yields on the back of recovering interest rates, and supported by the banking channel of the financial holding company, performed well in comparison with other life insurance policies.

Meanwhile, principal and interest guaranteed insurance products became the mainstream of the market at a time when interest rates are generally expected to rise further. How to bring the right insurance products to meet customer needs will be a major challenge facing the insurance industry.

Although property insurance products are plentiful, most of them are specialized products aimed at specific clients. Most life insurance products are savings-type, investment-type, floating interest rate-type, pension-type, fire insurance, auto and motorcycle insurance, and casualty insurance. They can be sold through the banking and securities brokerage channels, which are supplemented by direct sales.

G. Marketing Consulting Industry

Auto loans, especially used car loans, usually bear higher risks. Therefore, most banks and finance companies first focused on new car loans. However, due to competition and a slower new car market, these lenders are moving into the used car market. At present, auto loans, both new and used cars, post an annual growth rate of 15%.

H. Venture Capital and Management Consulting Industries

The growth in the number of venture capital firms reached its highest of 21 in 1998. The growth rate slowed in recent years due to a slower economy. There were 93 venture capital firms in 2003. In 1996, 57.4% of venture capital firms outsourced their management. In 2003, the percentage reached 86.4%. It is evident that most venture capital is not managed in-house.

In Taiwan, venture capital emerged from 1996, with NT\$25.46 billion in cumulative paid-in capital, NT\$28.63 billion in investment amount, and 1,158 investment projects. Average EPS reached NT\$1.57 for the year. The venture capital industry reached its peak in 2000, with investment projects hitting 1,850, net paid-in capital increasing NT\$30.8 billion, and EPS reaching NT\$2.06. The industry has peaked since then. In 2003, although the cumulative paid-in capital reached NT\$171.7 billion, cumulative investment projects reached 8,719, and cumulative investment amount reached NT\$161.9 billion, while average EPS dipped to only NT\$0.12.

The Taiwan stock market started to fall and experienced a big decline in 2004, seriously damaged the capital market and even altered the originally optimistic economic outlook. In 2005, conditions have turned even more unfavorable as a result of the macroeconomic adjustment in China, high oil prices, rising interest rates, terrorism and other factors.

I. Investment Trust Industry

1. The number of mutual fund holders continued to decline - fell by 131,127 to 1,704,960 by the end of 2004. However, such a decline did not serve to indicate that the number of investors was on the downward trend. Instead, increasing numbers of investors switched to trust funds offered by the banking industry.
2. Regular subscription plans declined - the number of beneficiaries amounted to 280,000 in 2004, down 7% YoY, with monthly subscription amounting to around NT\$1.3 billion.
3. Discretionary accounts continued to increase - in 2004, funds given to related money managers for discretionary management increased by NT\$83.3 billion to NT\$416.2 billion.
4. Product trend - bond funds decreased by NT\$249 billion to NT\$1.89 trillion in 2004.

(IV) Research and Development

A. Corporate Banking

1. CPA (CrossPacific Account) Inter-Continental Management Account;
2. CLO (Collateralized Loan Obligations);
3. Co-develop on-line export documentation and billing system with Trade-Van Information Service Co.

■ Research and Development Plans :

- (1) Construct factoring center;
- (2) Horizontally develop cross-border corporate asset management services;
- (3) Vertically integrate corporate financial services under the financial holding company.

B. Individual Banking

1. Second mortgage loans;
2. MMA personal loans;
3. MMA revolving credit;
4. MMA car loans

■ Research and Development Plans :

In response to the implementation of Basel II, build credit modules in accordance with segmentation based on accumulated databank to develop new products to ensure growth and maintain asset quality.

C. Wealth Management

1. Launched an integrated trading platform and set up a financial knowledge e-platform to provide customers with knowledge about options;
2. Consolidated EZ Trade platform;
3. Launched a mobile-phone trading system;
4. Develop securities trust products to meet customer demands for lowering tax payments in the case of endowment;
5. Launch real estate trust products;
6. Cooperate with domestic and foreign financial institutions to integrate and repackage various financial products (such as insurance, mutual funds, structured notes, ETF etc.) into value-added trust products;
7. Provide tailor-made discretionary investment management services such as raising mutual trust funds or constructing pooled accounts;
8. Construct an Arbitration Pricing Theory Model to initiate automated management of equities exposure in individual portfolios and assist the stock selection process

■ Research and Development Plans:

- (1) Continue to construct a more stable and powerful electronic trading system;
- (2) Continue to research and develop trading strategies to meet various of investor needs;
- (3) Continue to develop "Comparative Industry Strength" and "Technical Stock Selection" quantitative models to enhance investment decisions.

D. Financial Market

- (1) Acquire license on credit derivatives;
- (2) Set up interest rate derivatives trading and risk control platform;
- (3) Dealing in foreign securities;
- (4) Issue structured notes that are linked to foreign currencies and set up hybrid options evaluation models and hedging mechanism.

E. Operation Administration and Development Results

1. Built five operation centers in 2003 to increase the workflow for front-desk clerks by 12% while manpower was reduced by 3% in 2004;
2. Installed fast-speed ATMs in 17 districts to reinforce existing ATMs, increased ATM transaction volume by 15% in a bid to replace over-the-counter service and cut costs;
3. Upgraded 168 ATMs across the island to handle IC cards;

4. Integrated resources under the financial holding company to cut costs and improve efficiency;
5. Implemented the "Six Sigma" quality control procedure to monitor operation quality, identify problem areas, and improve efficiency;
6. Set up a "Basel" task force to collect, analyze and discuss research reports on risk management;
7. Conducted procedure analysis and cost accounting to make operation costs more transparent for use as a guide to adjust operation flows and business strategies;
8. Upgraded the Credit Card Voice Answering (IRV) System to meet the growing service volume and enhance responsiveness to customer requests. In addition, the IRV system will allow efficient consolidation of various automated services.

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

A. SinoPac Holdings

The ultimate goal of SinoPac Holdings is to build itself into the "most competitive financial holding company in the Pan-Pacific region". In spite of the fact that globalization has created increasing competition and the domestic financial market has become the battleground of 14 financial holding companies, SinoPac Holdings will adhere to its customer-oriented business guidelines and provide its target customers with the most satisfactory financial products and service platforms to become a leader in each target market. To reach the above-mentioned goal, SinoPac Holdings has formulated the following short- and long-term development plans:

1. To Provide Its Customers with the Most Convenient and Fastest Integrated Cross-border Financial Services in Five Markets Across the Pacific Rim

In recent years, SinoPac Holdings has expanded rapidly in ethnic-Chinese financial markets on both sides of the Pacific Ocean. It has set up banking and securities operations in Taiwan, China, Hong Kong, the US west coast and Vietnam. It has already gained a leading position among its rival financial institutions in Taiwan in terms of geographic scope. Its long-term development priority is in line with the Taiwan government's deregulation policy to gradually integrate its products, marketing and IT systems at home and abroad to provide its customers with intercontinental, cross-border, convenient, and efficient financial services.

2. To Meet Customers' Needs with Differentiated Financial Services

In order to integrate the market analysis data and product development information of its internal marketing and product divisions so that tailor-made products and services can be provided to customers, the "SinoPac Holdings' Joint-Marketing Team" will cross business group lines to coordinate these efforts.

3. To Establish the Most Powerful Virtual and Real Channels to Best Meet Customer Demands

SinoPac Holdings has spared no efforts to innovate its products. It is the first financial institution in Taiwan to launch the integrated wealth management account, MMA (Money Management Account). In recent years, it has also been chosen by many domestic and international institutions as "the best domestic internet bank and securities house". In addition, further broadening its offerings of products and services through distribution channels, it will build up powerful delivery channels to best meet client demands.

4. To Maintain SinoPac's Corporate Image as the Most Trusted Brand

Since Bank SinoPac was first awarded the "Best Domestic Bank in Taiwan" in 1999 by Euromoney Magazine, Bank SinoPac and SinoPac Securities have won numerous awards from domestic and international institutions. Most important of all, however, is that SinoPac Holdings wins support and recognition from its shareholders, customers, and employees. Therefore, SinoPac Holdings has taken the "most trusted brand" as one of its long-term development goals. What must be done will include the build-up of a risk management system in line with the Basel II requirements and maintaining its position as having the best asset quality and corporate governance among Taiwan's financial institutions.

B. Bank SinoPac

1. Corporate Banking

(1) Build up factoring centers across the five markets along the Pacific Rim - to provide Taiwan companies across the Pacific Rim with a fast competitive, and flexible factoring platform through cooperation with some internationally renowned credit insurance institutions and Factors Chain International. In 2005, it will aim at extending the platform to the euro zone and deepening its penetration into the American market. More importantly, it will also focus on upgrading the internal information flow so that this flow can be better utilized on the inter-continental platform.

- (2) Horizontally develop a cross-border corporate asset management platform - to integrate the wealth management services of Bank SinoPac's overseas branches and FENB to produce flexible financial products to enhance the value of the assets of its corporate customers in a fast-changing interest rate and exchange rate environment.
- (3) Vertically integrate corporate financial services of the financial holding company - to integrate corporate banking and investment banking in accordance with the customer-oriented principle to come up with tailor-made financial products and services that meet client demands in every stage of their operations.

2. Individual Banking

To continue recruiting and training the best talent, to deploy the most productive manpower to execute business development strategies, to utilize the MMA platform and automated system as the Individual Banking Division's core competitive edge, to increase the asset size and create related benefits.

In response to the implementation of Basel II, it should build up analytical marketing and risk data banks while accumulating consumer banking credit risk information so that better segmentation and differentiation can be made to assist in generating business and lowering risks.

3. Wealth Management

(1) Trust Business

To continue to improve the existing product lines and offer such new products as apartment administration fund trust, transaction security trust, securities trust, real estate trust, charity trust, employee welfare and savings trust, discretionary investment management trust, pooled trust account to meet clients' new demands, and to plan for the issuance of mutual trust funds to build up the track record on the trust and wealth management field.



East Taipei Branch / Bank SinoPac

To offer such products as standardized personal trust, tailor-made personal trust, gradual transfer of assets personal trust, death will trust to complete the product line in order to meet all kinds of client demands.

(2) Custodian Business

To pursue custodian business relations with securities investment trust companies, discretionary investment accounts, investment accounts in the Taiwan stock market held by overseas Chinese and FINIs, privately raised funds, investment-type insurance policies, to increase fee income.

(3) Securitization Business

To collaborate with related subsidiaries of the financial holding company and internationally renowned investment banks to develop the securitization business in assets and real estate as a custodian.

(4) Operating Platform

To upgrade the operating platform, standardize the operating procedure, and streamline the operating flow, so that we can offer convenient and efficient services to customers.

(5) Staff Training

To offer good educational programs to train staff.

4. Treasury

Firstly, to retain experienced managers and send staff to educational and training programs in order to enhance quality and strengthen capabilities

Secondly, to upgrade existing hardware, work with IT to develop more efficient, effective, and user-friendly trading and operating systems, and leverage Internet banking to assist clients in managing their assets in a more precise fashion.

To set up evaluation and risk control systems related to interest rates, stock prices, and credits and research and develop new products to enhance competitiveness to increase profitability.

To target large institutional and individual accounts which are normally of higher entry barriers and bigger trading volumes as part of the restructuring of business models.

Lastly, to coordinate with other divisions to improve the control and standardization of the quality of the trading team, on top of procedure streamlining, in order to enhance the efficiency and competitiveness of the trading room.

C. SinoPac Securities

SinoPac Securities is an integrated securities company engaging itself in the businesses of brokerage, underwriting and dealing. In its attempt to become an all-dimensional securities company, leading investment bank, premier e-broker, a top 3 in terms of



Operating Desk / SinoPac Securities

asset size to reach its goal as a leading securities firm within the Chinese community in the Pan-Pacific region, it has set up the following development plans

1. Actively Promote the Futures and Options Business

The futures and options market has grown strongly in spite of a sluggish stock market in recent years to become a new source of income to securities companies. SinoPac Securities will continue to develop this market with the same vigor to retain its leading position in this market.

2. Create Channel Value

At a time when investment has become globalized, it is no longer sufficient for a securities company to just offer stock brokerage services. As such, SinoPac Securities will utilize its existing channel to offer more product lines to customers

3. Actively Pursue Institutional Investors for Related Business

In December 2003, the trading volume of institutional investors in the stock market has reached 31%. To retain its leading position in the brokerage market, SinoPac Securities will actively pursue institutional investors for related business.

4. Develop Secure, Stable, and Efficient On-line Trading Platform

A secure, stable and efficient on-line trading platform has become the essential interface in wealth management. SinoPac Securities will thus upgrade the existing electronic trading platform to meet that requirement.

5. Become Asia-Pacific's Most Competitive Investment Bank

In 2004, SinoPac Securities was selected by "asiamoney" and "FinanceAsia" as Taiwan's best securities house to demonstrate that SinoPac Securities' position as a leading player in investment banking has been well recognized by institutional investors. SinoPac Securities will double its efforts to develop itself into a most competitive investment bank in the Asia-Pacific region.

D. AnShin Card Services

1. Channels

(1) To Maintain Marketing Advantage Generated by Existing Channels

To continue to strengthen the functions and services of cards issued through specific channels such as ING, Eastern Home Shopping Network, Far Eastern Airlines etc. For example, holders of ING co-branded card can pay the premium in installments without interest; members of Eastern Home Shopping Network can get free gifts if they make payments by the co-branded card, to assist existing channels in issuing more cards, encouraging more spending to create a win-win situation for AnShin Card Services and its channels.



SinoPac Call Center, Kaohsiung

(2) To Develop New Channels

AnShin is a leader in IT, risk management and customer relationship management. As an independent card issuer, its experience in issuing co-branded cards with financial institutions (i.e. ING) has made it a leader in this field. At a time when the regulators are requesting that less efficient card issuers disclose related information about their credit card operations, AnShin is in a good position to develop cooperative relationship with these institutions as a co-branded issuer for them. Meanwhile, AnShin will target medium-sized wholesalers and distributors for co-branded card business.

2. To Optimize the Value of Customers

(1) Feedback on Spending

At present, each cardholder holds more than 4 cards on average and receives different promotions every month. According to market surveys and analyses, cardholders prefer direct and substantive feedback on their spending. SinoPac will thus develop strong feedback promotions that can best stimulate spending.

(2) Convenience of Payment

Installment programs have emerged as a new trend. More and more merchants (particularly for single item over NT\$5,000) have requested card issuers provide installment plans to their customers. As such, AnShin set up a new department to specifically target this business. In the future, AnShin will provide its e-card holders a comprehensive range of spending benefits.

(3) Segmentation Marketing

Because AnShin has already established a credit scoring and behavioral risk analysis model, it is able to develop different preferential packages for different segments of cardholders to lower the risk facing the credit card business brought by popular consumer loans.

E. SinoPac Call Center

1. Short-term Business Development Plans

- (1) To continue implementing balanced score card, activity-based costing system, six sigma, and Basel II risk statistics and management system to enhance its efficiency and quality of service;
- (2) To develop diverse outbound value-added services to enhance operating performance;
- (3) To upgrade the automatic voice system for the credit card section and increase its functions to cut customer service costs;
- (4) To take the phone-service and phone-marketing outsourcing businesses from the other business units within the financial holding company.

2. Long-term Business Development Plans

- (1) To establish a phone-marketing team to become a comprehensive electronic service provider and sales channel for the financial holding company;
- (2) To cultivate a mid-level management team with the capability to build up and operate the call center independently to meet the future needs of the financial holding company to offer cross-continent financial services;
- (3) To follow the latest development in the customer service industry in order to develop more efficient and effective operating techniques.

F. SinoPac Property Insurance Agent

1. Short-term Development Plans

Based on the latest market trend and customer needs, search for suitable property insurance products to fulfill customer needs through appropriate channels.

2. Long-term Development Plans

- (1) To better understand customer attributes and needs, develop new property insurance products with chartered insurance companies in order to ensure continued growth;
- (2) To form strategic alliances with other industries to sell products to non-SinoPac customers to achieve win-win results.

G. SinoPac Life Insurance Agent

1. Short-term Development Plans

To implement both segmentation marketing and mass marketing to provide different products through different channels to different customers. In addition, provide investment-type insurance products to those customers with tax-saving or investment needs.

2. Long-term Development Plans

To develop deep and broad relations with insurance companies and strengthen joint-marketing relations with strategic partners; to enter the pension planning market; to search for those insurance products suitable for the PB-I sales channel; to quickly develop diverse sales channels to enhance revenue.

H. SinoPac Marketing Consulting

1. Short-term Development Plans

To develop tailor-made products to fulfill customer needs; to grow auto loans; to implement Balanced Score Card to enhance the quality of service.

2. Long-term Development Plans

To expand in on the existing customer database and provide them with more diverse products; to push the auto loan business to be a top 6 player in the market.

I. SinoPac Asset Management International

1. Short-term Development Plans

- (1) To perform the role as the front-runner in the value chain of the financial industry, and work closely with the Institutional Financial Services Group to generate synergy;
- (2) To strengthen post-investment controls and join the boards of directors of investees to get a firm understanding of their operations;
- (3) To monitor closely the stock price movements of listed investees and set up automatic stop-loss/gain mechanisms

2. Long-term Development Plans

To raise new venture capital funds to expand the scale to become a renowned venture capital management company in the Chinese communities in the Asia-Pacific region.

J. SinoPac Venture Capital

1. Short-term Development Plans

- (1) Investment scale - do rights issues to increase the scale;
- (2) Investment quantity - increase the investment amount in a single investment project to reduce the number of investment projects to facilitate better post-investment management;
- (3) Investment stage - set up the phase-out ratio for each investment stage in order to sustain stability in a annual return;
- (4) Investment geographic area - invest in domestic industries, supplemented by investment in foreign projects;
- (5) Investment stage - focus on companies at their growth or mature stages, supplemented by start-up projects

2. Long-term Development Plans

- (1) Investment geographic area - actively invest in overseas markets, particularly industries based in the Silicon Valley, U.S.A. and emerging markets in the Pacific Rim;
- (2) Investment stage - companies at their start-up stages have priority; while companies at their expansion or mature stages will be a second choice.

K. SinoPac Securities Investment Trust

1. Short-term Development Plans

- (1) To increase bond fund products - a new bond fund will be launched in 2005 so as to complete the product line and provide customers with a temporary shelter for their cash;
- (2) To enlarge the size of assets under management - the size of equity funds to increase to NT\$4 billion, the size of balanced

funds to increase to NT\$6 billion, the size of bond funds to increase to NT\$9 billion, and the size of discretionary management accounts to increased to NT\$10 billion by the end of 2005;

- (3) To strengthen the promotion of the discretionary investment management business - to segment customers by their appetite for risks and returns and develop diverse investment strategies to enhance investment results; target institutions and relatively high net-worth individuals as potential clients;
- (4) To enhance the functions of the website - increase electronic trade report service and real-time market information delivery service.

2. Long-term Development Plans

- (1) To develop new fund products to extend the product line;
- (2) To enlarge the size of assets under management - to reach NT\$50 billion in three years' time;
- (3) To strengthen the direct sales team and fully utilize the existing channels of the financial holding company;
- (4) To continue enhancing the quality of customer service and to establish e-trading platform.

II. Benefits of Cross-selling and Joint-marketing

Since the inception of SinoPac Holdings in 2002, not only one-stop shopping has been provided to customers, but synergy has also been generated.

In 2004, the total sales revenue from cross-selling and joint-marketing of its subsidiaries amounted to NT\$1,686 million, of which interest income reached NT\$1,340 million and fee income NT\$346 million - about 8 % to the total interest income and 5% to the total fee income respectively.

III. Market and Business Analyses

(I) Analysis of the Markets for Financial Products and Services

SinoPac Holdings provided its financial products and services mainly to five markets in the Pan-Pacific region, including Taiwan, the U.S., China, Hong Kong and Vietnam. The macroeconomic situations in these areas are as follows

A. United States

The global economy started its recovery from the second half of 2003 behind loose monetary policies. In particular, the U.S. economy continued to expand in a stable fashion on low interest rates and tax cuts, and posted an annual growth rate of 4.3% in 2004. The global economy in the meantime benefited from such a strong U.S. economy.

For 2005, considering that there is still inflationary pressure and that U.S. interest rates have not yet returned to the normal level, the Fed is likely to hike interest rates further. As such, the growth rate of the U.S. economy is expected to moderate to around 3.6%.

B. China and Hong Kong

The Chinese government's macroeconomic adjustment measures have slowed down the investment growth in China in 2004. However, boosted by continuously strong private consumption and exports, the economy still registered 9.5% in annual growth.

During 2005, the features of the Chinese economy may be outlined as follows: (1) The economy may stay on the high-growth path; (2) The People's Bank may still raise interest rates to rein in inflation; (3) The RMB may be allowed to fluctuate within a 3~5 % range.

C. Taiwan

In the face of rising U.S. interest rates, the Taiwan economy managed to engineer a stable recovery. Led by strong export demand and private investment, the first three quarters of the Taiwan economy posted 6.72%, 7.88% and 5.27% in annual growth rate, respectively, with the whole-year growth rate expected to reach 5.93%, the highest since 1998.

During 2005, U.S. interest rates are expected to rise further and global interest rates may move in line; the weak US dollar has driven up the Asian currencies to levels that Asia's export-driven economic growth momentum may be dampened, and the IMF predicted that the global economic growth rate will slow down to 4.3% from 5%. Likely to be affected by the aforesaid factors and due to the fact that the base of last year was comparatively higher, Taiwan's export growth rate is expected to slow down from above 20% to a single digit. Nevertheless, given that the property market is expected to recover moderately and that the momentum in investment and consumption may be sustained, the Taiwan economy is expected to post a moderate growth in 2005, with the DGBAS forecasting the Taiwan economy will grow at an annual rate of 4.56%.

D. Vietnam

Vietnam's GDP grew by an annual rate of 7.7% in 2004 in the face of the impacts of SARS, frost, drought and rising raw material prices to lay down a sound foundation for 2005. Private consumption was stable. International trades hit a historical high. The budget was in deficit but appeared sound. Inflationary pressure was under control. Financial markets were smooth. Boosted by foreign inflows, which amounted to US\$4.3 billion, +38.7% YOY, investments were bright. It is the first time that foreign inflows exceeded the US\$4.0 billion mark since the Asian financial storms of 1997. Of the foreign inflows, those from Taiwan ranked No.2.

Thanks to numerous efforts, Vietnam's bid for WTO membership is being accelerated. Measures were taken to incorporate the Vietnamese economy into the regional and global economies.

It is expected that Vietnam's GDP growth rate for 2005 will reach the 8.0 - 8.5% target set by the government. The ADB forecasts that the Vietnamese economy will grow by 7.6% this year, next to that of China in Asia.

(II) Prospective Supply and Demand in the Financial Markets

A. Growth Rate in Bank Deposits Will Rise

Since the world economy began its downturn in 2001, nearly all countries were obliged to lower their interest rates to boost their economies. The Central Bank of China (CBC) in Taiwan also adopted expansionary monetary policies in a bid to revive the Taiwan economy by lowering interest rates 13 times since 2001 to push the discount rate to a historical low of 1.375%. Nevertheless, the CBC raised interest rates twice in September and December 2004, in a total of 0.375%. Bank deposits increased from 5.6% YoY to 7.3% YoY in 2004 in spite of the above-mentioned solid economic growth, as the general public was unwilling to place their money into bank deposits. For 2005, the CBC is expected to continue raising interest rates to increase bank deposit rates to the extent that the public may be more willing to deposit their money with banks. The growth rate in bank deposits may rise further accordingly.

B. Lower Loan Growth Compared With 2004; But Still a Growth Year

The loan growth rate of the banking industry started to reverse from negative to positive in 2003 and reached 8% in October 2004. As most banks aggressively pushed for consumer loans in recent years, the growth rate of consumer loans turned positive in 2H02, with the growth rate reaching 19.07% in August, exceeding the high of 18.26% of early 1998. Since the economic growth rate in 2005 will be lower than 2004, and rising interest rates will dampen loan demand, the loan growth rate is expected to be about 5% only, lower than the 5-10% forecast for 2004, but it will still be a growth year.

(III) Positives and Negatives on the Horizon

A. Positives

1. Rising Interest Rates

As far as the financial industry is concerned, rising interest rates will affect the life insurance industry most and then the change in interest spreads for banks.

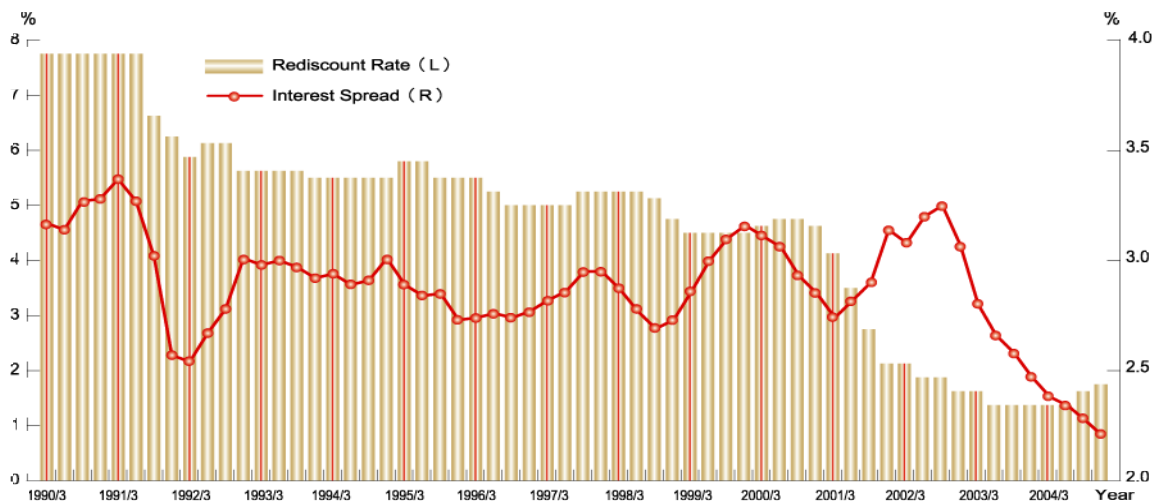
(1) Life insurance companies - Over 80% of the disposable funds of life insurers are interest rate sensitive. The impact of rising interest rates on life insurers was not significant in 2004, as rates only started to rise at the end of the year and the percentage was not significant. For 2005, however, in the event that the CBC continues raising rates, the positive effect on life insurance companies will be more apparent.

(2) Banks - Expansion in Interest Spreads

The average interest spread of domestic banks started its downward trend from the end of 2002 (3.07% at the end of 2002, 2.47% at the end of 2003 and 2.34% in June 2004). Although the reading for 3Q/2004 has not been made available yet, most bankers indicated that their interest spreads should have more or less bottomed.

Given that normally there is a positive correlation between interest rate movement and interest spreads and that banks can adjust their interest rates in advance, most banks expect spreads to expand to the 2.8-3.0% level.

Rediscount Rates vs. Interest Spreads



Source: Taiwan News, as of December 31, 2004

2. Non-interest Income on the Increase - Fee Income to Pick up

Interest income used to be the main income resource for banking institutions. In recent years, however, banking institutions started to focus more on fee income and treasury operations as new sources of income. More fee income can be generated from consumer loans, offering more diverse financial services, and cross-selling financial products through channels of the financial holding companies.

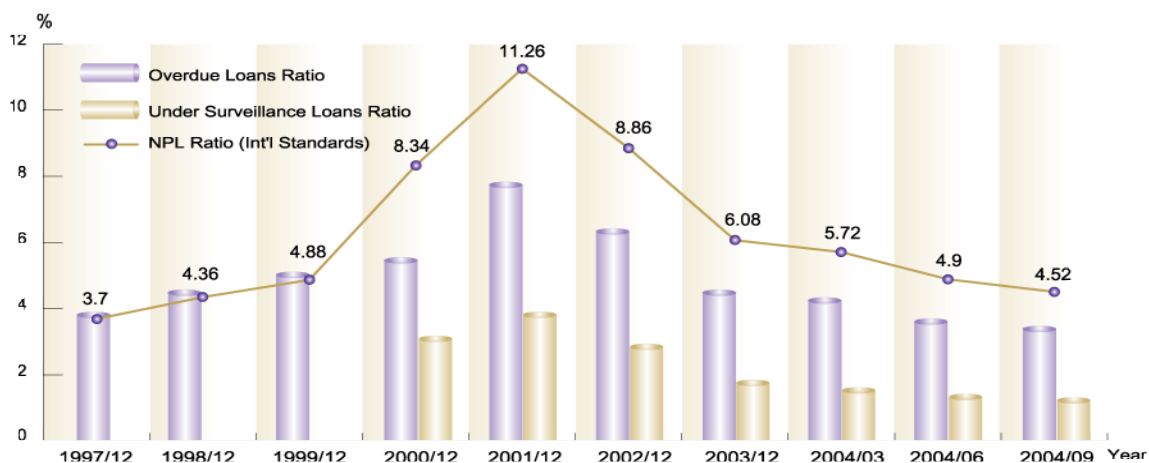
Judging from the P&L of domestic banking institutions, fee income as a percentage of the total revenue grew from 7.82% in 2002 to 9.68% in 2003. As the banking institutions stepped up promoting cash card and credit card businesses, and thanks to the benefit of cross-selling, the percentage increased to 12.5% in June 2004, and is expected to further increase to 14~15% by the end of 2004. In 2005, the percentage is expected to further increase to 17-18%.

3. Lower Cost - lower Bad Debt Provisions

The overdue loans of domestic banks reached its peak in 2001. The NPL ratio was brought down year by year due to over NT\$200 billion in charge-off every year since then, with the September 2004 reading down to 4.52%. Considering domestic banks normally charge off bad debts more aggressively in the second half of the year and that three new regulations on bad debts will be implemented in July 2005, the NPL ratio by international standards is expected to decline to below 4% at the end of 2004, with the coverage ratio picking up to 40%.

In 2005, because the economic growth rate is forecasted to be lower, new overdue loans may pick up. However, with the burden of bad debts decreasing, provisions and charge-offs may decline. After charge-offs, post-provision earnings may still increase. It is forecasted that the charge-offs of all banks might amount to NT\$160-180 billion and post-provision earnings might top NT\$100 billion in 2004, the highest in the past four years. If the domestic banking industry charged off more than forecasts in 2004, post provision earnings in 2005 may further increase due to a combination of lower overdue loans, less provisions, and write-backs.

NPL Ratio of Taiwan Banks by International Standards



Source: Taiwan News, as of December 31, 2004

B. Negatives

1. At present, the number of financial institutions is still too many, competition is fierce, the market share of each is small, no economies of scale can be seen, and banks cannot compete with international financial institutions in the international markets
2. Taiwan's financial institutions generally have little presence overseas, and are not competitive enough against their international counterparts.
3. Corporate demand for capital is getting higher, especially from those Taiwan corporations operating in China.
4. China has already signed CEPA with Hong Kong and Macao, lowering the entry barriers for financial industries in Hong Kong and Macao to move into the China market. To meet the commitments it made for entering the World Trade Organization, China has further opened its banking market to foreign banking institutions by increasing the number of cities from 13 to 18 and opening western and northeastern regions for foreign banking institutions to do RMB business. By the end of 2006, China is expected to lift all restrictions on the geographic areas and categories of customers where foreign banks can do business. In contrast, Taiwan's financial institutions are still prevented from entering the China market due to political barriers

IV. Workforce

Employee Data			
Year	2003	2004	January 31, 2005
Number of Employees			
Age 20-29	1,966	2,009	1,923
Age 30-39	2,441	2,694	2,727
Age 40-49	724	884	893
Age 50 and Up	221	233	226
Sub-total	5,352	5,820	5,769
Average Age	33.61	33.41	33.95
Average Years of Service	4.15	4.33	4.54
Education			
Doctorate	17	17	15
Master's	827	904	906
Bachelor's	2,473	2,842	2,821
College	1,367	1,418	1,402
High School	665	613	614
Under High School	3	26	21
Professional Certificates Held by Employees	Life Insurance, Investment Trust / Investment Advisory, Investment-type Insurance, Trust, Financial Planning, Property Insurance, Futures, Banking Auditor and Controller, Securities Analyst, Securities Broker		

Capital Utilization Plans and Execution Status

I. Capital Utilization Plans

In July 2002, SinoPac Holdings issued and raised US\$230 million in unsecured 5-year euroconvertible bonds. Major plans: (1) to readjust the structure of the organization; (2) to invest in the banking, securities, insurance and other finance-related industries; (3) to strengthen the financial structure of its subsidiaries.

The estimated benefits include (1) readjusting its subsidiaries to have them meet the requirements of the Financial Holding Company Law; (2) making the financial map more complete by setting up new subsidiaries, creating the required synergy through mergers and acquisitions, expanding the scope for growth, and increasing its return on investment; (3) meeting the funding requirements of subsidiaries in their business development and strengthening of its financial structure.

II. Execution Status

The capital utilization status and planned progress of US\$230 million ECB are as follows:

Capital Utilization Status and Planned Progress						Unit: US\$ thousands	
Item	Capital Required	Utilization Status			Planned Progress		
		2002	2003	2004	2005		
					Q1	Q2	
Organization Restructure	74,043	5,178	30,452	-	38,413	-	
Investments in Related Financial Businesses	84,529	-	17,143	22,815	-	44,571	
Strengthening the Financial Structure of Subsidiaries	71,428	-	-	42,857	28,571	-	
Total	230,000	5,178	47,595	65,672	66,984	44,571	

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

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, 2004 and 2003, and the related consolidated statements of income, changes in stockholders cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of AnShin Card Services Co., Ltd., a consolidated subsidiary, were audited by other auditors, and our opinion, insofar as it relates to the amounts included for AnShin Card Service Co., Ltd., is based solely on the reports of other auditors. The total assets of this subsidiary were 2.76% (NT\$16,428,931 thousand) and 1.71% (NT\$8,998,284 thousand) of the consolidated assets as of December 31, 2004 and 2003, respectively. This subsidiary's total revenues were 9.36% (NT\$2,943,847 thousand) and 6.53% (NT\$1,796,014 thousand) of the consolidated revenues for 2004 and 2003, respectively.

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

In our opinion, based on the results of our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Holdings and subsidiaries as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, compiled in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, Criteria Governing the Preparation of Financial Reports by Public Banks (effective January 1, 2004) Criteria Governing the Preparation of Financial Reports by Securities Issuers (applicable for bank only in 2003), Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants and accounting principles generally accepted in the Republic of China.

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



January 31, 2005

NOTICE to READERS

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

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

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Par Value)	2004		2003 (Restated - Note 2)	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 2 and 5)	\$ 11,752,259	2	\$ 12,202,699	2
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Note 6)	35,964,349	6	24,186,691	5
SECURITIES PURCHASED, NET (Notes 2, 7 and 34)	97,144,637	16	117,280,990	22
PREMIUMS PAID FOR LONG OPTIONS, NONHEDGING (Note 2)	12,5514	-	85,810	-
ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET (Notes 2, 8 and 34)	60,029,322	10	52,834,463	10
ACCEPTANCES	3,045,568	1	2,253,521	-
OPERATING SECURITIES, NET (Notes 2 and 9)	20,447,696	3	22,674,445	4
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2, 10 and 34)	22,395,785	4	1,073,200	-
PREPAYMENTS AND OTHER (Note 2 and 34)	800,150	-	777,725	-
LOANS, DISCOUNTS AND BILLS PURCHASED, NET (Notes 2, 11 and 34)	297,154,033	50	252,874,200	48
LONG-TERM INVESTMENTS (Notes 2, 12 and 13)				
Long-term equity investment-equity method	4,969,393	1	4,234,131	1
Long-term equity investment-cost method	2,367,640	-	2,209,286	-
	7,337,033	1	6,443,417	1
Less: Unrealized loss	24,7482	-	281,478	-
Long-term equity investments, net	7,089,551	1	6,161,939	1
Other long-term investments	10,203,263	2	7,182,534	2
Prepaid investments	8,300	-	200,000	-
Long-term investments, net	17,301,114	3	13,544,473	3
PROPERTIES (Notes 2, 10, 30, 35 and 36)				
Cost				
Land	3,512,293	1	3,509,969	1
Buildings	3,133,317	-	3,148,151	1
Computer equipment	2,147,467	-	1,892,567	-
Transportation equipment	97,329	-	164,606	-
Office and other equipment	3,305,702	1	3,145,051	-
Total cost	12,196,108	2	11,860,344	2
Less: Accumulated depreciation	4,247,497	1	3,695,318	-
	7,948,611	1	8,165,026	2
Advances on acquisitions of equipment and construction in progress	209,192	-	173,207	-
Net properties	8,157,803	1	8,338,233	2
OTHER ASSETS (Notes 2, 15, 31, 32 and 35)	20,633,320	4	18,040,174	4
TOTAL	\$ 594,951,550	100	\$ 526,166,624	100
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Short-term borrowings (Notes 16, 34 and 35)	\$ 4,607,970	1	\$ 7,919,397	1
Commercial paper payable (Notes 17, 34 and 35)	7,016,365	1	4,208,416	1
Securities sold under agreements to repurchase (Notes 2, 18 and 34)	30,030,570	5	13,377,183	3
Euro-convertible bonds redeemable within one year (Notes 2 and 23)	7,322,065	1	-	-
Warrant liabilities, net (Notes 2 and 19)	90,617	-	482,393	-
Premiums received from short options (Note 2)	298,302	-	218,174	-
Call loans and due to banks	43,190,326	7	41,257,886	8
Accounts, interest and other payables (Notes 2, 20, 32 and 34)	26,655,002	4	21,952,172	4
Acceptances payable	3,045,568	-	2,253,521	-
Deposits and remittances (Notes 21 and 34)	36,620,833	62	34,679,390	65
Bank certificate fees (Note 22)	33,228,755	6	21,909,670	4
Bonds payable (Notes 2 and 23)	2,000,000	-	10,388,517	2
Long-term borrowings (Notes 24 and 34)	9,148,340	2	4,647,772	1
Other liabilities				
Deferred income tax liabilities (Notes 2 and 32)	809,355	-	697,001	-
Minority interest	22,976	-	113,559	-
Other liabilities (Notes 2 and 31)	9,337,386	2	9,081,394	2
Total liabilities	10,169,717	2	9,891,954	2
	54,302,430	91	479,186,445	91
STOCKHOLDERS' EQUITY				
Capital stock, \$10 par value				
Authorized - 1,000,000,000 shares				
Issued - 3,988,082,635 shares and 3,748,126,974 shares as of December 31, 2004 and 2003, respectively	39,880,826	7	37,481,270	7
Capital surplus				
Additional paid in capital	8,320,023	1	7,913,381	2
Treasury stock transaction	705,137	-	172,111	-
Other	2,288	-	2,410	-
Retained earnings	5,335,159	1	4,401,227	1
Equity adjustments				
Unrealized loss on long-term equity investments	(279,805)	-	(300,801)	-
Unrealized revaluation loss on long-term equity investments	(15,163)	-	(17,016)	-
Cumulative translation adjustment	(19,340)	-	224,739	-
Net loss not recognized as pension cost	(3,049)	-	(220)	-
Treasury stock-at cost: 136,214,240 shares and 216,542,894 shares as of December 31, 2004 and 2003, respectively	(1,824,890)	-	(2,896,922)	(1)
Total stockholders' equity	51,927,120	9	46,980,179	9
CONTINGENCIES AND COMMITMENTS (Notes 2, 36 and 44)				
TOTAL	\$ 594,951,550	100	\$ 526,166,624	100

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)	2004		2003 (Restated - Note 2)	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2, 11 and 44)	\$ 16,995,484	54	\$ 14,789,220	54
Stock affairs agent fees (Notes 2 and 34)	115,220	-	109,732	-
Service fees (Notes 2, 27 and 34)	6,859,097	22	5,722,076	21
Gain on warrants issued (Note 2)	1,214,110	4	436,663	2
Gain from futures transactions (Note 2)	-	-	74,115	-
Income from securities, net (Notes 2 and 28)	1,042,025	3	4,434,917	16
Income from long-term equity investments under the equity method (Notes 2 and 12)	213,612	1	331,968	1
Foreign exchange gains, net (Notes 2 and 44)	4,186,916	13	-	-
Other (Notes 34 and 44)	831,182	3	1,622,613	6
Total operating revenues	31,457,646	100	27,521,304	100
OPERATING COSTS AND EXPENSES				
Interest (Notes 2 and 44)	7,398,718	23	6,759,695	25
Service charges (Note 34)	875,617	3	892,388	3
Loss from futures transactions (Note 2)	209,222	1	-	-
Loss from long-term investments under the equity method (Notes 2 and 12)	27,579	-	16,231	-
Provision for credit and trading losses (Notes 2, 8 and 11)	1,308,048	4	1,912,754	7
Operating and administrative expenses (Notes 2, 29, 31 and 34)	12,638,750	40	11,706,376	43
Foreign exchange losses, net (Notes 2 and 44)	-	-	503,024	2
Other (Note 44)	3,318,727	11	366,899	1
Total operating costs and expenses	25,776,661	82	22,157,367	81
OPERATING INCOME	5,680,985	18	5,363,937	19
NONOPERATING INCOME AND GAINS (Note 34)	689,145	2	282,514	1
NONOPERATING EXPENSES AND LOSSES (Note 34)	66,733	-	295,999	1
INCOME BEFORE INCOME TAX	6,303,397	20	5,350,452	19
INCOME TAX (Notes 2 and 32)	1,638,737	5	1,088,658	4
NET INCOME FOR THE YEAR ENDED DECEMBER 31	4,664,660	15	4,261,794	15
MINORITY INTEREST INCOME	(41,189)	-	(49,480)	-
CONSOLIDATED NET INCOME	\$ 4,623,471	15	\$ 4,212,314	15
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 33)				
Basic earnings per share	\$ 1.68	\$ 1.24	\$ 1.45	\$ 1.15
Diluted earnings per share	\$ 1.54	\$ 1.16	\$ 1.35	\$ 1.09

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)	Capital Stock (Note 25)		Capital Surplus (Notes 2 and 25)	Retained Earnings (Note 25)				Unrealized Loss on Long-term Equity Investments (Notes 2 and 12)	Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 12)	Cumulative Translation Adjustment (Notes 2 and 12)	Net Loss Not Recognized as Pension Cost (Notes 2 and 12)	Treasury Stock (Notes 2, 12 and 26)	Total Stockholders' Equity
	Shares (in Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated	Total						
BALANCE, JANUARY 1, 2003	3,748,127	\$3,748,127.0	\$ 9,067,958	\$ -	\$ -	\$ 1,531,273	\$ 1,531,273	(\$ 3,214,239)	(\$ 40,695)	\$ 32,455.2	\$ -	(\$ 32,45,570)	\$ 44,797,359
Appropriation of earnings from May 9, 2002 to December 31, 2002													
Legal reserve	-	-	-	153,127	-	(153,127)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	37,573	(37,573)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees - cash	-	-	-	-	-	(13,406)	(13,406)	-	-	-	-	-	(13,406)
Cash dividends - \$0.65 per share	-	-	(1,141,236)	-	-	(1,273,167)	(1,273,167)	-	-	-	-	-	(2,414,403)
Net income for the year ended December 31, 2003	-	-	-	-	-	4,212,314	4,212,314	-	-	-	-	-	4,212,314
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	140,753	-	-	-	-	-	-	-	-	-	140,753
Difference adjustment between the equity in net assets for the investments and the book value from subsidiaries	-	-	732	-	-	(2,007)	(2,007)	-	-	-	-	-	(1,275)
Prior years' adjustments recognized from subsidiaries	-	-	-	-	-	220	220	-	-	-	-	-	220
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,628	-	-	-	-	20,628
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	23,679	-	-	-	23,679
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(99,813)	-	-	(99,813)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(220)	-	(220)
Treasury stock transactions recognized from subsidiaries	-	-	19,685	-	-	-	-	-	-	-	-	34,864.8	36,834.3
BALANCE, DECEMBER 31, 2003	3,748,127	37,481,270	8,087,902	153,127	37,573	4,210,527	4,401,227	(3,008,001)	(17,016)	22,473.9	(220)	(28,96,922)	46,980,179
Appropriation of 2003 earnings													
Legal reserve	-	-	-	42,105.3	-	(42,105.3)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	55,726	(55,726)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees - stock	18,667	18,669	-	-	-	(18,669)	(18,669)	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	(18,669)	(18,669)	-	-	-	-	-	(18,669)
Stock dividends - \$0.4596 per share	172,414	1,724,138	-	-	-	(1,724,138)	(1,724,138)	-	-	-	-	-	-
Cash dividends - \$0.4995 per share	-	-	-	-	-	(1,874,063)	(1,874,063)	-	-	-	-	-	(1,874,063)
Net income for the year ended December 31, 2004	-	-	-	-	-	4,623,471	4,623,471	-	-	-	-	-	4,623,471
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	108,163	-	-	-	-	-	-	-	-	-	108,163
Euro convertible bonds transferred to common stock	65,674	656,749	406,642	-	-	-	-	-	-	-	-	-	1,063,391
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,996	-	-	-	-	20,996
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	1,853	-	-	-	1,853
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(418,145)	-	-	(418,145)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,829)	-	(2,829)
Preferred stocks from subsidiaries transferred to common stocks	-	-	(122)	-	-	-	-	-	-	-	-	-	(122)
Treasury stock transactions	-	-	-	-	-	-	-	-	-	-	-	(333,972)	(333,972)
Treasury stock transactions recognized from subsidiaries	-	-	424,863	-	-	-	-	-	-	-	-	14,06,004	18,30,867
BALANCE, DECEMBER 31, 2004	3,988,082	\$39,880,826	\$ 9,027,448	\$ 574,180	\$ 932,999	\$ 4,667,680	\$ 5,335,159	(\$ 2,798,055)	(\$ 15,163)	\$ 193,406	(\$ 30,499)	(\$ 1,824,880)	\$ 51,927,120

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Ddlars)	2004	2003 (Restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 4,623,471	\$ 4,212,314
Minority interest income	41,189	49,480
Consolidated net income for the year ended December 31	4,664,660	4,261,794
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	1,386,458	1,090,207
Euro-convertible bonds and amortization of deferred issuance cost	36,708	38,400
Euro-convertible bonds and accrued interest premium	308,581	358,424
Advance on acquisition of equipment charge of	537	248
Provision for credit and trading losses	1,213,920	2,039,840
Provision for decline in market value of operating securities	355,986	26,317
Provision for decline in market value of collateral assumed	3,206	-
Realized loss on long-term equity investments	-	18,066
Loss on (income from) sale of long-term equity investments	(47,062)	5,215
Income from long-term equity investments under the equity method, net	(186,033)	(315,737)
Cash dividends received from long-term equity investments under the equity method	165,074	24,566
Loss on disposal of properties, net	23,395	52,823
Gain on disposal of collateral assumed, net	(78,516)	(24,650)
Gain on warrants issued, net	(1,207,047)	(432,909)
Increase in accrued pension cost	175,112	164,245
Increase in prepaid pension cost	(23,741)	(35,618)
Deferred income taxes	(69,082)	365,494
Decrease (increase) in securities purchased - for trading purposes	18,763,461	(17,963,121)
Decrease (increase) in operating securities	1,870,763	(3,953,840)
Increase in warrant liabilities, net	866,079	827,888
Change in securities brokerage accounts, net	(5,958)	(179,592)
Increase in accounts, interest and other receivables	7,911,546	(18,277,943)
Increase in prepayments and other	(203,861)	(451,684)
Increase in accounts, interest and other payables	5,494,877	7,148,678
Other	16,865	41,048
Net cash provided by (used in) operating activities	25,612,836	25,171,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in due from the Central Bank and other banks	(11,777,658)	(8,367,951)
Decrease (increase) in securities purchased - for investing purposes	1,370,395	(7,843,231)
Increase in loans, discounts and bills purchased	(45,014,015)	(29,557,020)
Acquisition of long-term equity investments	(2,292,009)	(1,358,948)
Decrease (increase) in other long-term investments	(3,045,767)	1,431,251
Proceeds from sales of long-term equity investments	328,496	526,989
Decrease (increase) in securities purchased under agreements to resell	(21,322,585)	448,924
Acquisition of properties	(529,613)	(1,019,657)
Proceeds from sale of properties	3,095	5,614
Increase in guarantee deposits	(20,957)	(593,832)
Increase in pledged time deposits	941,210	(333,000)
Increase in other assets	(2,071,351)	(5,786,560)
Acquisition of collaterals assumed	(195,265)	(1,262,064)
Proceeds from sale of collaterals assumed	710,947	329,860
Net cash used in investing activities	(84,797,497)	53,379,625
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(2,761,427)	2,711,397
Increase in commercial paper payable	4,808,517	1,460,471
Increase (decrease) in securities sold under agreements to repurchase	16,653,387	(2,306,145)
Increase (decrease) in call loans and due to banks	1,932,440	(13,990,307)
Increase in deposits and remittances	25,541,443	72,529,882
Increase in bank debentures	11,319,085	14,909,670
Reimbursement on bonds payable	(550,000)	(1,000,000)
Increase in bonds payable	-	2,000,000
Increase (decrease) in long-term borrowings	2,500,000	(161,972)
Increase in other liabilities	255,993	5,060,031
Cash dividends paid	(1,765,900)	(2,273,650)
Remuneration paid to directors and supervisors and bonus to employees	179,550	(188,805)
Proceeds from sale of treasury stock	1,406,004	368,343
Purchase of treasury stock	(333,972)	-
Minority interest	(76,006)	(33,127)
Net cash provided by financing activities	58,750,014	79,085,788
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(434,647)	534,262
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,202,699	11,737,099
EFFECTS OF EXCHANGE RATE CHANGES	(15,793)	(68,662)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 11,752,259	\$ 12,202,699
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 7,010,153	\$ 6,728,060
Income tax paid	\$ 419,863	\$ 812,734
NONCASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds redeemable within one year	\$ 7,322,065	\$ -
Current portion of bonds payable	-	\$ 550,000
Euro-convertible bonds transferred to common stock	\$ 1,063,391	\$ -
Payables on long-term equity investments	-	\$ 27,2416

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. ORGANIZATION AND OPERATIONS

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

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

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

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 establish International Division and Offshore Banking Unit to (OBU) manage foreign exchange operations as allowed under the Banking Law.

As of December 31, 2004, Bank SinoPac's operating units include Banking, Trust, International Division of the Head Office, an OBU, 44 domestic branches, 2 overseas branches and 1 overseas representative office.

The operations of Bank SinoPac's Trust Department 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 governed by 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, 2004, FENB had 15 branches in Los Angeles and San Francisco areas and one Beijing representative office. It also has 5 wholly-owned subsidiaries - Far East Capital Corporation, FENB Securities, Inc., FENB Loan Corp., FENB Film Corp., and Film Service Management Corp.

SinoPac Securities Corporation 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; (e) bill financing business and other business was approved by competent authority. As of December 31, 2004, the SinoPac Securities has 48 branches supporting its head office.

SinoPac Futures Corporation was started operations on June 28, 1994 according to laws governing futures firms. It engages in futures brokerage and settlement and launched futures dealing since January 30, 2004.

The subsidiary - SinoPac Securities (Cayman) Holding Limited registered at Cayman Island on April 30, 1998, and was incorporated to coordinate and control SinoPac Securities Corporation's foreign investment. As of December 31, 2004, it held 100% ownership of SinoPac Securities (Europe) Ltd., SinoPac Securities Futures (Asia) Ltd., SinoPac Capital (Asia) Ltd., SPS Asia Ltd., SinoPac Asset Management (Asia) Ltd., SinoPac Securities (USA) Ltd., and SinoPac Asset Management Corp. (B.V.I.). It also held 94.89% ownership of SinoPac Securities (Asia) Ltd., which accounted under equity method. The affiliate SinoPac Asset Management Corp. (B.V.I.) held 100% ownership of SinoPac Asia Limited and SinoPac SinoPac Securities (H.K.) Limited. It also held 5.11% ownership of SinoPac Securities (Asia) Ltd., which accounted under equity method.

The affiliate - SinoPac Securities (Asia) Ltd. held 100% ownership of SinoPac Securities (Asia) Nominess Ltd. and SinoPac (Asia) Nominess Ltd.

The affiliate - SinoPac Asset Management (Asia) Ltd. held 100% ownership of SPS Asset Management Limited.

The investee of SinoPac Securities (Cayman) Holding Limited mentioned above mainly in securities brokerage, investment consulting, asset management, futures and options brokerage and derivative financial transactions. Because of SinoPac Securities Corporation adjusted the investment framework, the investee - SinoPac Asset Management Corp. (B.V.I.) and SinoPac Securities (H.K.) Limited was undergoing dissolution process. Besides, SPS Asia Ltd. suspended since 2004.

SinoPac Life Insurance Agent Co., Ltd. (SinoPac Life Insurance Agent) and SinoPac Property Insurance Agent Co., Ltd. (SinoPac Property Insurance Agent) obtained government approval to incorporate 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 card members and provide related services. In December 2002, AnShin Card Services' previous

shareholder, Bank SinoPac, transferred all its 81,103,709 common shares to SinoPac Holdings. SinoPac Holdings acquired 64,665,033 common shares of AnShin Card Services from ING Heart Investment Co., Ltd. in September 2003. Moreover, SinoPac Holdings purchased 17,092,258 and 139,000 common shares of AnShin Card Services from other shareholders in June 2004 and December 2004, respectively, after that, AnShin Card Services became a wholly owned subsidiary of SinoPac Holdings.

As of December 31, 2004 and 2003, SinoPac Holdings and the aforementioned subsidiaries had a total of 5,333 and 5,005 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies, which conform to the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, Criteria Governing the Preparation of Financial Reports by Public Banks (effective January 1, 2004), Criteria Governing the Preparation of Financial Reports by Securities Issuers (applicable for bank only in 2003), Criteria Governing the Preparation of Financial Reports of Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants, and accounting principles generally accepted in the Republic of China (ROC). 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 subsidiaries SinoPac Financial Services (USA) and FENB, SinoPac Securities, as consolidated with SinoPac Futures Corporation, SinoPac Securities (Cayman) Limited, as consolidated with SinoPac Securities (Europe) Ltd., SinoPac Capital (Asia) Ltd., SinoPac Securities (USA) Ltd., SinoPac Asset Management (Asia) Ltd. and its subsidiary - SPS Asset Management Limited, SinoPac Asset Management Corp. (B.V.I.) and its subsidiary SinoPac Asia Limited, SinoPac Securities (Asia) Ltd. and its subsidiaries - SinoPac Securities (Asia) Nominess Ltd. and SinoPac (Asia) Nominess Ltd. 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 Securities Investment Trust Corporation (SinoPac Securities Investment Trust), 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 Capital Management Corp. - are individually less than 10%, and are in aggregate less than 30%, of those of the Company. Accordingly, their accounts were not included in 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.

The 2003 consolidated financial statements of SinoPac Securities Corporation have been revised to conform to the 2004 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 43 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

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

■ Securities Purchased

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

Short-term bills and treasury bills are stated at cost (which approximates market value). Cost of short-term bills and treasury bills sold are determined using the specific identification method. Stocks, beneficiary certificates and bonds are stated at the lower of cost or market. Costs of securities sold other than short-term bills, treasury bills and negotiable certificates of deposit are determined using the moving-average method except SinoPac Securities 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) OTC 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.

Interests earned on short-term negotiable instruments are charged to nonoperating income (included in financial income) by SinoPac Securities.

Under the accounting principles generally accepted in the ROC, SinoPac Holdings' shares held by Bank SinoPac should be evaluated decline in market value separately from the other listed and OTC stocks held by Bank SinoPac.

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

■ Operating Securities

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

Bonds are stated at the lower of cost or market value. The market value is based on the reference price on the balance sheet date published by the ROC 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 fund (ETF) 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". Warrants 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 values 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 hedged securities, while the loss on revaluation of warrants liabilities in excess of the unrealized gain on hedged securities is charged to current income. The cost of repurchase 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 (presented as operating securities - hedging) are stated at the lower of cost, which is the book value of the transferred securities, or market value. These securities are stated at the lower of cost or market value based on individual warrants issued. The loss on decline in market value of such securities is charged to income.

■ Securities Purchased or Sold Under Agreements to Resell or to Repurchase

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

■ Margin Loans and Stock Loans

Margin loans pertain to the provision of funds to customers for them to buy securities. Margin loans receivable represents the amount given to customers. The securities bought by customers are used to secure these loans and are

recorded through memo entries as "collateral securities." The collateral securities are returned when the loans are repaid.

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

The collateral securities are disposed of by the Company when their market 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 a collateral security cannot be sold in the open market, the balance of the loan is reclassified under "other receivables" or "overdue receivables."

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

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

■ Customer Margin Account and Futures Traders' Equity

Futures commission merchant engages in the futures brokerage and received margin deposits from customers as required under existing regulations. The proceeds are deposited in a bank and presented as "customer margin account" and "futures traders' equity." Gains or losses from daily marking to market of the carrying amounts of the contracts and related commission are charged to customer margin account and futures traders' equity. It will exist timing difference between customer margin account and futures traders' equity when the company does not deduct commission from customer margin account timely. Futures traders' equity accounts cannot be offset each other except the kind of equity accounts are the same and belong to some one. The debit balance of futures traders' equity, which results from losses on futures transactions in excess of the margin deposited, is recorded as "accounts receivable - futures margin deposits."

■ Sales of Accounts Receivable

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

- a. Transferred accounts receivable has been isolated from AnShin Card Services. AnShin Card Services, along with its creditors, is unable to control the future economic benefits.
- b. The transferee has the right to pledge or transfer accounts receivable purchased, and 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 of Bank SinoPac, those loans, which are less than six months overdue, will also be classified as nonperforming.

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

■ Allowance for Credit Losses and Provision for Losses on Guarantees

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac and its subsidiaries 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 date.

Pursuant to "The Rules of Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts" (the Rules) issued by the MOF, Bank SinoPac evaluates credit losses on the basis of its borrowers'/clients' financial positions, Bank SinoPac's prior experiences, repayment 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, SinoPac Futures 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, pursuant to a directive of Securities and Futures Committee (SFC, has been renamed as Securities and Futures Bureau since July 1, 2004, SFB thereafter). SinoPac Securities, SinoPac Futures and AnShin Card Services set aside an additional amount as bad-debt reserve and allowance for bad debts, respectively, to save 3% on the value-added tax. According to a directive of SFC, SinoPac Securities and SinoPac Futures stop making the aforesaid reserve since July 1, 2003. Those reserve can be used only to write off nonperforming.

■ Long-term Equity Investments

Under a directive issued by the Accounting Research and Development Foundation of ROC, a financial holding company should treat the investees' net worth as paid in capital if the holding company is incorporated through shares swap. The par value of stocks issued by the holding company is accounted for as capital stock, while any excess of 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. Stock dividends result only in an increase in number of shares and are not recognized as investment income. On the acquisition date, any difference between the acquisition cost and the equity in the investee is amortized on the straight-line basis over 15 years by SinoPac Holdings and Bank SinoPac and 5 years by SinoPac Securities and SinoPac Securities (Cayman) Holdings, respectively.

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

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

Long-term equity investments are accounted for by the cost method if the Company does not have significant influence over the investees. For listed and OTC stocks accounted for by the cost method, when the aggregate market value is lower than the total carrying amount, an allowance for decline in market value is provided and the unrealized loss is charged against stockholders' equity. If a decline in the value of an unlisted stock investment is considered as 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 the amortization of premiums or discounts as the adjustment of interest revenue. Cost of bonds sold is calculated by the specific identification is treated.

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

■ Properties

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

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

Depreciation computed using the straight-line method over service lives estimated as follows: buildings, 6 to 60 years; computer equipment, 3 to 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 useful lives.

■ Clearing and Settlement Fund

According to Taiwan Futures Exchange Corporation Criteria for Clearing Membership, the Company is required to contribute cash to a clearing and settlement fund, which is administered by the clearing house and deposited to a designated account. Income from the fund, less related expenses and taxes, is distributed semiannually to the Company.

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

■ Collateral Assumed

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

■ Assets Leased to Others

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 on the balance sheet.

■ Euro-Convertible Bonds

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

■ Securities Brokerage Accounts

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

■ Securities Lending and Borrowing

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

■ Reserve for Default Accounts

As required by the Rules Governing Securities Firms, for securities traded for customers' accounts, SinoPac Securities Corporation 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 Bureau.

As required by the Rules Governing Futures Commission Merchants, for futures traded for customers' accounts, SinoPac Futures Corporation should allocate 2% of commission revenues of futures transactions as a reserve for default accounts. When the accumulated reserve for default accounts amounted to the lowest of legal actual capital received, capital for operating or working capital, 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 SFB. However, as regulated by the SFB, SinoPac Futures Corporation stop allocating reserve for default accounts for four years since July 1, 1999, because the allowance for credit losses had been allocated. SinoPac Futures Corporation had started the allocating policy again since July 1, 2003.

■ Reserve for Trading Losses

An amount equal to 10% of the net gain from the sale of securities and futures is recognized monthly as reserve for trading losses under the Rules Governing Securities Firms and Rules Governing Future Commission Merchants. This reserve is recognized until its accumulated balance reaches (a) \$200,000 for the trading department, (b) the minimum paid-in capital of SinoPac Securities Corporation's futures department, (c) the lowest of legal actual capital received, capital for operating or working capital of SinoPac Futures respectively. This reserve can be used only to offset actual loss from securities and futures dealings.

■ Derivative Financial Instruments

a. Foreign exchange forward

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

b. Forward rate agreements

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

c. Currency swaps

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

d. Cross-currency swaps

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

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

e. Options

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

For SinoPac Securities and SinoPac Futures, 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-non-hedging. However, when SinoPac Futures Corporation acts as a broker and engages in option transactions are recognized as nonoperating income or losses.

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

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

AnShin Card Services enters into interest rate swaps with banks to hedge the effects of interest rate fluctuations on its liabilities. These contracts do not involve exchanges of the notional principals and are recognized by memorandum entries on the contract dates. At the balance sheet date, the interest arising from the difference between the floating interest rate and agreed 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

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

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 (or purchased) outright plus an interest rate swap contract and a long (or short) call option on the convertible bond. The notional amount of the swap contract is recognized by a memorandum entry. The accounting treatment for a convertible bond sold outright is the same as 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.

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

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

Gains or losses arising from future transactions are classified as operating revenues or expenses when SinoPac Futures acts as a dealer. When SinoPac Future acts as a broker and engages in future contracts with its own margin deposits, gains or losses of future transactions are classified as nonoperating revenues or expenses.

i. Credit default swaps

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

j. Structured note transactions

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

For the principal-guaranteed note transactions, 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 - custodian account, and carried at the lower of aggregate cost or market value. SinoPac Securities recognizes interest income from the instruments over an accrual basis over the contract term. The securities invested in by SinoPac Securities for hedging purpose are stated at purchase cost, presented as operating securities - hedged, and revaluated at the lower of cost or market value based on the related contract. The loss on decline in market value of these securities is charged to income. The cost of securities sold are determined by the moving-average method.

■ **Financial Asset Securitization**

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

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

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

■ Revenue Recognition

Interest revenue is recorded using 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 regulations of the MOF, interest revenue on credits which agreements have been reached to extend their maturities is recognized upon collection. Service fees are recorded as revenue upon receipt and substantial completion of activities involved in the earnings process.

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

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

■ Pension

Pension expense (including retirement and severance benefits cost, the "pension expense" thereon) is determined based on actuarial calculations except for FENB, SinoPac (Cayman) Holdings, SinoPac Asset Management Corp. (B.V.I.), SinoPac Securities (Asia), SinoPac Securities (Europe), SinoPac Finance (Asia) and SinoPac Securities (U.S.A.).

■ 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 financial holding company's shares, these shares should be treated as investments in subsidiary's books, but as treasury stock in financial holding company's books starting December 31, 2002.

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

■ 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 based on the classification of the related assets or liabilities for financial reporting. A deferred income tax asset or liability which is not related to an asset or liability for financial reporting should be classified according to the expected reversal 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 are recorded as income tax in the year when the shareholders resolve the appropriation of earnings.

SinoPac Holdings and its qualified subsidiaries adopted the linked tax system starting with the 2003 income tax and 2002 unappropriated earnings tax filings.

■ Contingencies

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

■ Foreign-currency Transactions

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 payable are settled, are credited or charged to income in the period of conversion or settlement. As of the balance sheet date, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are credited or charged to current income. Gains or losses resulting from restatement of period-end foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to "cumulative translation adjustment" under stockholders' equity.

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.

■ Reclassifications

Certain accounts for year 2003 have been reclassified to conform to the financial statements presentation for year 2004.

3. ACCOUNTING CHANGES

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

The repurchase/resell transactions of Bank SinoPac are for daily trading purposes. Since the trading volume is high and the accounting systems for such transactions had been revised for several times, it is hard to trace the historical data and causing the difficulty on calculating the cumulative effect of change in accounting principles. Thus, Bank SinoPac cannot calculate the cumulative effect of change in accounting principles, and the pro forma information cannot be disclosed neither.

4. ELIMINATION OF SIGNIFICANT INTERCOMPANY TRANSACTIONS

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
For the year ended December 31, 2004			
SinoPac Holdings	Cash and cash equivalents	\$ 3,004,989	Bank SinoPac and subsidiaries
	Interest receivable	6,544	Bank SinoPac and subsidiaries
	Securities purchased under agreements to resell	700,000	Bank SinoPac and subsidiaries
	Other receivables	668,349	SinoPac Securities and subsidiaries
	Other payables	14,811	Bank SinoPac and subsidiaries
	Interest revenue	60,059	Bank SinoPac and subsidiaries
	Securities purchased under agreements to resell	490,917	SinoPac Securities and subsidiaries
	Operating and administrative expenses	6,785	SinoPac Securities and subsidiaries

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
Bank SinoPac and subsidiaries	Deposits and remittances	\$ 3,004,989	SinoPac Holdings
	Deposits and remittances	2,787,731	SinoPac Securities and subsidiaries
	Deposits and remittances	41,299	SinoPac Life Insurance Agent
	Deposits and remittances	49,767	AnShin Card Services
	Deposits and remittances	8,400	SinoPac Property Insurance Agent
	Other receivables	25,725	AnShin Card Services
	Other receivables	9,994	SinoPac Life Insurance Agent
	Other receivables	14,811	SinoPac Holdings
	Loans, discounts and bills purchased	500,000	SinoPac Securities and subsidiaries
	Interest payable	6,544	SinoPac Holdings
	Other payables	19,806	SinoPac Securities and subsidiaries
	Service fees revenue	25,471	SinoPac Life Insurance Agent
	Interest expense	60,059	SinoPac Holdings
	Interest expense	22	SinoPac Property Insurance Agent
	Securities sold under agreements to repurchase	700,000	SinoPac Holdings
	Interest revenue	1,251	SinoPac Securities and subsidiaries
	Interest expense	47,531	SinoPac Securities and subsidiaries
	Bank debentures	50,000	SinoPac Securities and subsidiaries
	Other operating income	10,624	SinoPac Securities and subsidiaries
	Nonoperating income and gains	2,545	SinoPac Securities and subsidiaries
Operating and administrative expenses	2,085	SinoPac Securities and subsidiaries	
SinoPac Securities and subsidiaries	Cash and cash equivalents	1,627,731	Bank SinoPac and subsidiaries
	Pledged time deposits	1,160,000	Bank SinoPac and subsidiaries
	Other receivables	19,806	Bank SinoPac and subsidiaries
	Securities purchased	50,000	Bank SinoPac and subsidiaries
	Short-term borrowings	500,000	Bank SinoPac and subsidiaries
	Other payables	668,349	SinoPac Holdings
	Interest revenue	47,531	Bank SinoPac and subsidiaries
	Interest expense	1,251	Bank SinoPac and subsidiaries
	Securities sold under agreements to repurchase	490,917	SinoPac Holdings
	Stock affairs agent fees revenue	6,785	SinoPac Holdings
	Operating and administrative expenses	13,169	Bank SinoPac and subsidiaries
	Other receivables	13	SinoPac Life Insurance Agent
	Service fees revenue	3,053	SinoPac Life Insurance Agent
Nonoperating income and gains	2,085	Bank SinoPac and subsidiaries	
SinoPac Life Insurance Agent	Cash and cash equivalents	41,299	Bank SinoPac and subsidiaries
	Other payables	9,994	Bank SinoPac and subsidiaries
	Operating and administrative expenses	25,471	Bank SinoPac and subsidiaries
	Operating and administrative expenses	3,053	SinoPac Securities and subsidiaries
	Other payables	13	SinoPac Securities and subsidiaries
	Operating and administrative expenses	26,596	AnShin Card Services
SinoPac Property Insurance Agent AnShin Card Services	Cash and cash equivalents	8,400	Bank SinoPac and subsidiaries
	Interest revenue	22	Bank SinoPac and subsidiaries
	Cash and cash equivalents	20,987	Bank SinoPac and subsidiaries
	Refundable deposit	28,780	Bank SinoPac and subsidiaries
	Other payables	25,725	Bank SinoPac and subsidiaries
Service fees revenue	26,596	SinoPac Life Insurance Agent	

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
For the year ended December 31, 2003			
SinoPac Holdings	Cash and cash equivalents	\$ 6,802,454	Bank SinoPac and subsidiaries
	Interest receivable	15,838	Bank SinoPac and subsidiaries
	Accounts receivable	14,295	SinoPac Securities and subsidiaries
	Accounts payable	435	SinoPac Securities and subsidiaries
	Interest revenue	99,575	Bank SinoPac and subsidiaries
	Interest revenue	639	SinoPac Securities and subsidiaries
	Operating and administrative expenses	5,645	SinoPac Securities and subsidiaries
Bank SinoPac and subsidiaries	Deposits and remittances	6,802,454	SinoPac Holdings
	Deposits and remittances	2,905,561	SinoPac Securities and subsidiaries
	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 and subsidiaries
	Accounts receivable	25,686	AnShin Card Services
	Accounts receivable	175,060	SinoPac Securities and subsidiaries
	Accounts payable	1,199	SinoPac Securities and subsidiaries
	Interest payable	15,838	SinoPac Holdings
	Other liabilities	80,000	SinoPac Securities and subsidiaries
	Interest revenue	381	SinoPac Securities and subsidiaries
	Service fees revenue	165	SinoPac Securities and subsidiaries
	Service fees revenue	19,390	AnShin Card Services
	Income from securities	1,965	SinoPac Holdings
	Nonoperating income and gains	1,554	SinoPac Securities and subsidiaries
	Interest expense	97,610	SinoPac Holdings
	Interest expense	12,442	SinoPac Securities and subsidiaries
	Operating and administrative expenses	16,269	SinoPac Securities and subsidiaries
	SinoPac Securities and subsidiaries	Services fees expense	2,385
Cash and cash equivalents		1,773,864	Bank SinoPac and subsidiaries
Commissioned commerce debit		1,697	Bank SinoPac and subsidiaries
Pledged time deposits		1,130,000	Bank SinoPac and subsidiaries
Other assets		80,000	Bank SinoPac and subsidiaries
Accounts receivable		435	SinoPac Holdings
Accounts receivable		1,199	Bank SinoPac and subsidiaries
Accounts receivable		10,873	AnShin Card Services
Short-term borrowings		600,000	Bank SinoPac and subsidiaries
Accounts payable		175,060	Bank SinoPac and subsidiaries
Accounts payable		14,295	SinoPac Holdings
Service fees revenue		2,385	Bank SinoPac and subsidiaries
Service fees revenue		10,022	AnShin Card Services
Stock affairs agent fees revenue		5,645	SinoPac Holdings
Interest expense		381	Bank SinoPac and subsidiaries
Interest expense		639	SinoPac Holdings
Operating and administrative expenses		165	Bank SinoPac and subsidiaries
Operating and administrative expenses		1,554	Bank SinoPac and subsidiaries
Nonoperating income and gains		16,269	Bank SinoPac and subsidiaries
Interest revenue		12,442	Bank SinoPac and subsidiaries
SinoPac Life Insurance Agent	Cash and cash equivalents	96,426	Bank SinoPac and subsidiaries

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
	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 subsidiaries
AnShin Card Services	Cash and cash equivalents	7,809	Bank SinoPac and subsidiaries
	Other payables	25,686	Bank SinoPac and subsidiaries
	Other payables	10,873	SinoPac Securities and subsidiaries
	Other payables	19,421	SinoPac Life Insurance Agent
	Service fees revenue	31,000	SinoPac Life Insurance Agent
	Operating and administrative expenses	19,390	Bank SinoPac and subsidiaries
	Operating and administrative expenses	10,022	SinoPac Securities and subsidiaries

5. CASH AND CASH EQUIVALENTS

	December 31	
	2004	2003
Due from banks	\$ 4,656,032	\$ 6,939,434
Notes and checks in clearing	2,778,026	1,570,821
Cash on hand	1,815,307	1,699,496
Deposits in Bank	1,357,064	1,429,343
Commercial papers - due in January to February 2005 and January to March 2004, with interest rate from 1.05% to 1.10% and from 0.90% to 0.95%, respectively	1,145,830	385,150
Cash equivalents	-	178,455
	<u>\$ 11,752,259</u>	<u>\$ 12,202,699</u>

6. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2004	2003
Call loans to banks	\$ 20,843,771	\$ 12,777,100
Due from the Central Bank	15,120,578	11,409,591
	<u>\$ 35,964,349</u>	<u>\$ 24,186,691</u>

Due from the Central Bank consists mainly of New Taiwan dollar (NTD) and foreign currency deposit reserves. Under a directive issued by the Central Bank of the ROC, NTD - denominated deposit reserves of Bank SinoPac are determined monthly at prescribed rates on average balances of customers' NTD - denominated deposits. These reserves include \$7,225,313 and \$6,506,839, as of December 31, 2004 and 2003, respectively, which are subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves of Bank SinoPac are determined at prescribed rates on balances of additional foreign-currency deposits. These reserves may be withdrawn momentarily and are noninterest earnings. As of December 31, 2004 and 2003, the balances of foreign-currency deposit reserves were \$86,176 and \$50,967, respectively.

7. SECURITIES PURCHASED

	December 31	
	2004	2003
Negotiable certificates of deposit	\$ 71,196,283	\$ 88,234,898
Commercial papers	7,176,112	8,846,416
Corporate bonds	5,258,751	4,954,186
Beneficiary certificates	4,450,901	3,615,884
Floating rate notes	3,718,142	8,275,813
Government bonds	3,269,457	601,763
Bank debentures	1,058,091	2,032,613
Treasury bills	908,289	719,217
Stocks	111,108	200
	<u>97,147,134</u>	<u>117,280,990</u>
Less allowance for decline in market value	2,497	-
	<u>\$ 97,144,637</u>	<u>\$ 117,280,990</u>

As of December 31, 2003, negotiable certificates of deposit aggregating \$800,000, 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 \$18,500,000 and \$15,000,000 had been provided as collateral for the daytime overdraft as of December 31, 2004 and 2003, respectively, with the pledged amount which can be adjusted momentarily.

As of December 31, 2004 and 2003, the aggregate market values or reference prices of corporate bonds, beneficiary certificates, floating rate notes, government bonds, bank debentures and stocks were as follows:

	December 31	
	2004	2003
Corporate bonds	\$ 5,505,232	\$ 5,345,631
Beneficiary certificates	4,492,862	3,677,136
Floating rate notes	3,719,933	8,268,004
Government bonds	3,283,653	610,492
Bank debentures	1,060,705	2,017,249
Stocks	87,957	169

8. ACCOUNTS, INTEREST AND OTHER RECEIVABLES

	December 31	
	2004	2003
Accounts and notes receivable	\$ 27,243,753	\$ 26,475,083
Credit card receivables	14,349,820	6,198,064
Margin loans receivable	14,243,048	15,826,453
Interest receivable	905,193	982,878
Forward exchange receivable, net	623,536	67,638
Securities brokerage debit accounts	447,068	-
Accrued revenue	418,820	1,093,271
Other	1,952,724	2,337,803
	60,183,962	52,981,190
Less allowance for credit losses	154,640	146,727
	\$ 60,029,322	\$ 52,834,463

The balances of the accounts receivable as of December 31, 2004 and 2003 included \$26,586,610 and \$25,065,780, respectively, representing accounts receivable acquired from other parties in the factoring business.

9. OPERATING SECURITIES

	December 31	
	2004	2003
<u>Dealing department</u>		
Bonds		
Government bonds (interest rates at 1.00% to 7.75% in 2004 and 1.00% to 7.75% in 2003)	\$ 3,563,702	\$ 3,878,147
Corporate bonds (interest rates at 1.20% to 8.25% in 2004 and 1.20% to 8.25% in 2003)	2,013,283	4,077,019
Bank debentures (interest rates at 1.49% to 4.75% in 2004 and 1.325% to 6.040% in 2003)	315,416	900,000
Beneficiary certificates of enterprise loans under securitization (interest rates at 1.575% to 2.175% in 2004)	604,383	-
Subtotal	6,496,784	8,855,166
Listed stocks and convertible bonds	1,058,421	1,542,125
Stocks and convertible bonds traded over the counter	9,005,876	6,199,853
Global depository receipts of listed corporations	-	122,484
Emerging stocks	426,070	292,850
Taiwan Innovative Growing Entrepreneurs	-	48,119
Exchange - traded funds	-	277
Beneficiary certificates	931,748	149,313
	17,918,899	17,210,187
Less allowance for decline in market value	126,933	-
	\$ 17,791,966	\$ 17,210,187

	December 31	
	2004	2003
<u>Underwriting department</u>		
Listed stocks	\$ 616,412	\$ 412,187
Stocks and convertible bonds traded over the counter	1,807,882	1,810,777
Taiwan depository receipts of listed corporations	-	263,736
Stocks and bonds other than listed and traded over the counter	106	50,000
	2,424,400	2,536,700
Less allowance for decline in market value	290,187	-
	<u>\$ 2,134,213</u>	<u>\$ 2,536,700</u>
<u>Securities held for hedging purposes</u>		
Stocks held for warrants	\$ 235,730	\$ 2,763,021
Less allowance for decline in market value	2,160	67,644
Net amount	<u>\$ 233,570</u>	<u>\$ 2,695,377</u>
<u>Securities held for hedged purposes</u>		
Structured notes linked position	\$ 83,808	\$ 125,412
Less allowance for decline in market value	1,038	1,808
Net amount	<u>\$ 82,770</u>	<u>\$ 123,604</u>
<u>Securities in custodian account</u>		
Time deposits - due in January to March in 2005; interest rates at 1.000% to 1.175%; due in January to October in 2004, interest rates at 1.00% to 1.40%	\$ 122,988	\$ 108,577
Corporate bonds - interest rate at 3.4% in 2004	83,843	-
	206,831	108,577
Less allowance for decline in market value	1,654	-
	<u>\$ 205,177</u>	<u>\$ 108,577</u>
Operation securities, net	<u>\$ 20,447,696</u>	<u>\$ 22,674,445</u>

The aggregate market values of the securities based on the closing prices and reference prices at the end of 2004 and 2003 were as follows:

	December 31	
	2004	2003
Dealing department - bonds	\$ 6,532,341	\$ 8,979,014
Dealing department - listed and over-the-counter stocks and convertible bonds	10,018,741	7,793,335
Dealing department - Global depository receipts of listed corporations	-	122,484
Dealing department - Taiwan Innovative Growing Entrepreneurs	-	46,079
Dealing department - exchange - traded funds	-	276
Dealing department - beneficiary certificates	931,748	149,313
Underwriting department - listed and over-the-counter stocks and convertible bonds	2,134,126	2,311,631
Underwriting department - Taiwan depository receipts of listed corporations	-	223,362
Securities held for hedging purposes	238,727	2,810,637
Securities held for hedged purposes - structured notes linked position	84,965	123,798
Securities in custodian account - bonds	82,189	-

The unsecured corporate bonds issued by Chien Shing Stainless Steel Co., Ltd. were not redeemed when they matured on September 19, 2002. The Corporation received a promissory note of \$50,000 as repayment. As of December 31, 2004, receivables had been collected.

10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

As of December 31, 2004 and 2003, securities purchased under agreements to resell, were to be sold for \$22,410,146 and \$1,080,395 in September 2005 and December 2004, respectively.

11. LOANS, DISCOUNTS AND BILLS PURCHASED

	December 31	
	2004	2003
Overdrafts	\$ 1,445,809	\$ 2,087,651
Short-term loans	78,827,957	66,872,357
Mid-term loans	64,390,422	56,106,300
Long-term loans	149,710,802	124,371,432
Import and export negotiations	2,546,397	2,735,187
Bills purchased	273	398
Nonperforming loans	2,192,087	3,500,275
	299,113,747	255,673,600
Less allowance for credit losses	1,850,612	2,655,438
unearned loan fees	109,102	143,962
	<u>\$ 297,154,033</u>	<u>\$ 252,874,200</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, 2004 and 2003, Bank SinoPac and FENB's balances of nonaccrual interest loans were \$2,222,687 and \$3,235,343, respectively. The unrecognized interest revenues on nonaccrual interest loans amounted to \$88,294 and \$145,854 for the years ended December 31, 2004 and 2003, respectively.

For the years ended December 31, 2004 and 2003, Bank SinoPac and FENB had not written off credits for which legal proceedings had not been initiated.

The details of and changes in allowance for credit losses of loans, discounts and bills purchased for the years ended December 31, 2004 and 2003, respectively, were summarized below:

	For the Year Ended December 31, 2004		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, January 1	\$ 1,311,936	\$ 1,343,502	\$ 2,655,438
Provision	1,235,170	23,076	1,258,246
Write-off	(2,186,465)	-	(2,186,465)
Recovery of written-off credits	86,477	-	86,477
Reclassifications	108,670	(108,429)	241
Result from change of foreign exchange rate	(25,900)	(25,812)	(51,712)
Other	88,387	-	88,387
Balance, December 31	<u>\$ 618,275</u>	<u>\$ 1,232,337</u>	<u>\$ 1,850,612</u>

	For the Year Ended December 31, 2003		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, January 1	\$ 1,369,390	\$ 1,154,692	\$ 2,524,082
Provision	1,674,427	160,354	1,834,781
Write-off	(1,813,628)	-	(1,813,628)
Recovery of written-off credits	60,279	-	60,279
Reclassifications	21,468	28,456	49,924
Balance, December 31	<u>\$ 1,311,936</u>	<u>\$ 1,343,502</u>	<u>\$ 2,655,438</u>

As of December 31, 2004 and 2003, allowances for credit losses and provisions for losses on guarantees of the Company were \$2,038,066 and \$2,835,220, respectively.

12. LONG-TERM INVESTMENTS

	December 31	
	2004	2003
<u>Long-term equity investments</u>		
Equity method		
Unlisted and not trading on OTC stocks	\$ 4,969,393	\$ 4,234,131
Cost method		
Unlisted and not trading on OTC stocks	1,655,634	1,447,670
Listed and OTC stocks	641,854	641,925
Venture fund	70,152	119,691
	<u>2,367,640</u>	<u>2,209,286</u>
	7,337,033	6,443,417
Less unrealized losses	247,482	281,478
Long-term equity investments, net	<u>7,089,551</u>	<u>6,161,939</u>
<u>Other long-term investments</u>		
Long-term bonds investments	9,188,963	7,182,534
Subordinated beneficiary certificates - retained interest of securitization	1,014,300	-
	<u>10,203,263</u>	<u>7,182,534</u>
Prepaid investments	8,300	200,000
Long-term investments, net	<u>\$ 17,301,114</u>	<u>\$ 13,544,473</u>

The total market values determined by the closing prices of listed and OTC stocks and long-term bonds investments as of December 31, 2004 and 2003 were as follows:

	December 31	
	2004	2003
Long-term bonds investments	\$ 9,352,470	\$ 7,068,957
Listed and OTC stocks	395,436	362,044

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

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

As of December 31, 2004 and 2003, Bank SinoPac held SinoPac Holdings 116,565,240 shares and 216,542,894 shares, respectively, with carrying amounts at \$1,490,918 and \$2,896,922 and their market values are \$2,117,990 and \$3,945,412, respectively, based on the daily average closing prices in December 2004 and 2003. SinoPac Holdings had treated these shares as treasury stock (please see Note 26).

In October 2004, SinoPac Holdings acquired 100% equity, consisting of 30,000,000 shares, in SinoPac Securities Investments Trust for \$298,500.

As of December 31, 2004 and 2003, the prepaid investments were for the common shares of a data processing company (preparing) and SinoPac Managed Future Co., respectively.

13. SECURITIZATION

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

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

Terms	Enterprise Loans under Securitization
Date of issuance	August 3, 2004
Carrying amount of enterprise loans	\$ 4,900,000
Gain (loss) on securitization	-

Series of Certificates	Senior				Subordinated
	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Fifth Tranche
Principal amount	\$ 2,788,100	\$ 534,100	\$ 441,000	\$ 122,500	\$ 1,014,300
Annual interest	Floating interest rate plus 0.4% (Note)	Floating interest rate plus 0.6% (Note)	Floating interest rate plus 1.0% (Note)	Floating interest rate plus 1.2% (Note)	-

Key assumptions used in

measuring retained interests

Prepayment pace (annual rate)	-
Expected weighted-average life (in years)	3
Expected credit losses (annual rate)	0%
Discounted rate for residual cash flows	1.029%

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

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

b. Sensitivity analysis

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

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

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

d. Cash flows

The table below summarizes certain cash receipts and cash payments on the securitization trust:

	For the Year Ended December 31, 2004
Proceeds from new securitizations	\$ 3,595,309
Current cash reserve	18,531

14. PROPERTIES

	December 31	
	2004	2003
Cost	\$ 12,196,108	\$ 11,860,344
Accumulated depreciation		
Buildings	573,880	490,612
Computer equipment	1,318,502	1,088,457
Transportation equipment	63,992	63,435
Office and other equipment	2,291,123	2,052,814
	4,247,497	3,695,318
Advances on acquisitions of equipment and construction in progress	209,192	173,207
	\$ 8,157,803	\$ 8,338,233

15. OTHER ASSETS

	December 31	
	2004	2003
Guarantee deposits received on futures contracts	\$ 4,585,561	\$ 2,707,759
Guarantee deposits	4,241,203	5,041,051
Value of options purchased	3,910,028	2,623,035
Pledged time deposits	2,317,610	2,536,400
Intangible assets	1,714,668	1,731,745
Cash surrender - officer life insurance	1,018,252	-
Collateral assumed	909,067	1,356,227
Properties held for lease, net	448,240	353,556
Computer system software	320,440	336,755
Deferred income tax assets	220,753	211,464
Deferred charges	256,519	269,384
Prepaid pension cost	219,352	197,698
Other	471,627	675,100
	<u>\$ 20,633,320</u>	<u>\$ 18,040,174</u>

As of December 31, 2004 and 2003, guarantee deposits included \$1,426,444 and \$2,353,810, respectively, which were in the forms of government bonds, corporate bonds, certificate of deposits and bank debentures.

On August 15, 1997, Bank SinoPac acquired FENB through SinoPac Bancorp and the acquisition was accounted for using the purchase method of accounting. The assets and liabilities of FENB were revalued to reflect the estimated fair market value as of the date of acquisition. The excess of purchase price over the fair market value of the net tangible assets acquired was recorded as intangible assets.

16. SHORT-TERM BORROWINGS

	December 31	
	2004	2003
Short-term borrowings	\$ 4,607,970	\$ 7,369,397
Current portion of corporate bonds payable	-	550,000
	<u>\$ 4,607,970</u>	<u>\$ 7,919,397</u>

As of December 31, 2004 and 2003, short-term borrowings had the last maturity dates in January to December 2005 and January to November 2004 with interest rates from 1.22% to 4.02% and from 1.18% to 2.65%, respectively.

As of December 31, 2003, current portion of corporate bonds payable had the last maturity dates in March 2004 with interest rates 5.30%.

17. COMMERCIAL PAPERS PAYABLE

	December 31	
	2004	2003
Commercial papers payable	\$ 7,020,000	\$ 4,210,000
Less unamortized discount	3,635	1,584
	<u>\$ 7,016,365</u>	<u>\$ 4,208,416</u>
Maturity date	2005.01-2005.11	2004.01-2004.07
Discount rate	0.70%-1.938%	0.50%-1.80%

18. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

As of December 31, 2004 and 2003, securities sold under agreements to repurchase will be repurchased for \$30,070,607 and \$13,679,956 in September 2005 and February 2004, respectively.

19. WARRANT LIABILITIES, NET

	December 31	
	2004	2003
Warrant liabilities	\$ 656,500	\$ 747,250
Repurchase of warrants issued	(565,883)	(264,857)
Net	<u>\$ 90,617</u>	<u>\$ 482,393</u>

Details of warrant liabilities of warrants issued as of December 31, 2004 and 2003 were as follows:

December 31, 2004								
	Listed (Traded) Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)		Strike Price (in New Taiwan Dollars)		Leverage at Issuance
				Amount	Amount	Amount	Amount	
SinoPac Securities 46	April 26, 2004	Hua Nan Financial Holdings Co., Ltd.	20,000,000	\$ 2.820	\$ 56,400	\$ 38.22	10.74	
SinoPac Securities 47	April 26, 2004	Walsin Lihwa Corporation	20,000,000	1.980	39,600	26.85	9.04	
SinoPac Securities 48	April 29, 2004	Mega Financial Holding Company	20,000,000	2.130	42,600	31.65	10.70	
SinoPac Securities 49	April 30, 2004	TECO Electric & Machinery Co., Ltd.	20,000,000	1.684	33,680	20.47	8.49	
SinoPac Securities 50	April 30, 2004	United Microelectronics Corps.	20,000,000	2.675	53,500	44.43	12.00	
SinoPac Securities 51	May 5, 2004	Inventec Corporation	20,000,000	2.426	48,520	30.63	9.40	
SinoPac Securities 52	May 13, 2004	RITEK Corporation	20,000,000	2.425	48,500	29.79	8.58	
SinoPac Securities 53	July 5, 2004	QMC Magnetics Corporation	20,000,000	2.377	47,540	24.38	7.28	
SinoPac Securities 54	July 8, 2004	Chang Hwa Commercial Bank, Ltd.	20,000,000	2.625	52,500	28.65	7.28	
SinoPac Securities 55	July 8, 2004	United Microelectronics Corp.	20,000,000	2.725	54,500	32.94	8.73	
SinoPac Securities 56	July 14, 2004	Compal Electronics, Inc.	20,000,000	3.963	79,260	45.80	8.86	
SinoPac Securities 57	November 26, 2004	United Microelectronics Corp.	30,000,000	2.030	60,900	31.65	10.39	
SinoPac Securities 58	November 26, 2004	Mega Financial Holding Company	30,000,000	2.180	65,400	34.20	10.46	
SinoPac Securities 59	November 30, 2004	Mitac International Corp.	30,000,000	2.082	62,460	24.60	7.88	
SinoPac Securities 60	November 30, 2004	Hua Nan Financial Holdings Co., Ltd.	30,000,000	2.875	86,250	41.85	9.70	
SinoPac Securities 61	December 2, 2004	Advanced Semiconductor Engineering, Inc.	30,000,000	3.520	105,600	39.00	7.39	
SinoPac Securities 62	December 2, 2004	Far Eastern International Bank	30,000,000	2.180	65,400	30.75	9.40	
SinoPac Securities 63	December 3, 2004	Walsin Lihwa Corporation	30,000,000	2.032	60,960	25.80	8.46	
SinoPac Securities 64	December 3, 2004	Waterland Financial Holdings	30,000,000	1.438	43,140	19.05	8.83	
SinoPac Securities 65	December 6, 2004	Yang Ming Marine Transport Corp.	30,000,000	3.274	98,220	43.50	8.86	
SinoPac Securities 66	December 6, 2004	E.Sun Financial Holding Company, Ltd.	30,000,000	2.480	74,400	36.00	9.68	
SinoPac Securities 67	December 7, 2004	The Farmers Bank of China	30,000,000	1.290	38,700	17.25	8.91	
SinoPac Securities 68	December 8, 2004	Taiwan Cement Corp.	30,000,000	2.182	65,460	28.50	8.71	
SinoPac Securities 69	December 8, 2004	Uni-President Enterprises Corp.	30,000,000	1.786	53,580	24.00	8.96	
Less: Gain on change in market value of warrant liabilities as of December 31, 2004					(780,570)			
Market value					<u>\$656,500</u>			

Details of warrant liabilities of warrants issued as of December 31, 2004 and 2003 were as follows:

December 31, 2003								
	Listed (Traded) Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)		Strike Price (in New Taiwan Dollars)		Leverage at Issuance
				Amount	Amount	Amount	Amount	
SinoPac Securities 07	June 10, 2003	Inventec Corporation	20,000,000	\$ 2.720	\$ 54,400	\$ 22.82	7.50	
SinoPac Securities 08	June 16, 2003	Lite-On Technology Corp.	20,000,000	5.500	110,000	39.85	6.70	
SinoPac Securities 09	July 15, 2003	United Microelectronics Corp.	20,000,000	2.320	46,400	29.98	10.00	
SinoPac Securities 10	July 15, 2003	Hua Nan Financial Holdings Co., Ltd.	20,000,000	2.570	51,400	31.18	9.00	
SinoPac Securities 11	July 16, 2003	Far Eastern Textile Ltd.	20,000,000	1.380	27,600	18.77	9.90	
SinoPac Securities 12	July 21, 2003	Mitac International Corp.	20,000,000	1.630	32,600	21.00	8.60	
SinoPac Securities 13	July 21, 2003	Delta Electronics, Inc.	20,000,000	4.540	90,800	67.65	9.90	
SinoPac Securities 14	August 4, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.570	51,400	36.00	9.30	
SinoPac Securities 15	September 12, 2003	E.Sun Financial Holding Company, Ltd.	20,000,000	1.580	31,600	27.00	11.40	
SinoPac Securities 16	September 12, 2003	Teco Electronics & Machinery Co., Ltd.	20,000,000	1.230	24,600	17.55	9.50	
SinoPac Securities 17	September 17, 2003	Hua Nan Financial Holdings Co., Ltd.	20,000,000	1.680	33,600	35.70	14.20	

December 31, 2003							
Listed (Traded) Date	Underlying Securities	Units Issued	Price at	Strike		Leverage at Issuance	
			(in New Taiwan Dollars)	Amount	(in New Taiwan Dollars)		
SinoPac Securities 18	September 17, 2003	Chang Hwa Commercial Bank Ltd.	20,000,000	\$ 1.480	\$ 29,600	\$ 23.75	11.20
SinoPac Securities 19	September 18, 2003	Evergreen Marine Corp.	20,000,000	2.520	50,400	35.40	9.40
SinoPac Securities 20	September 18, 2003	United Microelectronics Corp.	20,000,000	2.470	49,400	44.40	11.98
SinoPac Securities 21	September 23, 2003	Acer Incorporated	20,000,000	4.640	92,800	76.50	10.99
SinoPac Securities 22	September 30, 2003	Compal Electronics, Inc.	20,000,000	4.100	82,000	78.00	12.68
SinoPac Securities 23	September 30, 2003	Micro-Star International Co., Ltd.	20,000,000	6.620	132,400	94.50	9.52
SinoPac Securities 24	October 3, 2003	Nan Ya Plastics Corporation	20,000,000	2.270	45,400	60.30	17.70
SinoPac Securities 25	October 13, 2003	Far Eastern Textile Ltd.	20,000,000	1.380	27,640	21.52	10.38
SinoPac Securities 26	October 13, 2003	Taiwan Cement Corp.	20,000,000	1.185	23,700	18.37	10.34
SinoPac Securities 27	October 21, 2003	Yulon Motor Co., Ltd.	20,000,000	3.560	71,200	61.20	11.46
SinoPac Securities 28	October 22, 2003	D-Link Corporation	20,000,000	3.460	69,200	51.00	9.83
SinoPac Securities 29	October 22, 2003	Pou Chen Corporation	20,000,000	2.765	55,300	54.15	13.06
SinoPac Securities 30	October 23, 2003	Amtran Technology Co., Ltd.	20,000,000	3.360	67,200	49.20	9.76
SinoPac Securities 31	October 27, 2003	Chi Mei Optoelectronics Corporation	20,000,000	4.740	94,800	66.15	9.30
SinoPac Securities 32	October 27, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.865	57,300	43.65	10.16
SinoPac Securities 33	November 3, 2003	Systemax Corporation	20,000,000	1.580	31,600	27.60	11.65
SinoPac Securities 34	November 14, 2003	Sampo Corporation	20,000,000	1.580	31,600	24.00	10.13
SinoPac Securities 35	November 28, 2003	Chang Hwa Commercial Bank Ltd.	20,000,000	1.333	26,660	24.15	12.08
SinoPac Securities 36	December 22, 2003	Uni-President Enterprises Corp.	20,000,000	0.938	18,760	21.00	14.93
SinoPac Securities Pl	July 23, 2003	Coretronic Corporation	5,000,000	4.690	23,450	30.21	5.90
Less: Gain on change in market value of warrant liabilities as of December 31, 2004					(887,560)		
Market value					<u>\$747,250</u>		

Details of repurchase of warrants issued as of December 31, 2004 and 2003 were as follows:

	December 31			
	2004		2003	
	Units Repurchased	Amount	Units Repurchased	Amount
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

	December 31			
	2004		2003	
	Units Repurchased	Amount	Units Repurchased	Amount
SinoPac Securities - 26	-	\$ -	1,796,000	\$ 3,461
SinoPac Securities - 27	-	-	15,644,000	26,315
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 - 46	630,000	552	-	-
SinoPac Securities - 47	455,000	329	-	-
SinoPac Securities - 48	338,000	202	-	-
SinoPac Securities - 49	3,101,000	826	-	-
SinoPac Securities - 50	19,000	18	-	-
SinoPac Securities - 51	1,022,000	527	-	-
SinoPac Securities - 52	187,000	80	-	-
SinoPac Securities - 53	86,000	113	-	-
SinoPac Securities - 54	134,000	188	-	-
SinoPac Securities - 55	180,00	225	-	-
SinoPac Securities - 56	1,353,000	1,873	-	-
SinoPac Securities - 57	23,254,000	27,700	-	-
SinoPac Securities - 58	25,476,000	33,381	-	-
SinoPac Securities - 59	26,976,000	49,675	-	-
SinoPac Securities - 60	29,285,000	67,593	-	-
SinoPac Securities - 61	29,129,000	64,298	-	-
SinoPac Securities - 62	28,848,000	59,924	-	-
SinoPac Securities - 63	28,125,000	52,461	-	-
SinoPac Securities - 64	24,674,000	31,195	-	-
SinoPac Securities - 65	28,982,000	89,118	-	-
SinoPac Securities - 66	29,105,000	70,234	-	-
SinoPac Securities - 67	25,396,000	31,788	-	-
SinoPac Securities - 68	28,644,000	63,302	-	-
SinoPac Securities - 69	26,857,000	39,037	-	-
SinoPac Securities - P1	-	-	1,192,000	6,392
Adjustment: Loss on change in market value of warrants repurchased		(118,756)		(53,834)
Market value		<u>\$ 565,883</u>		<u>\$ 264,857</u>

The warrants are American-type warrants which expire within seven to twelve months after their respective listed dates. SinoPac Securities can exercise a warrant either by issuing the underlying securities or paying in cash.

The market values of warrant liabilities were calculated using their closing prices on December 31, 2004 and 2003. Gains on warrants issued of 2004 and 2003 were \$1,207,047 and \$432,909, respectively, the details are as follows:

	For the Years Ended	
	December 31	
	2004	2003
Gain on change in market value of warrants liabilities	\$ 1,671,154	\$ 1,036,616
Gain from exercise warrants before maturity	1,610	27,270
Loss on change in market value of warrants repurchased		
- realized	(346,961)	(577,143)
Loss on change in market value of warrants repurchased		
- unrealized	(118,756)	(53,834)
	<u>\$ 1,207,047</u>	<u>\$ 432,909</u>

20. ACCOUNTS, INTEREST AND OTHER PAYABLES

	December 31	
	2004	2003
Accounts and notes payable	\$ 11,969,320	\$ 12,117,375
Notes and checks in clearing	3,402,246	2,413,115
Short sale proceeds payable	2,531,425	1,474,771
Accrued expenses	2,045,307	2,058,159
Deposits on short sales	1,978,472	1,106,590
Tax payable	1,756,499	920,264
Interest payable	1,249,091	1,160,768
Receipts under custody payable	51,382	44,433
Other	1,671,260	656,697
	<u>\$ 26,655,002</u>	<u>\$ 21,952,172</u>

The balance of the accounts payable as of December 31, 2004 and 2003 included \$10,399,058 and \$10,359,428, respectively, representing costs of accounts receivable acquired from other parties in the factoring business.

21. DEPOSITS AND REMITTANCES

	December 31	
	2004	2003
Checking	\$ 11,559,661	\$ 10,593,267
Demand	66,384,334	62,760,936
Savings - demand	76,290,371	62,315,667
Time	120,148,105	118,844,326
Negotiable certificates of deposit	25,782,900	25,505,900
Savings - time	65,594,035	60,330,947
Inward remittances	222,410	219,625
Outward remittances	239,017	108,722
	<u>\$ 366,220,833</u>	<u>\$ 340,679,390</u>

22. BANK DEBENTURES

	December 31		Maturity Date	Terms
	2004	2003		
First dominant bank debenture issued in 2001	\$ 5,000,000	\$ 5,000,000	02001.12.20-2006.12.20 Principal is repayable on maturity date.	Fixed interest rate of 3.08%. Interest is paid annually.
First subordinated bank debenture issued in 2002	1,950,000	2,000,000	2002.12.23-2008.08.23 Principal is repayable on maturity date.	Floating interest rate except for the first two years fixed at 2.15%. Interest is paid semiannually.
First dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.02.14-2008.02.14 Principal is repayable on maturity date.	3.65% minus 6-month LIBOR. Interest is paid semiannually.
Second dominant bank debenture issued in 2003	500,000	500,000	2003.03.19-2008.09.19 Principal is repayable on maturity date.	3.48% minus 6-month LIBOR. Interest is paid semiannually.
Third dominant bank debenture issued in 2003	1,500,000	1,500,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	4.15% minus 6-month LIBOR except for the first year fixed at 2.50%. Interest is paid semiannually.
Fourth dominant bank debenture issued in 2003	400,000	400,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	2% plus 180-day-NID CP rate in secondary market and minus 6-month LIBOR. Interest is paid semiannually.
First subordinated bank debenture issued in 2003	2,500,000	2,500,000	2003.06.18-2008.12.18 Principal is repayable on maturity date.	180-day CP rate in secondary market plus 0.3%. Interest is paid semiannually.
Fifth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.08.11-2010.08.11 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

	December 31		Maturity Date	Terms
	2004	2003		
Sixth dominant bank debenture issued in 2003	\$ 700,000	\$ 700,000	2003.08.20-2009.02.20 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debenture issued in 2003	800,000	800,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debenture issued in 2003	500,000	500,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debenture issued in 2003	300,000	300,000	2003.09.22-2008.09.22 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.05-2008.11.05 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.14-2008.11.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debenture issued in 2003	500,000	500,000	2003.11.21-2008.11.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debenture issued in 2003	500,000	500,000	2003.11.28-2008.11.28 Principal is repayable on maturity date.	Floating rate except for the first year fixed at 4%. Interest is paid semiannually.
Fourteenth dominant bank debenture issued in 2003	2,200,000	2,200,000	2003.12.02-2009.06.02 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2003	3,600,000	-	2004.03.18-2009.09.18 Principal is repayable on maturity date.	Fixed interest rate of 2.3%, interest is paid semiannually.
First dominant bank debentures issued in 2004	500,000	-	2004.04.26-2009.10.26 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second dominant bank debentures issued in 2004	300,000	-	2004.04.28-2009.10.28 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Third dominant bank debentures issued in 2004	500,000	-	2004.04.29-2009.04.29 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourth dominant bank debentures issued in 2004	200,000	-	2004.05.14-2009.05.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifth dominant bank debentures issued in 2004	300,000	-	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Sixth dominant bank debentures issued in 2004	500,000	-	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debentures issued in 2004	200,000	-	2004.05.21-2009.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debentures issued in 2004	500,000	-	2004.05.21-2011.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debentures issued in 2004	300,000	-	2004.06.03-2009.06.03 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

	December 31		Maturity Date	Terms
	2004	2003		
Tenth dominant bank debentures issued in 2004	\$ 500,000	\$ -	2004.06.07-2009.06.07 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debentures issued in 2004	200,000	-	2004.06.15-2009.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debentures issued in 2004	500,000	-	2004.06.15-2010.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debentures issued in 2004	300,000	-	2004.06.30-2009.06.30 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourteenth dominant bank debentures issued in 2004	500,000	-	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifteenth dominant bank debentures issued in 2004	500,000	-	2004.07.13-2011.07.13 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First subordinated bank debentures issued in 2004	1,500,000	-	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2004	500,000	-	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Index rate plus 0.50%. Interest is reset semiannually since the issuance date. Interest is paid semiannually.
FENB second subordinated bank debentures issued in 2003	319,170	339,780	2003.06.26-2013.06.26 Principal is repayable on maturity date.	Floating rate. Interest is paid quarterly.
FENB second subordinated bank debentures issued in 2003	159,585	169,890	2003.09.17-2013.09.17 Principal is repayable on maturity date.	Floating rate. Interest is paid quarterly.
	<u>\$33,228,755</u>	<u>\$21,909,670</u>		

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

	December 31	
	2004	2003
Euro-convertible bonds callable in one year	\$ 6,587,518	\$ -
Add:Interest premium payable	734,547	-
	<u>\$ 7,322,065</u>	<u>\$ -</u>
Euro-convertible bonds	\$ -	\$ 7,866,900
Add:Interest premium payable	-	521,617
	-	8,388,517
Domestic corporation bonds	2,000,000	2,000,000
	<u>\$ 2,000,000</u>	<u>\$ 10,388,517</u>

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

a.Redemption terms

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

1)Early redemption at the option of SinoPac Holdings: The Bonds may be redeemed in whole at their early redemption amount including principal and interest premium, at the option of SinoPac Holdings.

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 SinoPac Holdings to pay such additional amounts of the Bonds.

2) Redemption at the option of the bondholders: SinoPac Holdings 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 SinoPac Holdings prior to the put date. The put rights will be expired after the put date.

b) If the common shares of SinoPac Holdings 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 SinoPac Holdings.

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 SinoPac Holdings, at any time on or after the 30th day after the issuance date and 20 days prior to the maturity 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". SinoPac Holdings 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 SinoPac Holdings' 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, SinoPac Holdings 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 SinoPac Holdings 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, was further adjusted from NT\$16.607 to NT\$15.768 effective on the record date, August 1, 2003, set by the board of directors of SinoPac Holdings for the determination of shareholders entitled to receive such cash dividend. Considering such employee stock option certificates and cash dividends adjustments, 488,837,519 shares (at a fixed exchange rate of NT\$33.513=US\$1) of common stock were expected to be issued.

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

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

In addition, the offering terms of domestic corporate bonds issued by SinoPac Securities are as follows:

	December 31, 2004
a. Pledged	Negative
b. Interest rate per annum	1.50%
c. Duration	3 years (2003.9.12-2006.9.25)
d. Interest payment terms	The simple interest will be paid annually
e. Redemption terms	The principal amount will be redeemed fully on the maturity date

24. LONG-TERM BORROWINGS

	December 31	
	2004	2003
Commercial papers payable	\$ 4,850,000	\$ 2,850,000
Less - unamortized discount	1,660	2,228
	4,848,340	2,847,772
Unsecured loans	4,300,000	1,800,000
Subtotal	9,148,340	4,647,772
Less - mature in one year	-	-
	\$ 9,148,340	\$ 4,647,772
Interest rate per annum	1.52%-2.51%	1.81%-3.40%

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

SinoPac Securities had not used the line of credit as of December 31, 2004.

25. STOCKHOLDERS' EQUITY

a. Capital stock

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

As of December 31, 2004, the Company had a capital stock \$39,880,826, divided into 3,988,082,635 common shares. For the year ended December 31, 2004, the Euro-convertible bonds were converted into 65,674,947 common shares of the Company. SinoPac Holdings expected to apply capital alteration registration resulting from the conversion of bonds with SFB in February 2005. In addition, on June 11, 2004, the stockholders resolved to appropriate \$1,742,807 of retained earnings as capital stock by distributing to the shareholders \$1,724,138 in stock dividends and to the employees \$18,669 in cash. The capital stock increase was approved by the SFB and took effect on August 9, 2004.

b. Capital surplus

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

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

Under the Financial Holding Company Act and related SFC directives, if the capital surplus obtained by a financial holding company through the share 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 SinoPac Holdings accounted for as capital surplus at the date of establishment. In their June 26, 2002 first provisional meeting, the stockholders resolved to capitalize \$2,097,745 of this capital surplus as common stock by distributing 209,774,487 shares of stock dividends. In addition, under the appropriation of earnings for the period from May 9, 2002 to December 31, 2002 resolved by the stockholders, \$1,141,236 of the aforesaid capital surplus derived from the subsidiaries' retained earnings was appropriated as cash dividend.

c. Earnings distribution and dividend policy

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

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

To pursue growth and thus to increase profitability, the Company will retain cash for capital needs. The dividend policy is to distribute most dividends in stock. The cash dividends will be declared only when there is excess of

cash. However, except for the first three years after the Company started, cash dividends shall not be less than 10% of total dividend declared.

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

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

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

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

The appropriation of 2004 earnings has not yet been resolved by the board of directors by January 31, 2005 on which the date of auditors' report. The related information regarding the proposed and resolved earnings appropriation can be referred from the Market Observation Post System (M.O.P.S.) website.

In addition, had aforementioned remuneration to directors and bonus to employees (included in earnings of 2003 and the period from May 9, 2002 to December 31, 2002) been recognized as expenses, the basic EPS (after tax) for 2003 and the period from May 9, 2002 to December 31, 2002 would had been decreased from NT\$1.15 to NT\$1.13 and NT\$0.43 to NT\$0.41, respectively. The diluted EPS (after tax) for 2003 and the period from May 9, 2002 to December 31, 2002 would had been decreased from NT\$1.09 to NT\$1.08 and NT\$0.42 to NT\$0.41, respectively.

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

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

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

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

d. Employee stock option certificate

On April 7, 2003, the Board resolved to award issuing the employee stock option certificates, in a total consideration of 224,888 units, to attract and retain its professional employees, to centralize and strengthen their affiliation, and to create the greatest profit for the Company and its shareholders. Each unit of stock option certificate represents subscription right of 1,000 shares of common stock. Upon exercise of options under this plan, 224,888,000 new shares of common stock will be issued. The employee stock option plan had been approved by the SFB on July 16,

2003 and, with the chairman's approval, the Company launched the first 157,422 units of such stock option on July 31, 2003, which entitled the subscribers to acquire 157,422,000 shares of common stock. Related terms and conditions for issuing and exercising stock option are as follows:

1) Conditions of eligibility for subscription rights:

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

2) Exercise price:

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

3) Terms and vesting of the rights:

a) Two years after the option certificates have been granted, less than or equal to 50% of the total granted options may be vested; three years after, another 10% may be vested; four years after, a further 20% may be vested; five years after, the remaining 20% of the total granted options may be vested.

b) The term of stock option certificates is seven years. No transfer, collateral, negotiability, or any other methods of disposal are allowed during this period, except to inheritors in case of death of eligible employees of stock options.

c) The Company reserves the right to cancel the option certificates which have been granted but not vested when the eligible employees fail to meet the performance requirements, or committed a significant mistake against the corporate regulations.

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

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

6) Procedures for handling surrendered stock option certificate:

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

7) Method for exercise: Issuance of new shares of SinoPac Holdings.

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 aforementioned term, "number of shares issued" means the total number of common shares issued and the certificates of payment for exercising stock options, but not including the certificates of bond conversion.

ii. The payment will be 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 resolved to launch the residual 67,466 units of stock option certificates to specified superintendents in the Group with the proportion of the first issuance. The conditions of eligibility for subscription rights in the second issuance are limited to superintendents with special contribution. The chairman had ratified the award of the stock option as of December 30, 2003, at the exercise price per share of NT\$17.2, which was based on the market closing price of the common share on the date of the award of the option.

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

26. TREASURY STOCK

Reasons	(Shares in Thousands)			
	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, 2004</u>				
Reissuance to employees – SinoPac Holdings	-	19,649	-	19,649
Shares held by subsidiaries	216,543	9,952	109,930	116,565
<u>For the year ended December 31, 2003</u>				
Reissuance to employees – SinoPac Securities	33,660	-	33,600	-
Shares held by subsidiaries	216,543	-	-	216,543

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

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

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

Before the shares swap date, Bank SinoPac and SinoPac Securities acquired 40,535,000 shares and 53,857,815 shares of treasury stock for \$500,354 and \$554,992, respectively. As a result of the share swap, the aforementioned capital stocks had been exchanged for 95,475,631 shares of 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 \$2,806,922 prior to the shares swap. Those shares had been swapped for 204,106,675 shares of SinoPac Holdings, together with stock dividends of 12,436,219 shares from capital surplus and 9,952,536 shares from earnings received, were presented as securities purchased in Bank SinoPac's book; Bank SinoPac held 226,495,430 shares of SinoPac Holdings totally.

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

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

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

27. SERVICE FEES

	For the Years Ended December 31	
	2004	2003
Brokerage	\$ 3,576,007	\$ 3,172,961
Mutual funds	405,412	324,611
Credit card services	375,443	196,705
Factoring and financing	342,936	293,761
Structured notes	313,384	115,656
Loan documentation fee	205,093	100,919
Custody	155,257	170,172
Underwriting	144,212	283,093
Syndicated loans	135,059	82,713
Import and export	132,935	67,656
Other	1,073,359	913,829
	<u>\$ 6,859,097</u>	<u>\$ 5,722,076</u>

28. INCOME FROM SECURITIES, NET

	For the Years Ended December 31	
	2004	2003
Short-term bills		
Interest revenue	\$ 1,350,036	\$ 1,556,232
Capital gain, net	2,259	44,697
	<u>1,352,295</u>	<u>1,600,929</u>
Bonds		
Capital gain, net	391,461	1,046,157
Interest revenue	31,588	51,000
	<u>423,049</u>	<u>1,097,157</u>
Mutual funds beneficiary certificates		
Capital gain, net	1,098	30,437
Dividend income	485	-
	<u>1,583</u>	<u>30,437</u>
Stock		
Capital gain, net	218,061	1,540,383
Dividends income	105,129	160,573
	<u>323,190</u>	<u>1,700,956</u>
Warrants		
Capital gain (loss), net	(728,020)	32,275
Other		
Capital gain (loss), net	25,914	(520)
Subtotal	<u>1,398,011</u>	<u>4,461,234</u>
Provision of allowance for decline in market value	<u>(355,986)</u>	<u>(26,317)</u>
	<u>\$ 1,042,025</u>	<u>\$ 4,434,917</u>

29. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Years Ended December 31	
	2004	2003
Personnel expenses		
Salaries and wages	\$ 5,775,660	\$ 5,533,782
Labor insurance and national health insurance	287,860	288,110
Pension	237,903	214,680
Other personnel expenses	136,646	86,866
Depreciation	762,243	750,435
Amortization	339,599	341,367
Other	5,098,839	4,491,136
	<u>\$ 12,638,750</u>	<u>\$ 11,706,376</u>

30. CUSTOMER'S COLLATERAL SECURITIES AND STOCK LOANS

	December 31			
	2004		2003	
	Shares in Thousands	Market Value	Shares in Thousands	Market Value
Collateral securities	1,161,218	\$ 23,016,754	1,209,266	\$ 26,136,002
Stock loans	110,066	2,633,690	57,414	1,554,594
Refinancing stock loans	578	19,630	590	23,839

The market values were based on the closing prices on the last trading days in December 2004 and 2003.

31. PENSION

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

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

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

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

For SinoPac Securities, the following employees are entitled to receive retirement benefits: (i) those who have served either 25 years or have served 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 six months' salary or wage before retirement or termination.

SinoPac Securities makes monthly contributions of amounts 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 committee and deposited in the committee's name. An employee's pension plan supervisors committee administers the fund.

For SinoPac Futures Corporation, the pension benefits are based on the average six months fixed salary or wage before retirement. SinoPac Futures Corporation makes monthly contributions of amounts based on a fixed ratio of gross salary to a pension fund. The fund is administered by the employee's pension plan committee and deposited in the committee's name.

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	
	2004	2003
Balance, January 1	\$ 1,540,584	\$ 1,326,668
Contributions	292,968	275,503
Contributions from affiliates	-	1,359
Benefits paid	(57,760)	(107,076)
Interest income	48,244	44,130
Balance, December 31	<u>\$ 1,824,036</u>	<u>\$ 1,540,584</u>

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

	2004	2003
Service cost	\$ 194,284	\$ 179,793
Interest cost	50,912	47,455
Expected return on pension fund	(43,991)	(39,932)
Settlement gains	-	(3,279)
Net amortization and deferred amounts	20,854	12,548
Net pension cost	<u>\$ 222,059</u>	<u>\$ 196,585</u>

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

	2004	2003
Benefit obligation		
Vested benefit obligation	(\$ 471,447)	(\$ 400,108)
Nonvested benefit obligation	(824,456)	(683,246)
Accumulated benefit obligation	(1,295,903)	(1,083,354)
Additional benefit based on future salaries	(348,401)	(373,806)
Projected benefit obligation	(1,644,304)	(1,457,160)
Fair value of plan assets	1,346,191	1,128,956
Funded status	(298,113)	(328,204)
Unrecognized net transition obligation	29,878	34,747
Unrecognized prior service cost	576	709
Unrecognized pension cost	339,839	-
Unrecognized pension loss	3,376	372,490
Additional minimum pension liability	(3,759)	(1,672)
Prepaid pension cost	<u>\$ 71,797</u>	<u>\$ 78,070</u>
d. Vested benefit	<u>\$ 640,419</u>	<u>\$ 321,734</u>

e. Actuarial assumptions

Discount rate used in determining present value	3%-3.5%	3.5%-4%
Future salary increase rate	1.5%-3.5%	1.5%-3.5%
Expected rate of return on plan assets	2.5%-3.5%	2.5%-4%

32. INCOME TAX

Under a directive issued by the MOF, a financial holding company and its domestic subsidiaries that held over 90% of shares issued by the financial holding company for 12 months within the same tax year, may choose to adopt the linked tax system for income tax filings.

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

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

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

a. The compositions of income tax were as follows:

	For the Years Ended December 31	
	2004	2003
Current income tax payable	\$ 1,611,381	\$ 530,268
Changes in deferred income taxes	(44,534)	353,591
Separation taxes on short-term bills interest revenue	74,115	276,018
Prior year's adjustment	(61,285)	110,613
Foreign income taxes payable or over limitation	59,083	-
Tax on unappropriated earnings (10%)	1,383	19,850
Effect upon adoption of the linked tax system	(1,406)	(201,682)
Income tax	<u>\$ 1,638,737</u>	<u>\$ 1,088,658</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 currently income tax payable:

	For the Years Ended December 31	
	2004	2003
Tax on pretax income at statutory rate	\$ 3,215,403	\$ 2,826,945
Add (deduct) tax effects of:		
Tax-exempt income	108,777	(438,320)
Permanent difference	(1,763,363)	(1,758,397)
Temporary difference	66,134	(282,049)
Investment tax credit	(13,580)	(7,055)
Loss carryforward	(2,002)	187,442
Other	12	1,702
Currently income tax payable	<u>\$ 1,611,381</u>	<u>\$ 530,268</u>

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

	For the Years Ended December 31	
	2004	2003
Provision for credit and trading losses	\$ 333,296	\$ 254,472
Loss carryforward	329,725	569,847
Investment income under the equity method	(632,244)	(568,702)
Deferred loan fees	(173,277)	(177,107)
Goodwill amortization	(54,174)	(90,634)
Deferred pension cost	(16,690)	(17,992)
Premium from issuance of warrants	(149,068)	(192,194)
Effect upon adoption of the linked tax system	(45,030)	(188,509)
Unrealized foreign exchange gai	(42,923)	(90,350)
Deferred organization costs	5,286	-
Other	(85,218)	86,251
Deferred income tax liabilities, net	<u>(\$ 530,317)</u>	<u>(\$ 414,918)</u>

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

e. Imputed tax credit information is as follows:

	December 31	
	2004	2003
<u>Balances of ICA</u>		
SinoPac Holdings	\$ 4,429	\$ 1,791
Bank SinoPac	95,182	234,739
SinoPac Securities	24,263	29,638
SinoPac Life Insurance Agent	33,827	35,998
SinoPac Property Insurance Agent	461	642
SinoPac Futures	25,861	21,436

	For the Years Ended December 31	
	2004	2003
SinoPac Holdings	8.11%	14.12%
Bank SinoPac	13.0084%	9.11%
SinoPac Securities	4.34%	6.24%
SinoPac Life Insurance Agent	33.51%	0.15%
SinoPac Property Insurance Agent	33.33%	18.13%
SinoPac Futures	37.09%	33.33%

All of the unappropriated retained earnings for the aforementioned companies as of December 31, 2004 and 2003 did not consist of earnings which were generated before January 1, 1998. In addition, as of December 31, 2004 and 2003, AnShin Card Services' ICA was both nil and there was no distributable earnings due to the deficit of the respective periods.

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

f. As of December 31, 2004, income tax returns of SinoPac Holdings for the period from May 9, 2002 to December 31, 2002 had been examined by the tax authorities.

g. For Bank SinoPac, income tax returns through 2000, except those for 1996, had been examined by the tax authorities. On the income tax returns for the aforementioned years, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds pertaining to the period when those bonds were held by other investors. Bank SinoPac appealed the decision of the tax authorities. Nevertheless, on the basis of conservative principles, in 2001, Bank SinoPac recognized \$111,209 as part of income tax expenses to reflect accrued liabilities and any assets written off in relation to the foregoing withholding taxes.

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

h. The income tax returns of SinoPac Securities through 2000 have been examined by the tax authorities. The tax authorities disallowed as deduction against SinoPac Securities' income tax obligations from 1994 to 2000, items such as operating expenses and interest expenses allocated to the dealing department and assessment of warrants. SinoPac Securities filed an appeal for reconsideration of the assessments. SinoPac Securities, however, accrued all amounts assessed by the tax authorities as additional income tax expense and income tax payable.

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

SinoPac Securities negotiated with the tax authorities the tax withheld from bond interest income for the years 1994-2003. After this negotiation, SinoPac Securities agreed to receive a tax refund at 60% of tax withheld from the bond interest income, and SinoPac Securities reversed income tax payable of \$33,990 thousand for the year ended December 31, 2004.

The income tax returns of SinoPac Futures Corporation through 2002 have been examined and cleared by the tax authorities.

i. For AnShin Card Services, the income tax returns through 2002 had been examined by the tax authorities. According to the ROC Income Tax Law, assessed losses can be carried forward the following five years and used to reduce taxable income. As of December 31, 2004, AnShin Card Services' loss carryforward were as follows:

Year Occurred	Expiration Year	Amount
2000 (examined)	2005	\$ 93,340
2001 (examined)	2006	404,705
2002 (examined)	2007	514,371
		<u>\$ 1,012,416</u>

j. For SinoPac Life Insurance Agent, SinoPac Property Insurance Agent and SinoPac Futures, the income tax returns had been both examined by the tax authorities through 2002.

33. 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\$)	
	Preta	After tax		Pretax	After tax
<u>For the year ended December 31, 2004</u>					
Basic EPS	\$ 6,262,208	\$ 4,623,471	3,724,178	<u>\$ 1.68</u>	<u>\$ 1.24</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	61,750		
Euro-convertible bonds	343,592	343,592	503,045		
Diluted EPS	<u>\$ 6,605,800</u>	<u>\$ 4,967,063</u>	<u>4,288,973</u>	<u>\$ 1.54</u>	<u>\$ 1.16</u>
<u>For the year ended December 31, 2003</u>					
Basic EPS	\$ 5,300,972	\$ 4,212,314	3,662,165	<u>\$1.45</u>	<u>\$ 1.15</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	43,512		
Euro-convertible bonds	394,669	394,669	511,306		
Diluted EPS	<u>\$ 5,695,641</u>	<u>\$ 4,606,983</u>	<u>4,216,983</u>	<u>\$1.35</u>	<u>\$ 1.09</u>

34. RELATED-PARTY TRANSACTIONS

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

Name	Relationship with the Company
SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting)	Subsidiary
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., Ltd. (Hong Yue Investment)	Supervisor of SinoPac Holdings
Ruentex Interior Design Inc. (Ruentex Interior Design)	Related party in substance (Ruentex Interior Design Inc. was not a related party sincethe third quarter in 2004)
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)	The 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 Capital Management Corporation (SinoPac Capital Management)	Subsidiary of SinoPac Securities
National Electric Appliance Co., Ltd. (National Electric Appliance)	Same chairperson of SinoPac Holdings
SinoPac Managed Future Co. (SinoPac Managed Future)	Subsidiary of SinoPac Futures Corporation
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
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 but with no significant transactions with SinoPac Holdings (please see Table 5).

a. Credit extended and deposits taken and placed

	December 31, 2004		For the Year Ended December 31, 2004
	Amount	% of Account Balance	
Loans and discounts	\$ 1,560,926	0.53	1.31%-12.30%
Deposits	2,012,377	0.55	0%-6.475%

	December 31, 2003		For the Year Ended December 31, 2004
	Amount	% of Account Balance	
Loans and discounts	\$ 1,591,729	0.63	1.30%-11.66%
Deposits	2,050,914	0.60	0%-6.475%

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 years ended December 31, 2004 and 2003 were \$2,254 and \$2,258, respectively. Prepaid rental for the years ended December 31, 2004 and 2003 were \$797 and \$806, 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 years ended December 31, 2004 and 2003 both were \$3,525.

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, 2004 and 2003 were \$19,707 and \$20,051, 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 1 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, 2004 and 2003 were \$18,340 and \$18,860, respectively, and the prepaid rentals for the years ended December 31, 2004 and 2003 were \$2,907 and \$2,943, respectively.

2) As a lessor

Bank SinoPac leased certain office premises to SinoPac Marketing Consulting, SinoPac Call Center, with rentals received monthly. Rentals received for the years ended December 31, 2004 and 2003 were \$4,547 and \$2,640, respectively.

Rentals, included in nonoperating income, totaling \$3,371 and \$2,700 were paid to SinoPac Securities by SinoPac Futures and SinoPac Capital Management for the years ended December 31, 2004 and 2003, respectively.

c. Guarantees and securities purchased

As of December 31, 2004 and 2003, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International. The aggregate face amounts were as follows:

	December 31	
	2004	2003
Wal Tech International	\$ 140,000	\$ 146,000

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

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

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

	December 31	
	2004	2003
Properties - carrying amount	\$ 40,064	\$ 40,064
Stock - market value	8,010	28,807

d. Professional service fees and advisory charges

Bank SinoPac had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the years ended December 31, 2004 and 2003 amounted to \$231,020 and \$114,607, respectively.

SinoPac Securities had entered into one-year consulting contracts with SinoPac Capital Management and SinoPac Asset Management, with total contract amounts of \$10,000 and \$2,400, respectively, and both of the advisory fees were paid quarterly. In addition, SinoPac Securities had entered into a contract with SinoPac Call Center for outsourcing customer call services. The contract lasts for one year starting January 2004 and the consulting fees were paid monthly in accordance with services actually provided. For the years ended December 31, 2004 and 2003, professional advisory charges paid to the aforementioned related parties by SinoPac Securities were \$25,906 and \$22,832, respectively.

SinoPac Securities had offered brokerage and underwriting services (stock affairs agent fees) to its affiliates. The commissions and fees received for the years ended December 31, 2004 and 2003 amounted to \$8,391 and \$29,900, respectively. For the year ended December 31, 2003, SinoPac Securities entered into stock affairs agency contracts with NITC and other related parties, and generated stock affairs agent fees amounting to \$572.

AnShin Card Services entered into a contract with SinoPac Call Center for customer call and data processing services since June 2003. For the years ended December 31, 2004 and 2003, the professional service charges paid was \$96,963 and \$38,379, respectively, of which \$11,017 and \$5,413, remained unpaid as of December 31, 2004 and 2003, respectively.

AnShin Card Services retained SinoPac Marketing Consulting and ING Heart Investment to provide credit card distribution services. For the years ended December 31, 2004 and 2003, the distribution channel expenses were \$10,499 and \$85, respectively, of which \$461 remained unpaid as of December 31, 2004.

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, 2004 and 2003, the related payables resulting from the aforesaid services amounted to \$347,298 and \$1,256,412, respectively, and for the year then ended, the related service fees revenue amounted to \$13,363 and \$46, respectively.

SinoPac Futures received guarantee deposits and margins from its related parties on futures contract. The deposits are placed with a bank. The amounts for "accounts receivable futures guarantee deposits" included in other assets and "customers' equity accounts-futures" included in other liabilities as of December 31, 2004 was \$18,035.

e. Due from affiliates

As of December 31, 2004, the receivables of SinoPac Holding resulting from the linked tax system to its subsidiaries was \$1,406.

As of December 31, 2004, the receivables of SinoPac Holding from SinoPac Management was \$120.

f. Asset and construction transactions

In January 20, 2003, the BOD of SinoPac Holdings had resolved to purchase superficies and an office building built by Li-Seng Develop Company. 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 the BOMA on April 30, 2003. Nevertheless, in behalf of the financial consideration, in August, the BOD of SinoPac Holdings resolved to switch the aforementioned purchase to SinoPac Leasing Corporation, an affiliate company.

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

g. Short-term bonds transactions

	Face Amount		Cost	
	December 31		December 31	
	2004	2003	2004	2003
Bonds sold under agreements to repurchase	\$ 1,000	\$ 900	\$ 1,011	\$ 1,003

Short-term bonds sold under agreements to repurchase transactions between Bank SinoPac and related parties for the years ended December 31, 2004 and 2003 were as follows:

	Balance as of December 31		Interest Expense for the Years Ended December 31
	Face Amount	Cost	
<u>2004</u>			
National Electric Appliance	\$ 51,400	\$ 56,003	\$ 80
Hong Yue Investment	15,000	16,205	7
SinoPac Managed Futures	6,000	6,508	118
	<u>\$ 72,400</u>	<u>\$ 78,716</u>	<u>\$ 205</u>
<u>2003</u>			
National Electric Appliance	\$ 28,000	\$ 28,006	\$ 19
Hong Yue Investment	-	-	104
Other	-	-	7,476
	<u>\$ 28,000</u>	<u>\$ 28,006</u>	<u>\$ 7,599</u>

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

1) SinoPac Securities Investment Trust (SinoPac SITC)

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

Management fees

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

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

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

2)SHL

Name	Relationship with SPL	
	Parent company	
	December 31	
	2004	2003
Bank SinoPac		
Borrowings from Bank SinoPac	\$ 506,000	\$ 582,000

3)Grand Capital

Name	Relationship with the Grand Capital	
	Parent company of SHL	
	December 31	
	2004	2003
Bank SinoPac		
Borrowings from Bank SinoPac	\$ 296,828	\$ 466,039

4)Wal Tech International

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

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

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

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

On December 31, 2004 and 2003, SinoPac Capital Limited had short-term borrowings from its subsidiary, SinoPac Capital (B.V.I.) Ltd., amounting to \$177,993 and \$105,332, respectively.

6)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

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

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

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.

35. PLEDGED OR MORTGAGED ASSETS

Assets pledged to financial institutions as guarantees for commercial paper issued, short-term and long-term borrowings and bank overdraft, and to the tax authorities as guarantees on petitions for tax reassessment filed by SinoPac Securities as of December 31, 2004 and 2003, were summarized as follows:

	December 31	
	2004	2003
Pledged time deposits (included in other assets)	\$ 3,402,610	\$ 2,536,400
Properties, net	1,686,291	1,718,574
Properties held for lease, net (included in other assets)	370,453	353,556
Operating securities - commercial papers	312,279	-
	\$ 5,771,633	\$ 4,608,530

Time deposits, properties and properties held for lease, amounted to \$1,160,000, \$1,094,266 and \$89,646 as of December 31, 2004, respectively; and time deposits, properties and properties held for lease, amounted to \$1,130,000, \$1,123,881 and \$70,423 as of December 31, 2003, respectively, were pledged as collateral of credit lines for issuance of commercial papers, borrowings and overdrafts.

36. CONTINGENCIES AND COMMITMENTS

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

a. Lease contracts

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

Year	Amount
2005	\$ 480,696
2006	373,289
2007	263,507
2008	155,837
2009	93,723

Rentals for the years beyond 2009 amount to \$44,476, the present value of which is about \$35,789, as discounted at the one-year time deposit rate in either Bank SinoPac of 1.575% or FENB of 3.00%.

b. Equipment purchase contracts

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

c. Interior decoration contract

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

SinoPac Holdings represented its subsidiaries Bank SinoPac entered into interior design contracts of Zhonglun buildings. According to the contracts, Bank SinoPac should paid for \$203,450.

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

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

f. Mr. Chang sued SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzlement. Mr. Chang claimed from SinoPac Securities damages of \$32,215 plus 5% interest. After the trial at the high court of second instance on June 30, 2004, the high court determined that SinoPac Securities should assume the related liability of \$28,828 plus 5% interest and pay compensation. After the trial at the supreme court on November 30, 2004, the supreme court determined that the case be returned to the high court to rejudge the case. In the opinion of SinoPac Securities' management and legal counsel, clarification should be made that the damage claimed by Mr. Chang was not connected to the SinoPac Securities' brokerage affairs because Mr. Chang had authorized Mr. Lin to deal with money remittance for stock payment for a long time. In addition, SinoPac Securities claimed that Mr. Chang also committed an unpremeditated crime. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$29,000 thousand in 2003, recorded as other payables in the financial statements.

g. A plaintiff, Mr. Chen, sued Mr. Chen, a former employee of SinoPac Securities' Yuan Lin branch, for fraud. Plaintiff Mr. Chen also sued SinoPac Securities as a codefendant and demanded that SinoPac Securities pay damages of \$12,999 plus 5% interest. After the trial at the district court of second instance on December 31, 2003, the district court concluded that SinoPac Securities should assume the related compensation of \$7,799 plus 5% interest. In the opinion of SinoPac Securities' management, since plaintiff Mr. Chen was not SinoPac Securities' client and the defendant Mr. Chen did not have brokerage transactions with the plaintiff, SinoPac Securities could claim miscarriage of justice and thus filed an appeal with the supreme court. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$8,500 in 2003, recorded as other payables in the financial statements.

h. As of December 31, 2004, An-Shin Card Service has obtained stand-by letter of credit amounted to \$15,313 for clearing collection payable to foreign credit card company.

i. Significant contingencies and commitments of subsidiaries

1) SinoPac Marketing Consulting

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

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

2) SinoPac Asset Management International

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

Year	Amount
2005	\$ 1,063

3) SinoPac Venture Capital

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

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

4) SinoPac Call Center

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

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

5) SinoPac SITC

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

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

37. SIGNIFICANT SUBSEQUENT EVENTS

In the board's meeting of Anshin Card Services held on October 28, 2004, to correspond to the increase in credit card receivables and to increase long-term and medium-term operating funds, the board of Anshin Card Services resolved to retain Citibank N.A., Taipei Branch as an advisor to conduct financial assets securitization by using the "master trust" structure. On January 5, 2005, the Financial Supervisory Commission, Executive Yuan approved the execution of this securitization and the issuance of 2005-1 certificates for \$4 billion. Anshin Card Services expected to enter into an agreement with the trustee (Land Bank of Taiwan) on January 21, 2005, by creating the master trust in accordance with the agreement. Anshin Card Services will convey its credit card receivables with a book value of \$4 billion and related interest and financial charges to the trust, and the trustee will issue certificates during the revolving period. The certificates will be privately placed to investors.

38. SALES OF ACCOUNTS RECEIVABLE

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, 2004 and 2003, AnShin Card Services had used \$6 billion and \$2 billion of its credit line, respectively. 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 card members every month at an aggregate amount equivalent to the reimbursed amount. AnShin Card

Services settled these accounts with ABN AMRO Bank on a monthly basis and regarded as accounts receivable at an amount equal to the previous month's withheld amount after deducting the difference between proceeds from sale of accounts receivable and related carrying values.

According to the factoring agreement, AnShin Card Services had provided current reserve totaling \$88,210 and \$62,100 as reserve for the sales of accounts receivables as of December 31, 2004 and 2003, respectively. In addition, AnShin Card Services promised that all sold accounts receivable conformed to agreed terms (qualified terms) and such accounts receivables maintained at certain level of quality (such as restrictions on ratios of allowance for bad debts and overdue loans).

As of December 31, 2004 and 2003, the aggregate amount of credit card receivables sold amounted to \$1,109,253 and \$766,757, respectively, and the loss on sale of credit card receivables amounted to \$130,255 and \$38,611 for the years ended December 31, 2004 and 2003, respectively.

AnShin Card Services also entered into accounts management and collection services agreements with ABN AMRO Bank. Accordingly, Anshin Card Services collected the sold credit card receivables on behalf of ABN AMRO Bank, and then paid to ABN AMRO Bank. AnShin Card Services charged and received the commission fees for collection on a monthly basis. The accounts management and collection services income for the years ended December 31, 2004 and 2003 amounted to \$1,143 and \$762, respectively. The service revenue and the service cost were expected to be equal and thereby neither related service assets nor liabilities were recognized by AnShin Card Services. The collections payable to ABN AMRO Bank (recognized as other current liability) amounted to \$47,495 and \$59,122, respectively, as of December 31, 2004 and 2003.

The related cash flows generated from sales of accounts receivable for the years ended December 31, 2004 and 2003 were as follows:

	For the Years Ended December 31	
	2004	2003
First sale of accounts receivable in this period - carrying value	\$ 2,354,000	\$ 4,706,000
Add:Accumulated revolving accounts receivable sold - carrying value	21,398,247	7,677,557
Receivable from sale of accounts receivable, beginning of year	766,757	-
Less:Receivable from sale of accounts receivable, end of year	(1,109,253)	(766,757)
Loss on sale of accounts receivable	(130,255)	(38,611)
Proceeds from sale of accounts receivable	\$ 23,279,496	\$ 11,578,189
Management and collection services charges received	\$ 1,143	\$ 762

39. CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. In certain conditions, the authorities may impose other penalties on the company. As of December 31, 2004 and 2003, consolidated CARs of SinoPac Holding were 128% and 154%, respectively.

The Banking Law and related regulations require a bank to maintain a CAR of at least 8%. If a bank's CAR falls below 8%, the authorities may impose certain restrictions on the cash dividends that the bank can declare or, in certain conditions, prohibit it from declaring any cash dividend. As of December 31, 2004 and 2003, Bank SinoPac's standalone CARs were 12.64% and 12.39%, respectively, and the consolidated CARs were 11.25% and 10.50%, respectively.

The Rules Governing Securities Firms require a securities company to maintain a CAR of at least 150%. If a securities company's CAR falls below 150%, the authorities may impose certain restrictions on the company's operations. As of June 30, 2004 and 2003, SinoPac Securities' CARs were 391% and 425%, respectively.

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

SinoPac Securities pays margin deposits on the starting dates of futures contracts. SinoPac Securities also pays the margin deposits for short options contracts. The margin account of SinoPac Securities is reevaluated daily on the basis of the market prices of the outstanding futures and options contracts. SinoPac Securities is required to put in additional margin deposits when the margin account falls below an agreed level (the "maintenance margin"). Otherwise, the counter-party closes out the position by selling the contract.

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

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

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

Calculation Formula	December 31				Benchmark
	2004		2003		
	Formula	Financial Ratios (%)	Formula	Financial Ratios (%)	
a. $\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity and default reserve}}$	$\frac{1,286,980}{117,743}$	= 1,098	$\frac{1,243,883}{113,556}$	= 1,095	$\geq 100\%$
b. $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{5,894,236}{4,990,701}$	= 118	$\frac{3,940,157}{3,066,593}$	= 128	$\geq 100\%$
c. $\frac{\text{Equities}}{\text{Capital stock}}$	$\frac{1,286,980}{600,000}$	= 214	$\frac{1,243,883}{200,000}$	= 622	$\geq 60\%$ $\geq 40\%$
d. $\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\frac{965,856}{893,510}$	= 108	$\frac{972,783}{1,074,199}$	= 91	$\geq 20\%$ $\geq 15\%$

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

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

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

Pursuant to Article 46 of Financial Holding Company Act, the above information announced by the Company was summarized and calculated by the relevant accounts or transaction balances as of December 31, 2004 provided by the Company and its subsidiaries.

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

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

	For the Years Ended December 31			
	2004		2003	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from other banks	\$ 6,616,313	1.18	\$ 7,553,937	1.35
Call loans (placement)	12,399,828	1.63	7,994,742	1.09
Due from the Central Bank	7,417,488	1.56	5,882,812	1.85
Securities purchased	132,850,420	1.53	111,609,453	2.56
Securities purchased under agreements to resell	9,475,174	1.07	-	-
Loans, discounts and bills purchased	282,081,089	3.61	237,561,871	4.20
Accounts receivable from factoring	\$ 12,467,985	3.84	\$ 5,913,668	3.65
Other long-term investments	8,501,252	2.48	3,707,038	2.86

	For the Years Ended December 31			
	2004		2003	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-bearing liabilities</u>				
Due to banks	65,130	1.18	9,211	0.03
Call loans (taken)	46,093,003	1.34	55,256,266	1.17
Demand deposits	91,873,698	0.58	49,140,921	0.86
Savings - demand deposits	71,878,779	0.49	57,042,729	0.68
Time deposits	124,835,619	1.25	131,965,732	1.41
Savings - time deposits	62,923,792	1.51	58,570,590	1.94
Negotiable certificates of deposit	27,718,490	1.01	10,064,964	0.97
Securities sold under agreements to repurchase	12,344,902	1.01	-	-
Bank debentures	28,724,383	2.69	12,860,526	2.64

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

43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	December 31, 2004			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 9,247,320	\$ -	\$ -	\$ 9,247,320
Due from the Central Bank and other banks	35,964,349	-	-	35,964,349
Securities purchased	95,920,671	-	-	95,920,671
Receivables	32,289,314	-	-	32,289,314
Securities purchased under agreements to resell	19,423,913	-	-	19,423,913
Loans, discounts and bills purchased (excluding nonperforming loans)	95,767,251	43,358,785	158,295,624	297,421,660
Other long-term investments	-	9,577,759	575,182	10,152,941
	<u>\$ 288,612,818</u>	<u>\$ 52,936,544</u>	<u>\$158,870,806</u>	<u>\$ 500,420,168</u>
<u>Liabilities</u>				
Call loans and due to banks	\$ 43,190,326	\$ -	\$ -	\$ 43,190,326
Securities sold under agreements to repurchase	18,274,839	-	-	18,274,839
Payables	20,422,294	45,551	254	20,468,099
Deposits and remittances	362,366,191	9,746,828	-	372,113,019
Bank debentures	-	23,900,000	9,378,755	33,278,755
	<u>\$ 444,253,650</u>	<u>\$ 33,692,379</u>	<u>\$ 9,379,009</u>	<u>\$ 487,325,038</u>
December 31, 2003				
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 10,207,023	\$ -	\$ -	\$ 10,207,023
Due from the Central Bank and other banks	24,186,691	-	-	24,186,691
Securities purchased	117,052,462	-	-	117,052,462
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
Other long-term investments	-	6,198,398	984,136	7,182,534
	<u>\$ 267,042,090</u>	<u>\$ 41,003,206</u>	<u>\$ 133,246,473</u>	<u>\$ 441,291,769</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>

44. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

SinoPac Holdings

SinoPac Holdings enters into cross-currency swaps to hedge the effects 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 are as follows:

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

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

The gains (losses) on derivative financial instruments for the years ended December 31, 2004 and 2003 were as follows:

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

Bank SinoPac and subsidiaries

Bank SinoPac and its subsidiary SinoPac Bancorp, as consolidated with FENB (Bank SinoPac and subsidiaries), engage in foreign exchange and interest derivative transactions mainly for accommodating customers' needs and managing their exposure positions. They also entered into cross-currency swaps, interest rate swaps, futures, foreign currency options and asset swaps to hedge the effects of foreign exchange or interest rate fluctuations on their foreign-currency net assets. Bank SinoPac and 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 subsidiaries also reassess the hedge effectiveness of the instruments periodically.

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

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

Financial Instruments	December 31					
	2004			2003		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Interest rate swap contracts	\$ 16,084,437	\$ 279,484	\$ 279,484	\$ 9,861,000	\$ 186,149	\$ 105,994
Cross-currency swap contracts	14,300,000	1,195,636	1,190,878	8,500,000	70,031	(53,693)

Financial Instruments	December 31					
	2004			2003		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:						
Forward contracts						
- Buy	98,072,598	737,577	(1,545,844)	90,962,643	568,992	416,042
- Sell	97,424,835	1,720,574	1,682,115	67,245,886	272,535	(150,726)
Forward rate agreements						
- Buy	1,900,000	-	(486)	10,193,400	-	(4,443)
- Sell	-	-	-	10,193,400	1,862	918
Currency swap contracts	171,481,336	1,809,323	(134,723)	121,291,215	439,216	(282,064)
Interest rate swap contracts	69,916,423	921,464	(19,206)	41,193,742	231,480	(33,528)
Cross-currency swap contracts	13,675,871	80,880	3,288	1,427,240	14,300	3,513
Interest rate futures contracts						
- Long position	-	-	-	135,912	-	(478)
- Short position	95,751	501	501	203,868	-	(3,674)

Financial Instruments	December 31					
	2004			2003		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:						
Foreign currency options contracts						
- Long position	\$149,271,260	\$ 150,288	\$3,910,028	\$104,990,464	\$ 943,796	\$2,623,035
- Short position	133,169,281	-	2,551,603	101,671,063	-	1,531,973

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

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

As of December 31, 2004 and 2003, Bank SinoPac and its subsidiaries entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$377,132 and \$384,130, respectively. Since Bank SinoPac and its subsidiaries entered into these contracts with counter-parties with high worldwide ranking and credit rating, no significant credit risk is expected.

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

The gains (losses) on derivative financial instruments of Bank SinoPac and its subsidiaries for the years ended December 31, 2004 and 2003 were as follows:

	Account	For the Years Ended	
		December 31	
		2004	2003
For hedging purposes:			
Cross-currency swap contracts			
- Realized	Interest revenue	\$ 286,447	\$ 37,516
	Interest expense	(192,934)	(22,123)
Interest rate swap contracts			
- Realized	Interest revenue	133,063	60,919
	Interest expense	(26,397)	(28,381)
- Realized	Income from derivative financial instruments transactions	-	14,207
Interest rate of futures contracts			
- Realized	Income from (loss on) derivative financial instruments transactions	(7,195)	789
Option contracts			
- Realized	Income from derivative financial instruments transactions	20,101	6,512
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Forward contracts			
- Realized	Interest revenue	\$ 71,640	\$-
	Interest expense	(14,463)	-
- Realized	Foreign exchange gain (loss)	(7,209)	113,675
- Unrealized	Foreign exchange loss	(580,888)	(72,664)
- Unrealized	Income from derivative financial instruments transactions	30,474	-
Forward rate agreements			
- Realized	Income from (loss on) derivative financial instruments transactions	(3,513)	6,789
- Unrealized	Income from (loss on) derivative financial instruments transactions	3,039	(4,216)
Currency swap contracts			
- Realized	Interest revenue	778,153	363,384
	Interest expense	(728,396)	(302,807)
	Loss on derivative financial instruments transactions	(9,014)	-
Interest rate swap contracts			
- Realized	Interest revenue	230,603	577,879
	Interest expens	(285,815)	(641,179)
- Realized	Income from (loss on) derivative financial instruments transactions	78,746	(473)
- Unrealized	Income from derivative financial instruments transactions	22,662	17,585
Options contracts			
- Realized	Income from (loss on) derivative financial instruments transactions	(3,245,220)	723,051
	Foreign exchange gain (loss)	3,675,154	(97,712)
- Unrealized	Income from (loss on) derivative financial instruments transactions	271,918	289,773
Interest rate futures contracts			
- Realized	Income from (loss on) derivative financial instruments transactions	(40,710)	1,012
- Unrealized	Income from (loss on) derivative financial instruments transactions	949	(478)

	Account	For the Years Ended December 31	
		2004	2003
Cross-currency swap contracts			
- Realized	Interest revenue	33,199	2,779
	Interest expense	(31,715)	(1,936)
- Unrealized	Income from (loss on) derivative financial instruments transactions	(224)	3,512
Credit default swap contract			
- Realized	Income from derivative financial instruments transactions	5,274	201

SinoPac Securities and its subsidiaries

1) Warrants

a) The objective of issuing warrants and strategies to achieve this objective:
SinoPac Securities and its subsidiaries issue warrants for trading purposes.

SinoPac Securities and its subsidiaries holds underlying securities to hedge risks from the exercise of warrants and risks from changes in warrant positions held. SinoPac Securities and its subsidiaries' hedging strategy is to minimize the market value risks. The changes in market values of the underlying securities are highly correlated to that of the warrants, and SinoPac Securities and its subsidiaries evaluates and adjusts the positions held periodically (please see Notes 2, 9 and 19).

b) Credit risk

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

c) Market risk

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

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

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

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

e) Leverage of the instrument: please see Note 19.

2) Interest rate swap

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

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

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

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

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

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

c)Market risk

SinoPac Securities and its subsidiaries uses value-at-risks (VAR), based on statistical analysis of market data and foreign industrial standards, in evaluating market risks of the IRS contracts. As of December 31, 2004 and 2003, the VARs were \$581 and \$1,183, respectively.

d)Cash flows and demands

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

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

3)Stock index futures and options

a)The objective of using stock index futures and options and related strategies to achieve the objective:

SinoPac Securities and its subsidiaries use stock index futures and options contracts for trading purposes, to increase its investment instrument, to aggressively develop various services and enhance working capital efficiency.

b)Carrying value, fair value and credit risk

Item	Transaction Type	December 31, 2004				
		Opening Positions		Carrying Value/ Premium Paid (Received)		Fair Value
		Long/Short	Volume			
Futures	Banking and Insurance Sector					
	Index Futures	Long	46	\$ 47,581	\$ 48,116	
	TAIEX Futures	Long	17	20,980	21,039	
	Electronic Sector Index Futures	Short	14	12,775	12,930	
Options	TAIFEX Options - call and put	Long	68	146	157	
	TAIFEX Options - call and put	Short	122	(389)	(286)	
	Stock Options (BAO) - call	Short	10	(30)	(43)	
	Stock Options (BDO) - call	Short	10	(30)	(5)	
Item	Transaction Type	December 31, 2003				
		Opening Positions		Carrying Value/ Premium Paid (Received)		Fair Value
		Long/Short	Volume			
Futures	TAIEX Futures	Long	59	\$ 69,687	\$ 69,655	
	TSE Electronic Sector					
	Index Futures	Long	20	19,510	19,800	
	Mini-TAIEX Futures	Long	2	583	590	
	TSE Banking and Insurance					
	Sector Index Futures	Short	22	19,168	19,281	
Options	TAIEX Options - call and put	Long	46	165	87	
	TAIEX Options - call and put	Short	3,115	(5,347)	(4,400)	

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

As of December 31, 2004 and 2003, the fair values of premiums from option transactions were recognized as premiums of \$157 and \$87 paid for long options - non-hedging and premiums of \$334 and \$4,400 received from short options, respectively.

c)Market risk

Market risk is the fluctuation in market prices of stock index futures and options. SinoPac Securities and its subsidiaries have appropriate risk control management and has set up stop-loss points to monitor price fluctuations and holding positions. When the balance of the trading margin account is lower than the maintenance margin, SinoPac

Securities and its subsidiaries will recognize a loss by either settling the deal or putting in more deposits to the initial margin.

d) Liquidity risk, risk of cash flows and the uncertainty as to the amounts and timing of future cash required. SinoPac Securities and its subsidiaries have paid in advance initial margin for stock index futures contracts and premiums for long options as well as margin for short options. More margin will be paid since the balance of the trading margin account is lower than the maintenance margin. However, future cash demand is supported by sufficient working capital. Thus, the risk of cash flows is insignificant.

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

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

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

	For the Year Ended December 31, 2003			
	Gains (Losses) from Futures Transactions	Nonoperating Losses from Futures Transactions	Gains from Option Transactions	Nonoperating Gains from Options Transactions
Non-hedging and realized	\$ 73,963	\$ 4,419	(\$ 76,000)	(\$ 3,194)
Non-hedging and unrealized	152	-	881	(12)
	<u>\$ 74,115</u>	<u>4,419</u>	<u>(\$ 75,119)</u>	<u>(\$ 3,206)</u>

4) Asset swap transactions - convertible bonds

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

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

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

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

	December 31, 2004			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i) Fixed income transactions				
Interest rate swap	\$ 1,893,513	\$ -	(\$ 11,157)	\$ 1,332
Long call option on convertible bonds	-	159,682	125,357	127,199
ii) Short call option on convertible bonds	2,979,220	(512,337)	(295,901)	-

	December 31, 2003			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i) Fixed income transactions				
Interest rate swap	\$ 391,044	\$ -	\$ 801	\$ 6,256
Long call option on convertible bonds	-	36,119	85,723	131,127
Short call option on convertible bonds	-	(33,673)	(6,956)	-
ii) Short call option on convertible bonds	3,239,100	(158,549)	(202,210)	-

The fair value is computed using the model approved by the ROC OTC. The parameters used in the model (convertible bond market prices, underlying stock prices, interest rates, etc.) are public market information, thus, a risk-free arbitrage opportunity does not exist.

SinoPac Securities and its subsidiaries established high standards for screening the counter-parties of fixed income transactions and rated their credits under strict criteria. SinoPac Securities and its subsidiaries have set upper limits for total value of credits granted to control credit risks. Thus, it does not expect significant exposure to credit risks.

The premium from short call option transactions is collected in advance, and SinoPac Securities and its subsidiaries expects no exposure to credit risks.

The fair values of fixed income convertible bonds swap transactions as of December 31, 2004 and 2003 were recognized as derivative financial assets - OTC at \$2,448 and \$13,605, respectively, and derivative financial liabilities - OTC at \$8,392 and \$7,591, respectively.

c)Market risk

SinoPac Securities and its subsidiaries uses value-at-risks (VAR), based on statistical analysis of market data (including interest rate, convertible bond market prices and theoretical value of options) and foreign industrial standards in evaluating market risks of convertible bond swap transactions. As of December 31, 2004 and 2003, the VAR were \$2,110 and \$907, respectively.

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

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

e)Gains (losses) from convertible bonds swap transactions

For the years ended December 31, 2004 and 2003, marking to market of convertible bond swap transactions resulted in gains of \$198,672 and \$19,198 (presented as gains from derivative financial instruments transactions - OTC), respectively.

5)Structured note transactions

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

There are two types of structured note transactions authorized by the ROC OTC market: Principal-guaranteed note transactions and equity-linked note transactions. SinoPac Securities and its subsidiaries 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 and its subsidiaries 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, 2004		
	Nominal Amount	Premiums Paid (Received)	Fair Value
i)Principal-guaranteed note transactions			
Fixed income instruments	\$ 86,600	\$ -	(\$ 84,363)
Short call option on underlying assets	-	(2,237)	(1,721)
ii)Equity-linked note transactions			
Fixed income instruments	124,200	-	(128,820)
Long put option on linked underlying assets	-	347	5,166
	December 31, 2003		
	Nominal Amount	Premiums Paid (Received)	Fair Value
i)Principal-guaranteed note transactions			
Fixed income instruments	\$ 122,700	\$ -	(\$ 119,523)
Short call option on underlying assets	-	(3,215)	(4,022)
ii)Equity-linked note transactions			
Fixed income instruments	94,400	-	(94,114)
Long put option on linked underlying assets	-	587	706

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

SinoPac Securities and its subsidiaries have strict criteria on the types of fixed income assets to be used and controls the investment amounts. In addition, the premium from short option transactions is collected in advance. Thus, SinoPac Securities and its subsidiaries expect 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, option hedging models are used to hedge market risk. As of December 31, 2004, the market risk is \$8,058.

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

The fixed income instruments purchased by SinoPac Securities and its subsidiaries with the contract price received from the structured note transactions are stored in a custodian bank. To enable investors to execute the contract prior to maturity, SinoPac Securities and its subsidiaries takes the liquidity risk of the fixed income instruments into consideration when selecting the target instruments. If the liquidity risk of the fixed income instruments is minor, there is no material risk of cash flows and no uncertainty on the amount and timing of future cash demand.

e)For the year ended December 31, 2004 and 2003, gains (losses) from structured note transactions were as follows: Losses of \$3,132 and \$434 from principal-guaranteed note transactions, gains of \$1,323 and losses of \$807 from principal-guaranteed note valuation; gains of \$3,206 and \$98 from equity-linked note transactions, and gains of \$4,700 and \$119 from equity-linked notes valuation (presented as gain from derivative financial instruments transactions - OTC).

6)Stock index swap

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

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

b)Carrying value, fair value and credit risk

There were no outstanding stock index swap contracts as of December 31, 2004 and 2003.

c)Gains (losses) from stock index swap

Losses from transactions of stock index swap in 2004 and 2003 are \$28,280 and \$5,445, respectively (presented as gain from derivative financial instruments transactions).

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

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

December 31, 2003

Transaction Type	Nominal Amount	Fixed Interest		Clearing	Maturity Date	Fair Value	Credit Risk
		Rate/Term of Swap-out	Term of Swap-in				
Floating interest rate received/fixed interest rate paid	\$2,300,000	2.03%-5.55%	3-month NTD CP rate in secondary market	Quarterly	2004.2.16-2006.11.06	(\$39,450)	\$ -

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

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

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

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

4)For the years ended December 31, 2004 and 2003, AnShin Card Services recognized realized interest expenses as operating expenses amounting to \$31,804 and \$65,866, respectively. The unrealized revaluation losses, recognized as the debit balance of stockholders' equity and other liabilities, were marked to market at \$15,165 and \$39,450 as of December 31, 2004 and 2003, respectively.

b.Fair values of nonderivative financial instruments

	December 31			
	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets - with fair values approximating carrying amounts	\$ 135,495,010	\$ 135,495,010	\$ 94,897,977	\$ 94,897,977
Securities purchased	97,144,637	97,431,026	117,280,990	117,719,212
Operating securities	20,324,708	20,450,025	22,565,868	22,679,222
Loans, discounts and bills purchased	297,154,033	297,154,033	252,874,200	252,874,200
Long-term equity investments	7,097,851	7,098,915	6,361,939	6,082,058
Other long-term investments	10,203,263	10,366,770	7,182,534	7,068,957
Other assets - guarantee deposits	4,241,203	4,270,358	5,041,051	5,012,846
<u>Liabilities</u>				
Financial liabilities - with fair values approximating carrying amounts	\$ 121,937,642	\$ 122,937,642	\$ 94,696,083	\$ 94,696,083
Deposits and remittances	366,220,833	366,220,833	340,679,390	340,679,390
Bank debentures	33,228,755	33,228,755	21,909,670	21,909,670
ECBs redeemable within one year and bonds payable	9,322,065	10,510,661	10,388,517	11,417,003
Other liabilities	137,844	137,844	162,658	162,658

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

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

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

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

Bank SinoPac and its subsidiaries had significant credit commitments principally relating to customer financing activities and credit card business. The terms of most of the credit commitments were under seven years and loan interest rates for the years ended December 31, 2004 and 2003, both ranging from 0.01% to 20.00%. Bank SinoPac and its subsidiaries also issued financial guarantees and standby letters of credit to guarantee the performance of a customer obligated to a third party. These guarantees were usually with terms of less than one year and with maturity dates not in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks as of December 31, 2004 and 2003 were as follows:

	December 31	
	2004	2003
Undrawn loan commitments	\$ 19,310,260	\$ 17,504,577
Financial guarantees and standby letters of credit	15,767,734	13,504,666
Credit card commitments for credit cards	75,133	68,296

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 subsidiaries may require collateral before draw down against the credit facilities. As of December 31, 2004 and 2003, ratios of secured loans to total loans were about 74% and 77%, respectively. Collaterals held vary but may include cash, inventories, marketable securities, and other properties. When the customers default, Bank SinoPac and subsidiaries will, as required by circumstances, foreclose the collateral or execute other rights arising out of the guarantees given.

45. 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, 2004 and 2003 were as follows:

	December 31			
	2004		2003	
	Amount	%	Amount	%
Natural person	\$ 170,908,585	57	\$ 149,858,452	59
Manufacturing	46,467,640	16	31,367,544	12
Real estate	26,391,937	9	29,828,556	12
Foreign corporation	7,713,248	3	8,799,697	3

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

	2004		2003	
	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	MYR 108,238	\$ 909,116	JPY 11,904,313	\$ 3,783,191
	JPY 2,872,678	893,404	US\$ 108,837	3,698,052
	US\$ 25,064	799,961	DEM 74,935	670,036
	THB 638,683	523,911	EUR 13,401	574,210
	EUR 10,114	440,071	RMB 9,736	80,807

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

a. Condensed balance sheets

Bank SinoPac and Subsidiaries Consolidated Balance Sheets December 31, 2004 and 2003 (In Thousands of New Taiwan Dollars)					
Assets	2004	2003	Liabilities	2004	2003
Cash and cash equivalents	\$ 9,247,320	\$ 10,207,023	Call loans and due to banks	\$ 43,190,326	\$ 41,257,886
Due from the Central Bank and other banks	35,964,349	24,186,691	Securities sold under agreements to repurchase	18,274,839	-
Securities purchased, net	95,918,174	117,052,462	Payables	20,468,099	17,586,284
Receivables, net	32,238,903	29,839,323	Deposits and remittances	372,113,019	350,494,170
Securities purchased under agreements to resell	19,423,913	-	Bank debentures	33,278,755	21,909,670
Prepayments	457,881	200,458	Other liabilities	4,200,424	3,007,320
Loans, discounts and bills purchased, net	297,654,033	253,474,008	Total liabilities	491,525,462	434,255,330
Long-term equity investments - net	4,256,607	4,407,549	Stockholders' equity		
Other long-term investments	10,152,941	7,182,534	Capital stock	19,443,976	19,443,976
Properties, net	5,282,518	5,402,919	Capital surplus	125,208	125,208
Other assets	9,162,420	8,449,035	Retained earnings	8,960,523	6,708,183
			Equity adjustments	(296,110)	(130,695)
			Total stockholders' equity	28,233,597	26,146,672
Total	\$519,759,059	\$460,402,002	Total	\$519,759,059	\$460,402,002

SinoPac Securities and its Subsidiaries Consolidated Balance Sheets December 31, 2004 and 2003 (In Thousands of New Taiwan Dollars)					
Assets	2004	2003	Liabilities	2004	2003
Current assets	\$ 52,159,435	\$ 54,259,690	Current liabilities	\$ 34,748,802	\$ 35,517,711
Long-term equity investments	1,217,506	1,041,727	Long-term interest bearing liabilities	2,000,000	2,000,086
Properties, net	2,668,734	2,755,835	Other liabilities	506,358	739,797
Other assets	3,074,029	2,883,089	Securities brokerage credit account, net	-	-
Securities brokerage debit account, net	94,064	88,106	Total liabilities	37,255,160	38,257,594
			Stockholders' equity		
			Capital stock	15,269,020	15,269,020
			Capital surplus	2,342,425	2,342,425
			Retained earnings	4,509,638	5,101,751
			Equity adjustments	(162,475)	57,657
			Total stockholders' equity	21,958,608	22,770,853
Total	\$ 59,213,768	\$ 61,028,447	Total	\$ 59,213,768	\$ 61,028,447

SinoPac Life Insurance Agent Co., Ltd.

Balance Sheets

December 31, 2004 and 2003

(In Thousands of New Taiwan Dollars)

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

SinoPac Property Insurance Agent Co., Ltd.

Balance Sheets

December 31, 2004 and 2003

(In Thousands of New Taiwan Dollars)

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

b. Condensed statements of income

Bank SinoPac and Subsidiaries

Consolidated Statements of Income

For the Years Ended December 31, 2004 and 2003

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

	2004	2003
Operating revenues	\$ 22,452,708	\$ 17,897,620
Operating costs and expenses	17,491,996	14,686,159
Operating income	4,960,712	3,211,461
Non-operating income and gains	284,100	164,856
Non-operating expenses and losses	55,651	97,190
Income before income tax	5,189,161	3,279,127
Net income	\$ 4,284,815	\$ 2,753,899
Pretax earnings per share	\$ 2.67	\$ 1.69
After tax earnings per share	\$ 2.20	\$ 1.42

SinoPac Securities and its Subsidiaries

Consolidated Statements of Income

For the Years Ended December 31, 2004 and 2003

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

	2004	2003
Operating revenues	\$ 6,533,047	\$ 7,722,245
Operating costs and expenses	4,954,378	4,983,982
Operating income	1,578,669	2,738,263
Non-operating income and gains	78,893	104,978
Non-operating expenses and losses	10,921	76,114
Income before income tax	1,646,641	2,767,127
Net income	\$ 919,345	\$ 2,162,094
Pre-tax earnings per share	\$ 1.08	\$ 1.85
After tax earnings per share	\$ 0.60	\$ 1.44

SinoPac Life Insurance Agent Co., Ltd.
Statements of Income
For the Years Ended December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

SinoPac Property Insurance Agent Co., Ltd.
Statements of Income
For the Years Ended December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

a. Statement of capital adequacy

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

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

b. Assets quality

(In Thousands of New Taiwan Dollars, %)

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

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

Note 2: Overdue loans ratio = Overdue loans (including nonperforming loans)/(Outstanding loan balance + Nonperforming loans). If overdue loans (including nonperforming loans)/Total credits, the overdue loans ratio as of December 31, 2004 and 2003 were 0.62% and 1.43%, respectively.

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

September 21, 1999 earthquake, loans for which the collateral has been sold at auction and the proceeds of such auction are yet to be distributed, and loans extended under other approved exempt loan programs.

Note 4: Write-off amounts of credits = Accumulated write-off amounts of credits for the years ended December 31, 2004 and 2003.

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

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

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

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

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

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

2) Information on concentrations of risk

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

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

3) Policy of provisions on credit and investment losses

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

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

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

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

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

b) Provision for investment losses

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

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

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

4) Operating risk and litigation risk

Matters Requiring Special Notation

December 31, 2004

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

Note 1: The term "within the past one year" means 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 Bureau and Department of Insurance.

d. Profitability

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

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

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

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

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

e. Information of average amount and average interest rate of interest-earning assets and interest-bearing liabilities
Average balance were calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

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

f. Liquidity

Maturity Analysis of Assets and Liabilities
December 31, 2004

(In Millions of New Taiwan Dollars)

	Total	Amount for the Remaining Period Prior to the Maturity Date				
		0-30 Days	31-90 Days	91-180 Days	181 Days to One Year	Over One Year
Assets	\$ 444,532	\$ 135,552	\$ 55,111	\$ 28,210	\$ 18,321	\$ 207,338
Liabilities	450,772	105,014	87,612	51,912	52,405	153,829
Gap	(6,240)	30,538	(32,501)	(23,702)	(34,084)	53,509
Accumulated gap	(6,240)	30,538	(1,963)	(25,665)	(59,749)	(6,240)

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

g. Interest-rate sensitivity information

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

Note1: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by changes of interest rates.

Note2: 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).

Note3: Interest-rate sensitive gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities

h. Net positions of major foreign-currency

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

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

48. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the SFC for the Company and investees:

- 1) Financing provided: Table 1;
- 2) Endorsement/guarantee provided: Table 2;
- 3) Marketable securities held: Table 3 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
- 4) Marketable securities acquired and disposed of, at costs or prices of at least NT\$100 million or 20% of the issued capital: Table 4 (the related disclosures of Bank SinoPac and its investees are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks except for related transaction amounts over NT\$300 million or 10% of the issued capital. In addition, the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the issued capital: Table 5;
- 6) Names, locations, and other information of investees on which the Company exercises significant influences: Table 6;
- 7) Derivative financial transactions: Please refer to Note 44.

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

49. DISCLOSURES REQUIRED BY MINISTRY OF FINANCE, RULING OF NO. 0920004507 DATED OCTOBER 31, 2003

The Corporation's investees which registered in the Cayman Islands and the British Virgin Islands include SinoPac Securities (Cayman) Holdings Limited, SinoPac Asset Management Corp. (B.V.I.), SPS Asia Ltd., SinoPac Asia Limited and SPS Asset Management Limited. Information on these investees' operating activities are as follows:

- a. Balance sheets: Table 7 to 11 (attached).
- b. Statements of income: Table 12 to 16 (attached).
- c. Securities held: Except that SPS Asia Ltd. held no securities at the end of 2004, for others please see Table 17 to 20 (attached).
- d. Derivative financial instruments transactions and the source of capital: Except that SinoPac Securities (Cayman) Holdings Limited and SPS Asia Ltd. did not invest in derivative financial instruments, for others please see Table 21 (attached).
- e. Revenues from assets management business, service contents and litigation:
 - 1) Except that SPS Asset Management Limited had the revenues from assets management business of HK\$12,134,977 and \$11,159,096, for others did not have the revenues.
 - 2) Litigation: None.

50. SEGMENT AND GEOGRAPHIC INFORMATION

a. Segment information

The segment information about the Company for the year ended December 31, 2004 is as follows:

	Banking	Securities	Other	Adjustments and Eliminations	Total
Revenue from third parties	\$ 21,575,596	\$ 6,474,996	\$ 3,231,134	(\$ 37,692)	\$ 31,244,034
Revenue from the Company and consolidated subsidiaries	676,297	58,051	88,682	(823,030)	-
Total revenue	<u>\$ 22,251,893</u>	<u>\$ 6,533,047</u>	<u>\$ 3,319,816</u>	<u>(\$ 860,722)</u>	<u>\$ 31,244,034</u>
Segment income	<u>\$ 4,988,346</u>	<u>\$ 1,662,782</u>	<u>\$ 285,571</u>	<u>(\$ 819,335)</u>	<u>\$ 6,117,364</u>
Investment income under the equity method					186,033
Income before income tax					<u>\$ 6,303,397</u>
Identifiable assets	<u>\$516,776,343</u>	<u>\$ 58,756,151</u>	<u>\$ 25,457,527</u>	<u>(\$ 10,910,845)</u>	<u>\$590,079,176</u>
Long-term equity investments under the equity method					4,969,393
Total assets					<u>\$595,048,569</u>
Depreciation and amortization expenses	<u>\$ 662,961</u>	<u>\$ 304,306</u>	<u>\$ 134,575</u>		
Capitalized expenditures	<u>\$ 416,081</u>	<u>\$ 275,357</u>	<u>\$ 112,366</u>		

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	\$ 7,655,438	\$ 2,037,938	(\$ 73,323)	\$ 27,197,943
Revenue from the Company and consolidated subsidiaries	22,649	67,205	172,862	(262,716)	-
Total revenue	\$ 17,600,539	\$ 7,722,643	\$ 2,210,800	(\$ 336,039)	\$ 27,197,943
Segment income (loss)	\$ 2,982,049	\$ 2,792,945	(\$ 459,642)	(\$ 280,637)	\$ 5,034,715
Investment income under the equity method					315,737
Income before income tax					\$ 5,350,452
Identifiable assets	\$457,215,230	\$ 60,748,751	\$ 17,294,672	(\$13,326,160)	\$521,932,493
Long-term equity investments under the equity method					4,234,131
Total assets					\$526,166,624
Depreciation and amortization expenses	\$ 629,230	\$ 325,229	\$ 137,343		
Capitalized expenditures	\$ 693,687	\$ 285,348	\$ 40,622		

b. Geographic information

The geographic information about the Company for the year ended December 31, 2004 is as follows:

	Domestic	United States	Adjustments and Eliminations	Total
Revenue from third parties	\$ 28,223,276	\$ 3,058,450	(\$ 37,692)	\$ 31,244,034
Revenue from the Company and consolidated subsidiaries	823,030	-	(823,030)	-
Total revenue	\$ 29,046,306	\$ 3,058,450	(\$ 860,722)	\$ 31,244,034
Segment income	\$ 6,335,403	\$ 601,296	(\$ 819,335)	\$ 6,117,364
Investment income under the equity method				186,033
Income before income tax				\$ 6,303,397
Identifiable assets	\$547,388,177	\$ 53,601,844	(\$ 10,910,845)	\$590,079,176
Long-term equity investments under the equity method				4,969,393
Total assets				\$595,048,569

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	\$ 23,786,439	\$ 3,484,827	(\$ 73,323)	\$ 27,197,943
Revenue from the Company and consolidated subsidiaries	262,716	-	(262,716)	-
Total revenue	\$ 24,049,155	\$ 3,484,827	(\$ 336,039)	\$ 27,197,943
Segment income	\$ 4,890,033	\$ 425,319	(\$ 280,637)	\$ 5,034,715
Investment income under the equity method				315,737
Income before income tax				\$ 5,350,452
Identifiable assets	\$470,612,622	\$ 64,646,031	(\$ 13,326,160)	\$521,932,493
Long-term equity investments under the equity method				4,234,131
Total assets				\$526,166,624

SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31, 2004

TABLE 1 FINANCING PROVIDED

In Thousands of New Taiwan Dollars

No.	Financier	Counterparty	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Type	Transaction Amount	Financing Reason	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
1	SinoPac Capital (B.V. I) Ltd.	SinoPac Capital Ltd.	Short-term borrowings	\$ 185,101 (Note 1)	\$ 177,994 (Note 1)	0.71% - 2.77%	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ -	\$ -

Note : Foreign-currency amounts were 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, 2004

TABLE 2 ENDORSEMENT/GUARANTEE PROVIDED

In Thousands of New Taiwan Dollars, Unless Otherwise Specified

No.	Endorsement/ Guarantee Provider	Counterparty		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 Amount Allowable
		Name	Nature of Relationship						
1	SinoPac Securities Corporation	SinoPac Securities (Asia) Ltd.	Affiliate	(Note 2)	\$ 1,585,500 (Note 1)	\$ -	\$ -	-	(Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 3)	4,290,931 (Note 1)	3,589,762 (Note 1)	-	189%	(Note 4)
		Wai Tech International Corporation	Affiliate	(Note 3)	392,000	363,000	-	19%	(Note 4)

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

Note 2: The limits on individual and total endorsement or guarantee amounts are both up to 40% of the net asset value (Note 5) of SinoPac Securities Corporation. As of December 31, 2004, the limit was \$8,783,443.

Note 3: The limit on individual endorsement or guarantee amount is up to 200% of the net asset value (Note 5) of SinoPac Leasing Corporation. But no limit applied on any subsidiary of SinoPac Leasing Corporation. As of December 31, 2004, the limit was \$3,787,894.

Note 4: The maximum amount of endorsement or guarantee amounts is up to 500% of the net asset value (Note 5) of SinoPac Leasing Corporation. But no limit applied on any subsidiary of SinoPac Leasing Corporation. As of December 31, 2004, the maximum allowance was \$9,469,735.

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

SINOPAC HOLDINGS AND INVESTEEES • DECEMBER 31, 2004

TABLE 3 MARKETABLE SECURITIES HELD

In Thousands of New Taiwan Dollars

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/Face Amount (in Thousand)	Carrying Amount (Note)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Holdings	<i>Stock (common stock)</i>							
	Bank SinoPac	Subsidiary	Long-term equity investments	1,944,398	\$ 26,733,638	100.0	\$ 28,233,597	Note 4
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902	21,958,608	100.0	21,958,608	Note 4
	An Shin Card Services Co., Ltd.	Subsidiary	Long-term equity investments	193,000	1,962,329	100.0	2,701,053	Note 4
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	100,000	973,465	100.0	973,465	Note 4
	SinoPac Securities Investment Trust Co., Ltd.	Subsidiary	Long-term equity investments	30,000	296,419	100.0	311,958	Note 4
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	107,231	100.0	107,231	Note 4
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	105,780	100.0	105,780	Note 4
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	76,656	100.0	76,656	Note 4
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	46,165	100.0	46,165	Note 4
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	9,007	100.0	9,007	Note 4
	Li-Seng Develop company	Investee accounted for by the cost method	Long-term equity investments	12,500	125,000	5.00	120,610	Note 3
	Debt Instruments Depository and Clearing Co., Ltd., Taiwan	Investee accounted for by the cost method	Long-term equity investments	2,000	20,000	1.00	20,023	Note 4
	<i>Stock (preferred stock)</i>							
	An Shin Card Services Co., Ltd.	-	Long-term equity investments	157,267	1,572,670	93.61	1,572,670	Note 5
An Shin Card Services Co., Ltd.	-	Prepaid investments	10,733	107,330	6.39	107,330	Note 5	

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note	
				Shares/Units/Face Amount (in Thousand)	Carrying Amount (Note)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)		
SinoPac Bancorp	<i>Stock</i>								
	Far East National Bank	Subsidiary	Long-term equity investments	175	\$ 5,282,119	100.00	\$ 5,282,119	Note 4	
	SinoPac Financial Services (USA) Ltd.	Subsidiary	Long-term equity investments	2.5	40,422	100.00	40,422	Note 4	
Far East Capital Corporation	<i>Stock (common stock)</i>								
	Hollywood International Financial, Inc.	Investee accounted for by the cost method	Long-term equity investments	0.3	10	15.10	(18)	Note 3	
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,506	4.00	1,506	Note 5	
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	2,160	0.20	2,160	Note 6	
	<i>Stock (preferred stock)</i>								
	Agra Quest, Inc.	--	Long-term equity investments	100	7,500	0.80	7,500	Note 5	
	Silicon Motion, Inc.	--	Long-term equity investments	61	3,511	0.20	3,511	Note 5	
	Zone Reactor, Inc.	--	Long-term equity investments	300	1,075	1.50	1,075	Note 5	
	Epara Networks, Inc.	--	Long-term equity investments	568	7,979	0.90	7,979	Note 5	
	Straszheim Global Advisors, LLC	--	Long-term equity investments	0.14	8,777	6.00	8,777	Note 5	
SinoPac Leasing Corporation	<i>Stock</i>								
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	1,518,422	100.00	1,518,422	Note 4	
	Chain Yam Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,067	38,444	1.73	29,069	Note 3	
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51	3,862	Note 3	
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19	15,880	Note 4	
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	365	6,340	0.47	3,361	Note 3	
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34	13,558	Note 3	
	Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	4.70	6,313	Note 3	
Grand Capital International Limited	<i>Venture fund</i>								
	WorldWide Multimedia L.P.	--	Long-term investments	0.005	31,672	16.67	44,971	Note 3	
	<i>Stock (preferred stock)</i>								
	Best 3C, Com, Inc.	--	Long-term equity investments	600	14,363	1.85	14,363	Note 5	
	e21 Corp.	--	Long-term equity investments	200	9,575	0.79	9,575	Note 5	
SinoPac Capital Limited	<i>Stock</i>								
	SinoPac Capital (B.V.) Ltd.	Subsidiary	Long-term equity investments	4,450	86,351	100.00	400,229	Note 3	
	SinoPac Insurance Brokers Ltd.	Subsidiary	Long-term equity investments	100	1,231	100.00	1,231	Note 3	
	SinoPac (Hong Kong) Nominees Ltd.	Subsidiary	Short-term equity investments	0.001	0.004	100.00	0.004	Note 3	
	TPV Technology	--	Short-term investments	3,400	57,436	0.24	64,897	Note 2	
	Sino Gdf	--	Short-term investments	4,548	16,626	1.51	20,909	Note 2	
	HC	--	Short-term investments	7,998	51,550	1.76	59,095	Note 2	
	Comba	--	Short-term investments	3,064	41,717	0.37	43,391	Note 2	
	Suga International	--	Short-term investments	7,080	42,058	3.11	37,199	Note 2	
	Sun East	--	Short-term investments	10,650	58,538	3.04	27,541	Note 2	
	Dongjiang	--	Short-term investments	4,800	9,929	2.70	8,669	Note 2	
	China - Metal	--	Short-term investments	300	1,749	0.03	1,749	Note 2	
	SMIC	--	Short-term investments	5,000	47,513	0.03	34,686	Note 2	
	Wong's	--	Short-term investments	10,896	23,589	1.57	27,283	Note 2	
	IC Media	--	Short-term investments	800	63,834	-	63,834	Note 2	
	Group Plan (Macau)	--	Short-term investments	US\$ 25	797	40.00	797	Note 2	
	Kanssen	--	Short-term investments	29	16,928	-	16,928	Note 2	
	Midian	--	Short-term investments	718	5,503	0.10	12,968	Note 2	
	QPL	--	Short-term investments	4,920	31,910	0.64	27,348	Note 2	
	Solomon	--	Short-term investments	6,050	46,751	0.24	47,682	Note 2	
	Sino Forest	--	Short-term investments	1,128	97,234	0.83	93,380	Note 2	
	Shougang	--	Short-term investments	14,892	49,600	1.46	45,847	Note 2	
	Vision Grande	--	Short-term investments	2,444	21,349	0.61	30,096	Note 2	
	ZZNode	--	Short-term investments	15,804	38,233	3.95	38,923	Note 2	
	Sau San Tong	--	Short-term investments	3,000	8,472	0.47	9,852	Note 2	
	Fu Ji Food	--	Short-term investments	2,380	32,047	0.60	36,880	Note 2	
	Shougang International	--	Short-term investments	3,000	5,820	0.06	6,096	Note 2	
	Everskill	--	Short-term investments	574	25,391	0.34	17,884	Note 2	
	<i>Fund</i>								
		China Enterprise Capital	--	Short-term investments	US\$ 1,000	31,917	-	31,917	Note 5

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/Face Amount (in Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	<i>Bond</i>							
	Chiam International	—	Short-term investments	US\$ 2,000	\$ 63,834	-	\$ 63,834	Note 5
	Invest Link International	—	Short-term investments	US\$ 1,200	38,300	-	38,300	Note 5
	<i>Convertible bill and bond</i>							
	Sinbon Electronics Co., Ltd.	—	Short-term investments	US\$ 1,000	31,917	-	35,747	Note 2
	Micro-Star Intl Co., Ltd.	—	Short-term investments	US\$ 2,000	63,834	-	65,988	Note 2
	Asia Optical	—	Short-term investments	US\$ 525	16,750	-	17,185	Note 2
	Yue Yuen Industrial	—	Short-term investments	US\$ 991	31,638	-	31,498	Note 2
SinoPac Capital (B.V.I.) Ltd.	<i>Stock</i>							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	(3,908)	100.00	(8,106)	Note 4
	Alistar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(185,664)	100.00	(185,664)	Note 4
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	25,620	60.00	22,838	Note 3
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	199.999	3,827	99.9995	3,735	Note 3
Cyberpac Holding Ltd. (B.V.I.)	<i>Venture fund</i>							
	3V Source One LP	—	Long-term investments	3,600	116,284	71.43	46,461	Note 3
	<i>Stock</i>							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	143,470	100.00	139,480	Note 4
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	2,017	99.9999	2,017	Note 4
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	54,708	34.21	42,091	Note 3
	Hollywood International Finance Inc.	Investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90	(6)	Note 3
Alistar Venture Ltd. (B.V.I.)	<i>Venture fund</i>							
	Investar Excelsus Venture Capital (Intl) Inc., LDC	—	Long-term investments	2,220	55,922	6.25	55,922	Note 5
	UOB Venture Technology Investments Limited	—	Long-term investments	26	71,217	8.62	71,217	Note 5
	MDS Life Sciences Technology Fund-Barbados	—	Long-term investments	50	112,698	25.00	62,067	Note 3
	Biotechnology Development Fund II, L.P.	—	Long-term investments	-	17,790	2.30	36,149	Note 3
	North America Venture Fund II, L.P.O.	—	Long-term investments	-	13,097	2.07	19,495	Note 3
	<i>Stock (common stock)</i>							
	Ardent Pharmaceuticals, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	16,314	0.58	22	Note 3
	TVA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,373	0.75	10,799	Note 6
	DiCon Fiber Optics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	31,911	0.20	4,046	Note 3
	<i>Stock (preferred stock)</i>							
	Suro1 Molecular Corp.	—	Long-term equity investments	100	16,109	0.92	16,109	Note 5
	Phytoceutica, Inc.	—	Long-term equity investments	200	16,464	1.10	16,464	Note 5
	Immusd, Inc.	—	Long-term equity investments	25	9,789	0.05	9,789	Note 5
	Virtual Silicon Technology, Inc.	—	Long-term equity investments	120	9,781	0.31	9,781	Note 5
	BioAgri Corp.	—	Long-term equity investments	375	9,575	2.34	9,575	Note 5
Wal Tech International Corporation	<i>Stock</i>							
	Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	235,276	62.58	129,034	Note 4
	Multwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	9,674	30.00	9,355	Note 4
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63	352	Note 3
	YesMobile Holdings Company Limited	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75	622	Note 3
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35	403	Note 3
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53	17,000	Note 3
	Ruentex Resources Integration Co., Ltd.	As subsidiary of Bank Sinopac's supervisor and investee accounted for by the cost method	Long-term equity investments	2,361	24,114	2.47	23,152	Note 3
	Media Reality Technologies, Inc.	Investee accounted for by the cost method	Long-term equity investments	6	102	0.60	1,806	Note 3
	Advanced Power Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	759	13,698	1.18	15,142	Note 2
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,534	93,080	0.32	29,657	Note 3
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	1,035	29,996	3.07	11,691	Note 2
	Sonic Edge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	580	14,500	2.29	(1,329)	Note 3
	Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	12,250	122,850	6.58	77,612	Note 3
	SinoPac Financial Consulting Co., Ltd.	Affiliate and investee accounted for by the cost method	Long-term equity investments	6	57	3.00	76	Note 4

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/Face Amount (in Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Intellisys Corporation	Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	93	\$ 12,523	0.10	\$ 1,901	Note 3
	<u>Stock</u>							
Sinopac Futures Corporation	Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	122	2.31	38	Note 3
	<u>Stock</u>							
Sinopac Capital Management Corporation	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	499	4,990	0.25	10,401	Note 4
	Sinopac Managed Futures Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	20,000	194,722	100.00	194,722	Note 4
	<u>Beneficiary certificate</u>							
	Sheng Hua 9966 Balance Securities Investment Trust Fund	—	Short-term investments	1,000	10,000	-	10,037	Note 6
	Grand Cathay Balance Fund	—	Short-term investments	789	10,000	-	9,384	Note 6
	Fuh-Hwa Digital Economy Fund	—	Short-term investments	1,211	10,000	-	10,400	Note 6
	Fuh-Hwa Aegis Fund	—	Short-term investments	1,000	10,000	-	9,890	Note 6
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	3,927	30,000	-	30,785	Note 6
	United New Century Fund	Fund under management of subsidiary	Short-term investments	5,455	24,000	-	25,200	Note 6
	United Columbus Fund	Fund under management of subsidiary	Short-term investments	2,387	18,000	-	19,218	Note 6
	<u>Bank debentures</u>							
	Bank Sinopac 91-1	—	Short-term investments	10	50,097	-	50,000	Note 7
	<u>Beneficiary certificate</u>							
Sinopac Life Insurance Agent Co., Ltd.	United Columbus Fund	Fund under management of subsidiary	Short-term investments	2,387	18,000	-	19,218	Note 6
	United New Century Fund	Fund under management of subsidiary	Short-term investments	5,000	22,000	-	23,200	Note 6
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	259	2,000	-	2,028	Note 6
	United Pilot Fund	Fund under management of subsidiary	Short-term investments	202	2,000	-	2,014	Note 6
<u>Beneficiary certificate</u>								
Sinopac Property Insurance Agent Co., Ltd.	Fuh-hwa Yu-Li Fund	—	Short-term investments	1,328	15,015	-	16,001	Note 6
	Fuh-hwa Bond Fund	—	Short-term investments	164	2,000	-	2,121	Note 6
	Prudential Aggressive Growth 2 Bond Fund	—	Short-term investments	1,689	24,746	-	25,608	Note 6
	Truswell Premier Fund	—	Short-term investments	1,076	11,503	-	11,667	Note 6
<u>Beneficiary certificate</u>								
Sinopac Venture Capital Co., Ltd.	Prudential Aggressive Growth 2 Bond Fund	—	Short-term investments	104	1,500	-	1,581	Note 6
	ABNAMRO Bond Fund Cap	—	Short-term investments	71	1,000	-	1,043	Note 6
<u>Beneficiary certificate</u>								
Sinopac Venture Capital Co., Ltd.	NITC Bond Fund	—	Short-term investments	581	91,787	-	92,972	Note 6
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	6,771	52,678	-	53,084	Note 6
	BioAsia BDF IV	—	Long-term equity investments	US\$ 623	19,933	3.18	19,933	Note 6
	<u>Convertible bond</u>							
	ENE Technology Inc.	—	Short-term investments	20,000	20,000	-	18,400	Note 7
	<u>Stock</u>							
	ATM Electronic Corp.	Investee accounted for by the cost method	Long-term equity investments	520	10,000	2.20	10,000	Note 5
	Micro Square Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	500	10,000	3.70	10,000	Note 5
	De Pan Pneumatic Corp.	Investee accounted for by the cost method	Long-term equity investments	313	12,500	1.04	12,500	Note 5
	Pandisk Technology Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	695	9,980	2.93	9,980	Note 5
	Skanhex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	273	10,600	0.20	10,600	Note 5
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	398	11,760	1.18	4,697	Note 2
	Creative Sensor Inc.	Investee accounted for by the cost method	Long-term equity investments	1,002	49,982	1.28	49,982	Note 5
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	133	4,974	0.03	4,974	Note 5
	Hu Lane Associate Inc.	Investee accounted for by the cost method	Long-term equity investments	0.178	6	-	7	Note 2
	Taimide Tech., Inc.	Investee accounted for by the cost method	Long-term equity investments	2,735	46,353	3.34	46,353	Note 5
	Alpha Microelectronics Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	944	9,996	1.92	9,996	Note 5
	Procom Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	859	12,531	4.10	12,531	Note 5
	Boom Electronics Inc.	Investee accounted for by the cost method	Long-term equity investments	949	11,119	0.90	1,474	Note 5
	Sunnic Technology & Merchandise Inc.	Investee accounted for by the cost method	Long-term equity investments	650	25,120	2.81	25,120	Note 5
	Ampire Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	179	2,507	0.38	2,227	Note 2
	AME, Inc.	Investee accounted for by the cost method	Long-term equity investments	14	502	0.04	337	Note 2
	TennRich International Corp.	Investee accounted for by the cost method	Long-term equity investments	518	9,988	1.06	9,988	Note 5
	Exploit Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	260	5,300	0.95	5,300	Note 5

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/Face Amount (in Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Asia Electronic Material Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,650	\$ 34,750	7.35	\$ 34,750	Note 5
	Princo Corp.	Investee accounted for by the cost method	Long-term equity investments	272	19,967	0.07	19,967	Note 5
	Light Master System, Inc.	Investee accounted for by the cost method	Long-term equity investments	150	8,634	1.28	8,634	Note 5
	Global Strategic Venture	Investee accounted for by the cost method	Long-term equity investments	3,000	30,000	1.94	30,000	Note 5
	Danpon Precision, Inc.	Investee accounted for by the cost method	Long-term equity investments	575	17,500	1.04	17,500	Note 5
	G-Tech Optoelectronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,135	19,976	2.15	19,976	Note 5
	ArdeMtec	Investee accounted for by the cost method	Long-term equity investments	1,977	32,247	0.72	32,247	Note 5
	Roytek Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	345	16,473	0.87	16,473	Note 5
	Laster Tech Ltd.	Investee accounted for by the cost method	Long-term equity investments	569	19,735	2.17	19,735	Note 5
	Etrend Hightech Corporation	Investee accounted for by the cost method	Long-term equity investments	1,490	18,625	5.19	18,625	Note 5
	Luminous Town Electric Co. Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,658	19,978	2.14	19,978	Note 5
	International United Technology	Investee accounted for by the cost method	Long-term equity investments	1,473	18,713	1.47	18,713	Note 5
	Add Microtech Corporation	Investee accounted for by the cost method	Long-term equity investments	626	19,995	2.30	19,995	Note 5
	E-One MOLI Energy Corporation	Investee accounted for by the cost method	Long-term equity investments	1,400	16,800	1.36	16,800	Note 5
	Advantech Semiconductor Inc.	Investee accounted for by the cost method	Long-term equity investments	1,540	15,398	1.45	15,398	Note 5
	Uni Light Technology	Investee accounted for by the cost method	Long-term equity investments	915	18,438	1.16	18,438	Note 5
	FEI Chemg Enterprise Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	390	25,500	0.93	25,500	Note 5
	Ritdisplay Corporation	Investee accounted for by the cost method	Long-term equity investments	127	2,241	0.02	2,241	Note 5
	AMIC Technology Corporation	Investee accounted for by the cost method	Long-term equity investments	210	10,032	0.15	10,032	Note 5
	PolyLite Taiwan Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	535	8,936	1.58	8,936	Note 5
	FuPo Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,296	23,436	1.36	15,598	Note 2
	ID Solutions Inc.	Investee accounted for by the cost method	Long-term equity investments	833	7,994	2.00	7,994	Note 5
	Ultra Chip, Inc.	Investee accounted for by the cost method	Long-term equity investments	220	7,146	0.33	7,146	Note 5
SinoPac Asset Management International	<u>Beneficiary certificate</u>							
	NITC Bond Fund	—	Short-term investments	37	5,824	0.009	5,918	Note 6
	<u>Stock</u>							
	Powerchip Semiconductor Corp.	—	Short-term investments	200	5,688	0.004	4,752	Note 2
	AU Optronics Corp.	—	Short-term investments	15	987	0.0003	661	Note 2
	Evergreen Marine Corp. (Taiwan) Ltd.	—	Short-term investments	100	3,635	0.004	3,151	Note 2
	U-Ming Marine Transport Corp.	—	Short-term investments	100	5,408	0.014	5,198	Note 2
	Career Technology (MFG) Co., Ltd.	—	Short-term investments	100	5,257	0.049	4,598	Note 2
	National Venture Capital Corp.	Investee accounted for by the cost method	Long-term equity investments	2,000	14,800	0.0003	14,800	Note 5
SinoPac Securities Investment Trust Co., Ltd.	<u>Beneficiary certificate</u>							
	United Genesis Fund	Fund under management & subsidiary	Short-term investments	66	500	-	521	Note 6
	United Pilot Fund	Fund under management & subsidiary	Short-term investments	50	500	-	498	Note 6
	United Columbus Fund	Fund under management & subsidiary	Short-term investments	62	500	-	500	Note 6
	United New Century Fund	Fund under management & subsidiary	Short-term investments	108	500	-	498	Note 6
	Jh Sun Foresight Balanced Fund	Fund under management & subsidiary	Short-term investments	308	3,000	-	2,938	Note 6

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

Note 2: Market prices of listed and over-the-counter stocks were determined by average daily closing prices in December 2004.

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

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

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

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

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

SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31, 2004

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		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</u>													
	AnShin Card Services Co. Ltd.	Long-term equity investments	Transacted at exchange market	-	145,769	\$1,200,567	47,231	\$ 761,782 (Note 1)	-	\$ -	\$ -	\$ -	193,000	\$1,982,229
	SinoPac Venture Capital Co., Ltd.	Long-term equity investments	-	-	50,000	501,683	50,000	471,782 (Note 2)	-	-	-	-	100,000	973,465

CompanyName	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relation ship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Shares/Units Face Value (in Thousand)	Amount	Shares/Units Face Amount (in Thousand)	Amount	Shares/Units Face Amount (in Thousand)	Amount	Carrying Amount	Gain (loss) on Disposal	Shares/Units Face Amount (in Thousand)	Amount	
	SinoPac Securities Investment Trust Corporation <i>Stock (preferred stock)</i>	Long-term investments	Transacted at exchange market	-	-	-	30,000	296,419 (Note 3)	-	\$ -	\$ -	\$ -	-	30,000	296,419
	AnShin Card Services Co., Ltd.	Long-term investments	-	-	48,000	480,000	120,000	1,200,000 (Note 4)	-	-	-	-	-	168,000	1,680,000
SinoPac Venture Capital Co. Ltd.	<i>Beneficiary certificate</i> NITC Bond Fund	Short-term investments	SinoPac Securities Investment Trust Corporation	Related party in substance	595	92,827	2,972	470,000	2,986	474,000	471,040	2,960	581	91,787	
	United Genesis Fund	Short-term investments	SinoPac Securities Investment Trust Corporation	Affiliate	-	-	20,566	160,000	13,795	110,000	107,322	2,678	6,771	52,678	
AnShin Card Services Co., Ltd.	<i>Beneficiary certificate</i> Tai-Yu Long River Bonds Fund	Short-term investments	-	-	-	-	50,128	570,000	50,128	570,050	570,000	50	-	-	
	JF (Taiwan) Bond Fund	Short-term investments	-	-	-	-	14,922	220,000	14,922	220,022	220,000	22	-	-	
SinoPac Asset Management International	<i>Beneficiary certificate</i> NITC Bond Fund	Short-term investments	SinoPac Securities Investment Trust Corporation	Related party in substance	533	89,496	163	25,835	659	104,700	103,507	1,193	37	5,824	

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

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

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

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

SINOPAC HOLDINGS AND INVESTEEES • DECEMBER 31, 2004

TABLE 5 RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL

In Thousands of New Taiwan Dollars

CompanyName	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
SinoPac Holdings	SinoPac Securities	Subsidiary of SinoPac Holdings	\$ 668,349	-	\$ -	-	\$ -	\$ -
	Bank SinoPac	Subsidiary of SinoPac Holdings	338,168	-	-	-	-	-

Note: The receivable comes from the adoption of the linked tax system for 2003 tax filing.

SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31, 2004

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, 2004			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2004 (Note 1)	December 31, 2003 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Holdings	Bank SinoPac	Taipei	Commercial bank	\$23,976,716	\$23,976,716	1,944,388	100.00	\$26,733,638	\$4,284,815	\$3,616,891	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage dealing and underwriting of securities	21,566,517	21,566,517	1,526,932	100.00	21,959,638	919,345	870,659	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,419,164	1,212,211	193,000	100.00	1,962,329	373,659	253,078	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	81,909	300	100.00	76,656	65,118	64,216	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	3,919	300	100.00	9,007	5,555	5,539	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	1,000,000	500,000	100,000	100.00	973,465	(9,353)	(9,357)	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	105,780	5,529	5,506	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	100,000	10,000	100.00	107,231	5,282	5,107	Subsidiary
	SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent services, investment advisory and overdue accounts receivable management	50,000	50,000	5,000	100.00	46,165	2,184	2,184	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2004 (Note 1)	December 31, 2003 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
	SinoPac Securities Investment Trust Corporation	Taipei	Establish and manage securities investment trust funds by issuing beneficiary certificates and render discretionary investment service	\$ 298,500	\$ -	30,000	100.00	\$ 296,419	\$ 683	\$ 2,081	Subsidiary
Bank SinoPac	SinoPac Bancorp	California	Bank stockholding	US\$ 112,306	US\$ 112,306	20	100.00	5,239,717	395,632	313,668	Affiliate
	Recorp Holding SA	Luxembourg	Stock holding	\$ 3,581	\$ 3,581	0.11	33.33	-	-	-	Investor with significant influence by SinoPac holding subsidiary
	SinoPac Leasing Corporation	Taipei	Leasing aircraft and machinery equipment	\$ 999,980	\$ 999,980	159,629	99.7883	1,988,931	192,276	179,566	Affiliate
	SinoPac Capital Limited	Hong Kong	Lending and financing	HK\$ 229,998	HK\$ 229,998	229,998	99.9991	991,336	59,405	22,314	Affiliate
	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,980	\$ 1,980	194	97.00	2,448	300	271	Affiliate
SinoPac Bancorp	FarEast National Bank	California	Commercial bank	US\$ 107,306	US\$ 107,306	175	100.00	5,282,119	408,151	-	Affiliate
	SinoPac Financial Services (US) Ltd.	California	Securities brokerage	US\$ 25	US\$ 25	25	100.00	40,422	6,522	-	Affiliate
FarEast National Bank	FarEast Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	57,401	(7,219)	-	Affiliate
	FENB Loan Corp.	California	Asset management	US\$ 1	US\$ 1	0.1	100.00	(37,627)	(4,562)	-	Affiliate
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(78,982)	(4,157)	-	Affiliate
	Film Service Management Corp.	California	Film management and advisory	US\$ 0.1	US\$ 0.1	0.1	100.00	3	-	-	Affiliate
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Overseas trading, leasing, lending and financing	US\$ 29,900	US\$ 29,900	29,900	100.00	1,518,422	196,484	-	Affiliate
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	British Virgin Islands	Financial advisory	US\$ 4,450	US\$ 4,450	4,450	100.00	86,351	20,865	-	Affiliate
	SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage	HK\$ 300	-	100	100.00	1,231	(453)	-	Affiliate
	SinoPac (Hong Kong) Nominees Ltd.	Hong Kong	Custody securities	HK\$ 0.001	-	0.001	100.00	0.004	-	-	Affiliate
SinoPac Capital (B.V.I.) Ltd.	Cyberpach Holding Ltd. (B.V.I.)	British Virgin Islands	Investment and advisory	US\$ 4,000	US\$ 4,000	4,000	100.00	(3,908)	(47,668)	-	Affiliate
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment Corporation	US\$ 0.002	US\$ 0.002	0.002	100.00	(185,664)	(14,273)	-	Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	25,620	1,021	-	Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management, trust and consulting	US\$ 200	US\$ 200	199,999	99.9995	3,827	(41)	-	Affiliate
Cyberpach Holding Ltd. (B.V.I.)	Wal Tech International Corporation	Taipei	Leasing, international trading and sale of machinery equipment	\$ 272,182	\$ 272,182	26,500	100.00	143,470	(34,520)	-	Affiliate
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet-based service	HK\$ 999,999	HK\$ 999,999	999,999	99.9999	2,017	(285)	-	Affiliate
	Telepress	Cayman Islands	Investment Corporation	US\$ 1,560	US\$ 1,560	3,900	34.21	54,708	17,645	-	Investor with significant influence by Bank SinoPac's affiliate
Wal Tech International Corporation	Intellsys Corp.	Taipei	Computer and peripheral system integration, engineering, software development and design	258,836	258,836	10,326	62.68	235,276	5,055	-	Affiliate
	Multwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	9,674	(13,830)	-	Investor with significant influence by Bank SinoPac's affiliate
SinoPac Securities Corporation	SinoPac Futures Corporation	Taipei	Brokerage of futures contracts	1,107,881	1,107,881	98,215	98.21	1,263,467	122,851	117,997	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands	Stock holding	3,086,054	1,637,261	87,753	100.00	3,258,350	40,255	40,255	Affiliate
	SinoPac Capital Management Corporation	British West Indies	Investment consulting	112,028	146,028	17,600	100.00	181,016	(10,641)	(10,832)	Affiliate

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2004 (Note 1)	December 31, 2003 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Futures Corporation	SinoPac Managed Futures Co., Ltd.	Taipei	Futures Management	\$ 20,000	\$ -	20,000	100.00	\$ 194,722	(\$ 5,278)	\$ -	Affiliate
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 1,514	US\$ 1,514	1,000	100.00	US\$ 1,077	(US\$ 326)	-	Affiliate
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 54,972	US\$ 38,582	45	94.89	US\$ 69,072	US\$ 1,158	-	Affiliate
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,357	-	-	Affiliate
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 4,797	US\$ 494	-	Affiliate
	SinoPac Asset Management Corp. (B.V.I.)	British Virgin Islands	Securities brokerage, investment advisory, fund management and securities business	US\$ 16,000	US\$ 16,000	16,000	100.00	US\$ 22,914	US\$ 1,368	45,709	Affiliate (note 4)
	SFS Asia Ltd. (formerly NSC Asia Ltd.)	British Virgin Islands	Derivative instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 41	-	-	Affiliate
SinoPac Asset Management (Asia) Ltd. (formerly NTC Asset Management (Asia) Ltd.)	Hong Kong	Asset management and investment consulting	US\$ 4,367	US\$ 158	10,000	100.00	US\$ 3,507	US\$ 909	-	Investor with significant influence relative to SinoPac Securities affiliate	
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	US\$ 1,848	US\$ 1,848	2	100.00	US\$ 612	(US\$ 244)	-	Affiliate
	SinoPac Securities (H.K.) Limited	Hong Kong	Securities brokerage, investment advisory, fund management and security business	US\$ 256	US\$ 3,205	2,000	100.00	US\$ 184	US\$ 130	-	Affiliate (note 4)
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 12,675	US\$ 1,212	-	Affiliate
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong	Hong Kong stock trust business	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ 0.002	-	-	Affiliate
	SinoPac (Asia) Nominees Ltd.	Hong Kong	Nominee trust account for overseas stockholdings	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ 0.002	-	-	Affiliate
SinoPac Asset Management (Asia) Ltd.	SFS Asset Management Limited	British Virgin Islands	Asset management and investment consulting	HK\$ 39	HK\$ 39	5	100.00	HK\$ 1,482	HK\$ 8379	-	Affiliate

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

Note 2: Foreign-currency amounts were translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses which were translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2004.

Note 3: The amounts are after deducting realized losses.

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

TABLE 7

In U.S. Dollars

SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 1,951,093	2	\$ 848,835	1	Accrued expenses	\$ 2,530	-	\$ 1,471	-
Prepaid expense	-	-	3,900	-	Other current liabilities	40,903	-	-	-
Total current assets	1,951,093	2	852,735	1	Total current liabilities	43,433	-	1,471	-
LONG-TERM EQUITY INVESTMENTS	100,847,010	98	57,520,082	99	STOCKHOLDERS' EQUITY				
					Capital stock	87,752,581	85	48,100,000	82
					Capital surplus	4,214,027	4	952,874	2
					Retained earnings	10,413,734	10	8,952,448	15
					Cumulative translation adjustments	374,328	1	366,029	1
					Total stockholders' equity	102,754,670	100	58,371,316	100
TOTAL	\$ 102,798,103	100	\$ 58,372,817	100	TOTAL	\$ 102,798,103	100	\$ 58,372,817	100

TABLE 8

In U.S. Dollars

SINOPAC ASSET MANAGEMENT CORP. (B.V.I.)
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 6,488,170	28	\$ 306,029	2	Accrued expenses	\$ 2,189	-	\$ 2,046	-
Bonds purchased under resale agreements	-	-	6,112,829	28	STOCKHOLDERS' EQUITY				
Other receivables	-	-	2,403	-	Capital stock	16,000,000	70	16,000,000	73
Total current assets	6,488,170	28	6,421,261	30	Retained earnings	6,916,647	30	5,805,708	27
LONG-TERM EQUITY INVESTMENTS	16,387,985	72	15,324,373	70	Cumulative translation adjustments	(2,913)	-	1,508	-
					Total stockholders' equity	22,913,734	100	21,807,216	100
PROPERTIES									
Computer equipment	143,164	1	143,164	-					
Less - accumulated depreciation	(103,396)	(1)	(79,536)	-					
Properties, net	39,768	-	63,628	-					
TOTAL	\$ 22,915,923	100	\$ 21,809,262	100	TOTAL	\$ 22,915,923	100	\$ 21,809,262	100

TABLE 9

In H.K. Dollars

SPS ASIA LTD.
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Other receivables	\$ 319,044	100	\$ 626,222	100	Accrued expenses	\$ -	-	\$ 307,178	49
					STOCKHOLDERS' EQUITY				
					Capital stock	7,734	2	7,734	1
					Retained earnings	311,310	98	311,310	50
					Total stockholders' equity	319,044	100	319,044	51
TOTAL	\$ 319,044	100	\$ 626,222	100	TOTAL	\$ 319,044	100	\$ 626,222	100

TABLE 10

In U.S. Dollars

SINOPAC ASIA LIMITED
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 6,168,332	9	\$ 22,188,379	18	Short-term loans	\$ 16,710,000	24	\$ 100,000	-
Short-term investments, net	-	-	1,208,167	1	Bonds sold under repurchase agreements	38,794,237	57	106,826,168	90
Operating securities - dealing	57,478,817	84	92,592,162	78	Derivative financial liabilities	-	-	204,761	-
Margin deposits - futures and options	2,596,060	4	200,000	-	Other payables	223,729	-	404,982	-
Derivative financial assets	-	-	12,301	-	Other current liabilities	125	-	-	-
Other receivables	175,551	-	802,827	1	Total liabilities	55,728,091	81	107,535,911	90
Other financial assets	-	-	2,000,000	2	STOCKHOLDERS' EQUITY				
Pledged time deposits	1,000,000	2	-	-	Capital stock	6,000,000	9	6,000,000	5
Other current assets	63,784	-	-	-	Retained earnings	6,675,048	10	5,462,925	5
Total current assets	67,482,544	99	118,998,836	100	Total stockholders' equity	12,675,048	19	11,462,925	10
PROPERTIES									
Advance payments on equipment	39,340	-	-	-					
OTHER ASSETS									
Deferred charges	881,250	1	-	-					
TOTAL	\$ 68,403,134	100	\$ 118,998,836	100	TOTAL	\$ 68,403,134	100	\$ 118,998,836	100

TABLE 11

In H.K. Dollars

SPS ASSET MANAGEMENT LIMITED BALANCE SHEETS DECEMBER 31, 2004 AND 2003									
ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 7,466,665	2	\$ 13,720,249	6	Bonds sold under repurchase agreements	\$ 226,549,014	65	\$ 15,600,000	6
Operating securities - dealing	321,645,704	98	173,576,229	72	Derivative financial liabilities	3,122,138	1	7,486,000	3
Accounts receivable	1,985,287	1	851,411	-	Accounts payable	5,463,274	2	3,762,696	2
Other receivables	45,861	-	1,265,307	-	Other payables	1,091,588	1	1,530,109	1
Other financial assets	15,546,000	4	52,260,000	22	Other financial liabilities	108,822,000	31	208,260,000	86
Other current assets	26,639	-	29,989	-	Other current liabilities	186,552	-	-	-
Total current assets	346,716,156	100	241,703,185	100	Total liabilities	345,234,566	100	236,588,805	98
LONG-TERM EQUITY INVESTMENTS	775	-	775	-	STOCKHOLDERS' EQUITY				
					Capital stock	38,750	-	38,750	-
					Retained earnings	1,443,615	-	5,076,405	2
					Total stockholders' equity	1,482,365	-	5,115,155	2
TOTAL	\$ 346,716,931	100	\$ 241,703,960	100	TOTAL	\$ 346,716,931	100	\$241,703,960	100

TABLE 12

In U.S. Dollars

SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004		2003	
	Amount	%	Amount	%
REVENUES				
Interest income	\$ 1,215,623	99	\$ 6,786,655	100
Nonoperating revenue and income	7,401	1	17,162	-
Total revenues	1,223,114	100	6,803,817	100
EXPENSES				
Operating expenses	18,591	2	8,173	-
NET INCOME	\$ 1,204,523	98	\$ 6,795,644	100

TABLE 13

In U.S. Dollars

SINOPAC ASSET MANAGEMENT CORP. (B.V.I.)
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004		2003	
	Amount	%	Amount	%
REVENUES				
Investment income	\$ 1,324,802	95	\$ 3,693,458	93
Interest income	75,183	5	55,959	1
Gain from option transactions	-	-	220,950	6
Nonoperating revenue and income	1,812	-	7,222	-
Total revenues	1,401,797	100	3,977,589	100
COSTS AND EXPENSES				
Loss from futures transactions	-	-	78,650	2
Operating expenses	34,002	2	40,930	1
Nonoperating expenses and losses	88	-	41	-
Total costs and expenses	34,090	2	119,621	3
NET INCOME	\$ 1,367,707	98	\$ 3,857,968	97

TABLE 14

In H.K. Dollars

SPS ASIA LTD.
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2003

	2003	
	Amount	%
REVENUES		
Commissions and fees - brokerage	\$ 261,326	51
Gain on sales of securities	231,916	46
Nonoperating revenue and income	16,552	3
Total revenues	509,794	100
EXPENSES		
Operating expenses	387,373	76
NET INCOME	\$ 122,421	24

Note: SPS Asia Ltd. suspended since 2004, so there was no revenues and expenses in 2004.

TABLE 15

In U.S. Dollars

SINOPAC ASIA LIMITED
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2004 AND 2003

	2004		2003	
	Amount	%	Amount	%
REVENUES				
Commissions and fees - brokerage	\$ 258,572	6	\$ -	-
Gain on sales of securities - dealing	1,991,027	49	4,641,174	62
Interest income	1,491,833	37	2,084,256	27
Gain from option transactions	-	-	505,500	7
Nonoperating revenue and income	340,886	8	332,308	4
Total revenues	4,082,318	100	7,513,238	100
COSTS AND EXPENSES				
Interest expenses	1,507,555	37	2,345,840	31
Loss from futures transactions	908,879	22	316,614	4
Exchange clearing expenses - futures	47,094	1	9,085	-
Loss from derivative financial instruments transactions	26,634	1	137,459	2
Operating expenses	344,739	8	1,381,770	19
Nonoperating expenses and losses	35,259	1	334	-
Total costs and expenses	2,870,200	70	4,191,052	56
NET INCOME	\$ 1,212,118	30	\$ 3,322,186	44

TABLE 16

In H.K. Dollars

SPS ASSET MANAGEMENT LIMITED
STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2004 AND 2003

	2004		2003	
	Amount	%	Amount	%
REVENUES				
Commissions and fees - brokerage	\$ 2,265,612	10	\$ 1,943,454	13
Gain on sales of securities - dealing	3,447,778	15	40,242	-
Interest income	960,581	4	1,057,632	7
Gain from derivative financial instruments transactions	4,469,472	19	676,000	5
Other operating income - others	12,141,237	52	11,159,096	75
Nonoperating revenue and income	54,909	-	5,619	-
Total revenues	23,329,589	100	14,882,043	100
COSTS AND EXPENSES				
Commissions and fees - brokerage	1,718,483	7	1,281,871	8
Interest expenses	6,289,059	27	696,366	5
Other operating costs	6,163,327	27	7,387,534	51
Operating expenses	779,509	3	544,992	4
Total costs and expenses	14,950,378	64	10,110,763	68
NET INCOME	\$ 8,379,211	36	\$ 4,771,280	32

TABLE 17 SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED SECURITIES HELD

Amounts in U.S. Dollars

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004				Note
			Shares	Carrying Value	Percentage of Ownership (%)	Net Worth	
<i>Stock</i>							
SinoPac Asset management Corp. (B.V.I.)	Subsidiary	Long-term equity investments	16,000,000	\$ 22,913,734	100.00	\$ 22,913,734	Note 2
SinoPac Securities (Europe) Ltd.	Subsidiary	Long-term equity investments	1,000,000	1,076,514	100.00	1,076,514	
SinoPac Securities (Asia) Ltd.	Subsidiary	Long-term equity investments	42,721	65,543,287	94.89	65,543,287	
SinoPac Futures (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000,000	2,356,897	100.00	2,356,897	
SinoPac Capital (Asia) Ltd.	Subsidiary	Long-term equity investments	30,000,000	4,796,920	100.00	4,796,920	
SPS Asia Ltd.	Subsidiary	Long-term equity investments	1,000	41,050	100.00	41,050	
SinoPac Asset Management (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000,000	3,506,657	100.00	1,509,181	
SinoPac Securities (U.S.A.) Ltd.	Subsidiary	Long-term equity investments	2,000	612,251	100.00	542,729	

Note 1: Net worth was calculated using investee's audited financial statements for the same period.

Note 2: SinoPac Asset Management Corp. (B.V.I.) was undergoing a dissolution process.

TABLE 18 SINOPAC ASSET MANAGEMENT CORP. (B.V.I.) SECURITIES HELD

Amounts in U.S. Dollars

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004				Note
			Shares	Carrying Value	Percentage of Ownership (%)	Net Worth	
<i>Stock</i>							
SinoPac Securities (Asia) Ltd.	Investee under equity method	Long-term equity investments	2,300	\$ 3,528,679	5.11	\$ 3,528,679	Note 2
SinoPac Securities (H.K.) Ltd.	Subsidiary	Long-term equity investments	2,000,000	184,263	100.00	184,263	Note 1
SinoPac Asia Ltd.	Subsidiary	Long-term equity investments	6,000,000	12,675,043	100.00	12,675,043	Note 2

Note 1: SinoPac Securities (H.K.) Limited was undergoing a dissolution process.

Note 2: Net worth was calculated using investee's audited financial statements for the same period.

TABLE 19 SINOPAC ASIA LIMITED / SECURITIES HELD

Amounts in U.S. Dollars

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Note
			Units / Par Value	Carrying Value	Market Value	
<i>Overseas convertible bonds</i>						
AMTRAN TECHNO. CO. LTD. (CV)	None	Operating securities-dealing	2,100,000	\$ 2,128,875	\$ 2,176,650	
SNBON ELECTRONICS CO. LTD.	None	Operating securities-dealing	3,300,000	3,345,688	3,733,125	
HON HAI PRECISION (REGS) (CV)	None	Operating securities-dealing	500,000	544,375	557,812	
CHI MEI OPTOELEC. CORP.	None	Operating securities-dealing	4,000,000	4,456,526	4,720,000	
CATHAY FIN. HOLD. CO. LTD. CV	None	Operating securities-dealing	1,250,000	1,574,902	1,599,750	
POU CHEN CORP. CV	None	Operating securities-dealing	1,500,000	1,559,659	1,496,250	
N.T.L. SEMICONDUCTOR TECH. (CV)	None	Operating securities-dealing	1,000,000	944,062	875,000	
WISTRON CORP. CVR INC. CV	None	Operating securities-dealing	500,000	505,208	477,500	
QUANTADISPLAY INC. CV (CONF)	None	Operating securities-dealing	6,000,000	6,107,500	6,232,794	
TAIWAN CEMENT CORP.	None	Operating securities-dealing	750,000	783,750	796,562	
FEDERAL CORPORATION (CV)	None	Operating securities-dealing	200,000	204,000	194,240	
FORMOSA PLASTIC 611	None	Operating securities-dealing	5,500,000	5,733,250	6,222,150	
FORMOSA PLASTIC 310	None	Operating securities-dealing	5,750,000	6,018,333	6,504,975	
NANYA	None	Operating securities-dealing	5,250,000	5,489,438	5,939,325	
N.T.L. BK OF TAIPEI	None	Operating securities-dealing	2,500,000	2,543,075	2,600,000	
<i>Corporate bonds</i>						
WALT DISNEY CO.	None	Operating securities-dealing	2,000,000	2,133,000	2,008,174	

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Note
			Units / Par Value	Carrying Value	Market Value	
HOUSEHOLD FIN. CORP. L29	None	Operating securities-dealing	1,000,000	\$ 1,071,500	\$ 1,017,894	
LEHMAN BROS. HOLD. INC.	None	Operating securities-dealing	1,000,000	1,119,900	1,106,132	
BANK OF AMERICA CORP.	None	Operating securities-dealing	500,000	486,150	511,640	
SONY CAPITAL CORP. (144A)	None	Operating securities-dealing	1,000,000	966,800	1,019,914	
HEWLETT-PACK CO	None	Operating securities-dealing	1,000,000	998,900	1,042,424	
J.P.MORGAN & CO	None	Operating securities-dealing	1,000,000	1,037,500	1,037,910	
GOLDMAN SACHS GROUP INC.	None	Operating securities-dealing	1,000,000	1,012,700	1,010,353	
GOLDMAN SACHS GROUP INC. (A V35)	None	Operating securities-dealing	4,000,000	4,030,000	4,034,464	
JHF - 16H2728	None	Operating securities-dealing	640,000	688,000	689,440	
CITIGROUP INC.	None	Operating securities-dealing	1,000,000	1,014,200	1,032,100	
MCDONALD'S CORP.	None	Operating securities-dealing	1,000,000	924,437	1,499,958	
Stocks						
Formosa Petrochemical Corp.	None	Operating securities-dealing	35,273	57,089	63,961	

Note: Market value was calculated by the closing price on the last transaction day in December 2004.

TABLE 20 SPS ASSET MANAGEMENT LIMITED / SECURITIES HELD

Amounts in H.K. Dollars

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2004			Note
			Units / Par Value	Carrying Value	Market Value	
Beneficiary certificate						
NAM Short-term Fixed Income Fund	None	Operating securities-dealing	531,831	\$ 54,630,146	\$ 54,630,146	Note 1
NAM PRSF-Asst Bonds Fund	None	Operating securities-dealing	2,170,003	173,734,539	173,734,539	Note 1
Baris Bond Fund	None	Operating securities-dealing	1,735	5,019	5,019	Note 1
Overseas convertible bonds						
POV. CHEN CORP. CVT	None	Operating securities-dealing	US\$ 12,000,000	93,276,000	93,276,000	Note 2
Stocks						
NAM Multi-Series Fund	None	Long-term equity investments	100	775	775	Note 2

Note 1: Market value was calculated by the closing price on the last transaction day in December 2004.

Note 2: Market value was calculated by the carrying value of investment.

TABLE 21 DERIVATIVE FINANCIAL INSTRUMENTS TRANSACTIONS AND THE SOURCE OF CAPITAL • YEAR ENDED DECEMBER 31, 2004 AND 2003

SINOPAC ASSET MANAGEMENT CORP. (B.V.I.)

1. Stock index futures and options

(I) 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, aggressively develop various services and heighten working capital efficiency.

(II) Carrying value, fair value and credit risks

There were no outstanding stock index futures and option contracts as of December 31, 2004 and 2003.

(III) Gain (loss) from stock index futures and option transactions

There were no stock index futures and option transactions in 2004. Gains or losses for the year ended December 31, 2003 are summarized as follows:

Non-hedging and realized	<u>Losses from Futures Transactions</u>	<u>Gains from Option Transactions</u>
	(\$ 78,650)	\$ 220,950

SINOPAC ASIA LIMITED

1. Stock index futures and options

(I) The objective of using stock index futures and options and related strategies to achieve the objective:

SinoPac Asia Limited uses stock index futures and option contracts for trading purposes to increase the investment instruments, aggressively develop various services and heighten working capital efficiency.

(II) Carrying value, fair value and credit risks

There were no outstanding stock index futures and option contracts as of December 31, 2004 and 2003.

(III) Gain (loss) from stock index futures and option transactions

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

	2004	
Non-hedging and realized	Losses from Futures Transactions (\$ 908,879)	Gains from Option Transactions \$ -
	2003	
Non-hedging and realized	Losses from Futures Transactions (\$ 316,614)	Gains from Option Transactions \$ 505,500

2. Asset swap transactions - convertible bonds

- (I) The objective of convertible bonds swap transactions and strategies to achieve this objective:
SinoPac Asia Limited bought convertible bonds from counter-parties. The purchase price was taken as a nominal amount. During the contract term, SinoPac Asia Limited took the coupon rate and the interest compensation on the convertible bonds in exchange for the pre-agreed interest rate with counter-parties. It also sold to counter parties the right to buy convertible bonds anytime before the expiry of related contract.
- (II) There were no outstanding convertible bond swap contracts as of December 31, 2004. Information on outstanding convertible bond swap transactions as of December 31, 2003 is as follows:

	December 31, 2003			
	Nominal Amount	Premiums Received	Fair Value	Credit Risk
Fixed income transactions				
Interest rate swap	\$ 1,000,000	\$ -	\$ 12,301	\$ -
Short call option on convertible bonds	-	(99,127)	(204,761)	-

The fair value is computed using the model approved by the ROC OTC. The parameters used in the model (convertible bond market prices, underlying stock prices, interest rates, etc.) are public market information, thus, a risk-free arbitrage opportunity does not exist.

The counter-parties of SinoPac Asia Limited are reputable banks. Thus, the possibility of exposure to credit risks is minimum.

- (III) Market risk
SinoPac Asia Limited uses value-at-risks (VAR) based on statistical analysis of market data (including interest rate, convertible bond market prices and theoretical value of options) and foreign industrial standards in evaluating market risks of convertible bond swap transactions. As of December 31, 2003, the VAR was US\$2,400.
- (IV) Liquidity risk, risk of cash flows and the uncertainty as to the amounts and timing of future cash required
The underlying convertible bonds were acquired from counter-parties. SinoPac Asia Limited took the coupon rate and the interest compensation of convertible bonds in exchange for the pre-agreed interest rate from counter-parties. Further, the Corporation sold to counter parties the right to buy convertible bonds. Thus, there are no significant liquidity risks and the cash demand is not significant.
- (V) Gain (loss) from convertible bonds swap transactions
For the years ended December 31, 2004 and 2003, gains from convertible bonds swap transactions are US\$819,560 and US\$20,787, respectively (presented as losses from derivative financial instruments transactions).

3. Stock index swap

- (I) The object of using stock index swap and related strategies to achieve the objective:
SinoPac Asia Limited uses stock index swap to hedge the Corporation's risks arising from new type derivative financial instruments transactions and warrants issued.
- (II) Carrying value, fair value and credit risk
There were no outstanding stock index swap contracts as of December 31, 2004 and 2003.
- (III) Gain (loss) from stock index swap
Losses from stock index swap transactions in 2004 and 2003 are US\$846,194 and US\$158,246, respectively (presented as losses from derivative financial instruments transactions).

SPS Asset Management Limited

1. Asset swap transactions - convertible bonds

- (I) The objective of convertible bonds swap transactions and strategies to achieve this objective:
SPS Asset Management Limited separated convertible bonds, which were acquired from dealing transactions, into corporate bonds and options, and sold these two to investors with different needs. The proceeds from selling corporate bonds was presented as other financial liabilities, and the premiums received from selling options was presented as derivative financial liabilities. SPS Asset Management Limited engaged in this transaction to lower capital pressure of holding convertible bonds and reduce risks.
- (II) Information on outstanding convertible bond swap transaction is as follows:

	December 31, 2004			
	Nominal Amount	Premiums Received	Fair Value	Credit Risk
Short call option on convertible bonds	\$ 93,276,000	(\$ 4,210,310)	(\$ 3,122,138)	\$ -
	December 31, 2003			
	Nominal Amount	Premiums Received	Fair Value	Credit Risk
Short call option on convertible bonds	\$ 156,000,000	(\$ 8,112,000)	(\$ 7,436,000)	\$ -

- (III) Market risk
Since SPS Asset Management Limited hold the convertible bond, the market risk are insignificant as a whole.
- (IV) Liquidity risk, risk of cash flows and the uncertainty as to the amounts and timing of future cash required
Since SPS Asset Management Limited hold the convertible bond, there are no significant liquidity risk and the cash demand is insignificant.
- (V) Gain (loss) from convertible bonds swap transactions
For the years ended December 31, 2004 and 2003, gains of convertible bond swap transactions are HK\$4,459,472 and HK\$676,000, respectively (presented as gains from derivative financial instruments transactions).

SinoPac Asset Management Corp. (B.V.I.), SinoPac Asia Limited and SPS Asset Management Limited use their own capital in engaging in above derivative financial instruments transactions.

FINANCIAL STATEMENTS OF PARENT COMPANY

INDEPENDENT AUDITORS' REPORT

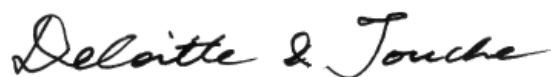
The Board of Directors and Stockholders
Sinopac Holdings

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

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

In our opinion, based on the results of our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial positions of Sinopac Holdings as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years ended December 31, 2004 and 2003, complied in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies and accounting principles generally accepted in the Republic of China.

According to the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, we have also audited the consolidated financial statements of Sinopac Holdings as of December 31, 2004 and 2003, and for the years ended December 31, 2004 and 2003, on which we have issued an modified unqualified opinion thereon.



January 31, 2005

NOTICE to READERS

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

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

SINOPAC HOLDINGS

BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

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

The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)	2004		2003	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2, 17 and 22)	\$ 122,838	2	\$ 147,734	3
Income from short-term investments	-	-	28	-
Income from long-term equity investments under the equity method (Notes 2 and 5)	4,823,180	97	4,802,864	97
Dividend income (Notes 2, 5 and 17)	37,692	1	13,760	-
Total operating revenues	4,983,710	100	4,964,386	100
OPERATING COSTS AND EXPENSES				
Interest (Notes 2 and 22)	328,605	7	373,224	8
Loss from long-term equity investments under the equity method (Notes 2 and 5)	11,438	-	11,330	-
Operating and administrative expenses (Notes 2, 13, 14 and 17)	273,513	5	416,682	8
Total operating costs and expenses	613,556	12	801,236	16
OPERATING INCOME	4,370,154	88	4,163,150	84
NONOPERATING INCOME AND GAINS	278,106	5	994	-
NONOPERATING EXPENSES AND LOSSES	4	-	833	-
INCOME BEFORE INCOME TAX	4,648,256	93	4,163,311	84
INCOME TAX (Notes 2 and 15)	24,785	-	(49,003)	(1)
NET INCOME	\$ 4,623,471	93	\$ 4,212,314	85
EARNINGS PER SHARE (Note 16)				
	Pretax	After Tax	Pretax	After Tax
Basic earnings per share	\$ 1.25	\$1.24	\$ 1.14	\$1.15
Diluted earnings per share	\$ 1.16	\$1.16	\$ 1.08	\$1.09
Pro forma information assuming that shares of SinoPac Holdings held by its subsidiaries were not treated as treasury stock:				
INCOME BEFORE INCOME TAX	\$ 4,991,848		\$ 4,557,980	
NET INCOME	\$ 4,967,063		\$ 4,606,983	
EARNINGS PER SHARE				
	Pretax	After Tax	Pretax	After Tax
Basic earnings per share	\$ 1.18	\$1.17	\$ 1.07	\$1.08
Diluted earnings per share	\$ 1.11	\$1.10	\$ 1.03	\$1.04

The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)	Capital Stock (Note 11)		Capital Surplus (Notes 2 and 11)	Retained Earnings (Note 11)				Unrealized Loss on Long-term Equity Investments (Notes 2 and 5)	Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 5)	Cumulative Translation Adjustment (Notes 2 and 5)	Net Loss Not Recognized as Pension Cost (Notes 2 and 5)	Treasury Stock (Notes 2 and 12)	Total Stockholders' Equity
	Shares (in thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated	Total						
BA LANCE, JANUARY 1, 2003	3,748,127	\$37,481,270	\$ 9,067,958	\$ -	\$ -	\$ 1,531,273	\$ 1,531,273	(\$ 3,214,229)	(\$ 40,695)	\$ 324,552	\$ -	\$ 3,245,570	\$44,797,359
Appropriation of earnings from May 9, 2002 to December 31, 2002													
Legal reserve	-	-	-	153,127	-	(153,127)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	37,573	(37,573)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees - cash	-	-	-	-	-	(13,406)	(13,406)	-	-	-	-	-	(13,406)
Cash dividends - \$0.65 per share	-	-	(1,141,236)	-	-	(1,273,167)	(1,273,167)	-	-	-	-	-	(2,414,403)
Net income for the year ended December 31, 2003	-	-	-	-	-	4,212,314	4,212,314	-	-	-	-	-	4,212,314
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	140,753	-	-	-	-	-	-	-	-	-	140,753
Difference adjustment between the equity in net assets for the investments and the book value from subsidiaries	-	-	732	-	-	(2,007)	(2,007)	-	-	-	-	-	(1,275)
Prior years adjustments recognized from subsidiaries	-	-	-	-	-	220	220	-	-	-	-	-	220
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,628	-	-	-	-	20,628
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	23,679	-	-	-	23,679
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(99,813)	-	-	(99,813)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(220)	-	(220)
Treasury stock transactions recognized from subsidiaries	-	-	19,665	-	-	-	-	-	-	-	-	34,848	36,813
BA LANCE, DECEMBER 31, 2003	3,748,127	\$37,481,270	\$9,087,902	\$153,127	\$37,573	\$4,210,527	\$4,401,227	(\$ 3,008,011)	(\$ 17,016)	\$224,739	(\$ 220)	(\$ 28,96,922)	\$46,980,179
Appropriation of 2003 earnings													
Legal reserve	-	-	-	421,053	-	(421,053)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	55,726	(55,726)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees - stock	1,867	18,669	-	-	-	(18,669)	(18,669)	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	(18,669)	(18,669)	-	-	-	-	-	(18,669)
Stock dividends - \$0.4596 per share	172,414	1,724,138	-	-	-	(1,724,138)	(1,724,138)	-	-	-	-	-	-
Cash dividends - \$0.4995 per share	-	-	-	-	-	(1,874,063)	(1,874,063)	-	-	-	-	-	(1,874,063)
Net income for the year ended December 31, 2004	-	-	-	-	-	4,623,471	4,623,471	-	-	-	-	-	4,623,471
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	108,163	-	-	-	-	-	-	-	-	-	108,163
Euro convertible bonds transferred to common stock	66,674	66,674	40,664	-	-	-	-	-	-	-	-	-	1,063,391
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,996	-	-	-	-	20,996
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	1,853	-	-	-	1,853
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(418,145)	-	-	(418,145)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,829)	-	(2,829)
Preferred stocks from subsidiaries transferred to common stocks	-	-	(122)	-	-	-	-	-	-	-	-	-	(122)
Treasury stock transactions	-	-	-	-	-	-	-	-	-	-	-	(333,972)	(333,972)
Treasury stock transactions recognized from subsidiaries	-	-	42,863	-	-	-	-	-	-	-	-	140,004	1,830,867
BA LANCE, DECEMBER 31, 2004	3,988,082	\$39,880,826	\$9,027,448	\$574,180	\$932,99	\$4,667,680	\$5,335,159	(\$ 2,798,05)	(\$ 15,163)	\$1,934,06	(\$ 3,049)	\$1,824,880	\$51,927,120

The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS

STATEMENTS OF CASH FLOWS

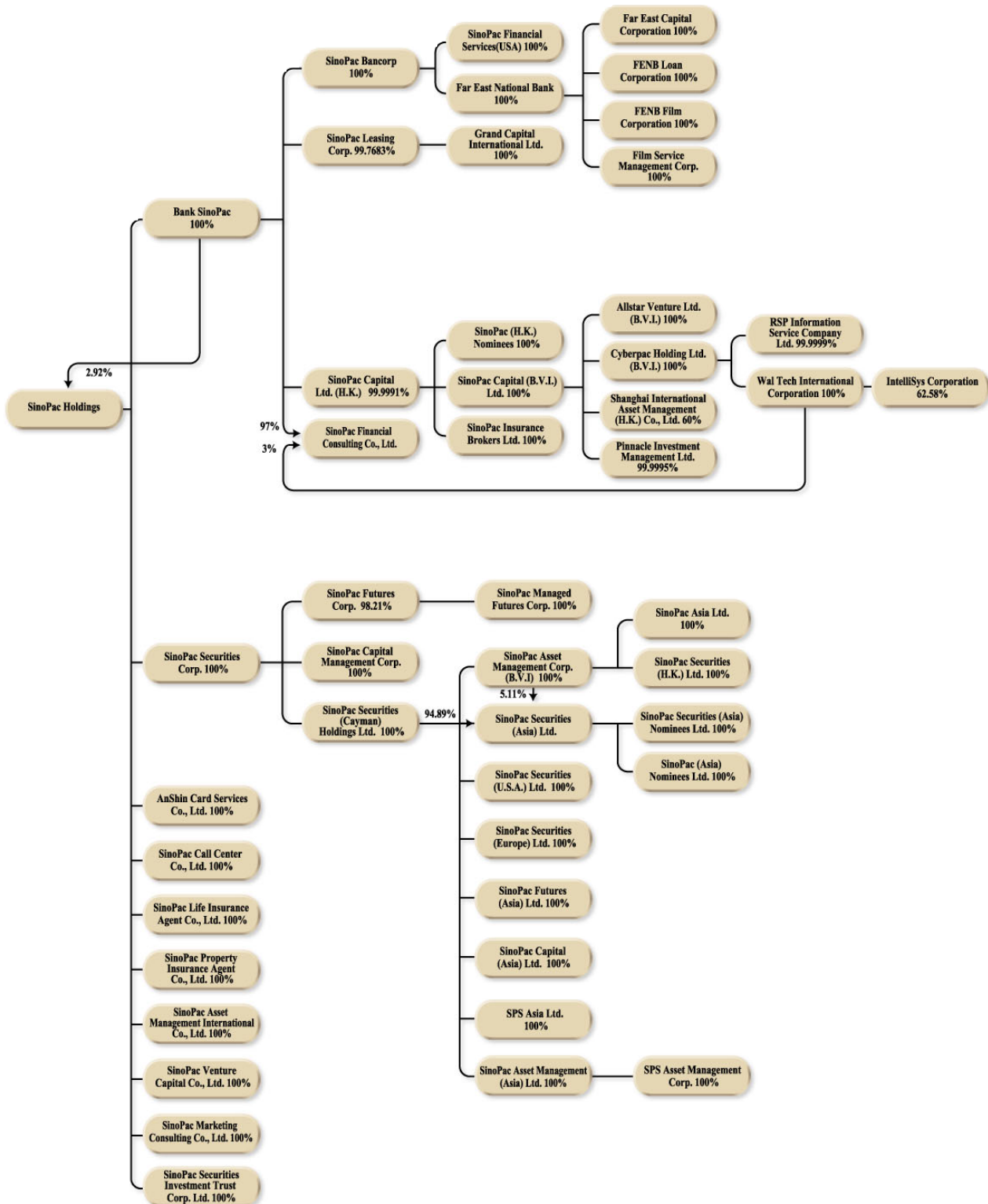
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,623,471	\$ 4,212,314
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,527	7,706
Euro-convertible bonds amortization of deferred issuance cost	36,708	38,400
Euro-convertible bonds and accrued interest premium	308,581	358,424
Income from long-term equity investments under the equity method, net	(4,811,742)	(4,791,534)
Cash dividends received from long-term equity investments under the equity method	3,446,746	2,558,311
Increase in accrued pension cost	7,455	6,977
Increase in receivables	(2,845)	(26,553)
Increase in receivables - related party	(1,060,330)	(24,766)
Decrease (increase) in prepayments and other current assets	6,540	(14,813)
Deferred income taxes	56,108	(35,753)
Increase in payables	952,366	214,002
Net cash provided by operating activities	3,571,585	2,502,715
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in securities purchased under agreements to resell	(2,145,909)	90,000
Increase in long-term equity investments	(2,505,453)	(1,829,669)
Acquisition of properties	(12,867)	(3,613)
Decrease (increase) in other assets	(1,239)	3,970
Net cash used in investing activities	(4,665,468)	(1,739,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Remuneration paid to directors and supervisors and bonus to employees	(72,669)	(67,406)
Cash dividends paid	(1,874,063)	(2,414,403)
Purchase of treasury stock	(333,972)	-
Increase in short-term borrowings	300,000	50,000
Increase in commercial papers payable	99,988	-
Decrease in other liabilities	(164,343)	(1,576)
Net cash used in financing activities	(2,045,059)	(2,433,385)
DECREASE IN CASH AND CASH EQUIVALENTS	(3,138,942)	(1,669,982)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,902,554	8,704,121
EFFECTS OF EXCHANGE RATE CHANGE ON CASH	(307,344)	(131,585)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,456,268	\$ 6,902,554
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 18,550	\$ 8,929
Income tax paid	\$ 1,542	\$ 2,504
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds transferred to common stock	\$ 1,063,391	\$ -
Payables on long-term equity investments	\$ -	\$ 272,416
Euro-convertible bonds redeemable within one year	\$ 7,322,065	\$ -
Treasury stock transactions recognized from subsidiaries	\$ 1,830,867	\$ 368,343

The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS AND AFFILIATES

December 31, 2004



CONCISE COMPANY PROFILE

December 31, 2004 ; Expressed in NT\$millions

Company	Date of Incorporation	Address	Capital	Main Business
SinoPac Holdings	200205	9F, No. 136, Nanking East Road, Sec. 3, Taipei, Taiwan 104, R.O.C.	39,881	Financial holding company
Bank SinoPac	199201	B1-3F, 45, Han Ko Street, Sec. 1, Taipei, Taiwan, R.O.C.	19,444	Commercial bank
SinoPac Securities Corp.	198810	7-8F, No. 2, Chung Ching South Road, Sec. 1, Taipei, Taiwan 100, R.O.C.	15,269	Brokerage, dealing and underwriting of securities
AnShin Card Services Co., Ltd.	200003	12-13F, No. 760, Sec. 4, Bade Road, Taipei, Taiwan 105, R.O.C.	3,610	Credit card business
SinoPac Marketing Consulting Co., Ltd.	200302	15F, No. 17, Sec. 1, Chengde Road, Taipei, Taiwan 111, R.O.C.	50	Broking, investment consulting, receivables processing
SinoPac Call Center Co., Ltd.	200212	7-8, 10-11F, No. 441, Yucheng Road, Tzuoying Chiukaohsung, Taiwan 813, R.O.C.	100	Data processing, manpower and agency services
SinoPac Life Insurance Agent Co., Ltd.	200007	3F, No. 9-1, Sec. 2, Chien Kuo North Road, Taipei, Taiwan 104, R.O.C.	3	Life insurance agent
SinoPac Property Insurance Agent Co., Ltd.	200007	3F, No. 9-1, Sec. 2, Chien Kuo North Road, Taipei, Taiwan 104, R.O.C.	3	Property insurance agent
SinoPac Asset Management International Co., Ltd.	200301	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 Co., Ltd.	200301	6F, No. 132, Nanking East Road, Sec. 3, Taipei, Taiwan 104, R.O.C.	1,000	Venture capital
SinoPac Securities Investment Trust Co., Ltd.	199709	4F, No. 76, Dun Hua South Road, Sec. 2, Taipei, Taiwan, 106, R.O.C.	300	Securities investment trust
SinoPac Bancorp	199706	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 112	Financial holding company
SinoPac Leasing Corp.	199709	7F, 132, 136, Nanking East Road, Sec. 3, Taipei, Taiwan, R.O.C.	1,600	Engaged in leasing of aircraft and machinery equipment
SinoPac Capital Ltd. (HK)	199901	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 230	Money lending and investment
SinoPac Financial Consulting Co., Ltd.	199907	6F, 9-1 Chien Kuo North Road, Sec. 2, Taipei, Taiwan, R.O.C.	2	Investment advisory and business management advisory
Far East National Bank	197412	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 113	Commercial bank
SinoPac Financial Services (USA) Ltd.	200009	18645 E. Gae Avenue, Suite 230, City of Industry, California 91748, U.S.A.	USD 0.7	Brokerage of securities
Far East Capital Corp.	198809	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 4	Small business investment corp.
FBNB Film Corp.	200105	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 0.001	Motion picture assets management
FBNB Loan Corp.	200105	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 0.001	Asset management corporation
Film Service Management Corp.	200305	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 0.0001	Multi-media assets management
Grand Capital International Ltd.	199801	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 29.9	Overseas trading, leasing, lending, and financing
SinoPac Capital (B.V.I.) Ltd.	199910	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 4.45	Investment and advisory
SinoPac (Hong Kong) Nominees Ltd.	200406	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 0.000001	Custody business
SinoPac Insurance Brokers Ltd.	200405	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 0.3	Insurance brokerage
Shanghai International Asset Management (Hong Kong) Co., Ltd.	199302	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 8	Asset management corporation
Alistar Venture Ltd. (B.V.I.)	200012	P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands	USD 0.000002	Investment corporation
Cyberpac Holding Ltd. (B.V.I.)	200012	P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands	USD 4	Investment and advisory business
Pinnacle Investment Management Ltd.	200103	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	USD 0.2	Asset management corporation
RSP Information Service Company Ltd.	200302	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 1	General trading and providing internet-based service
Wal Tech International Corp.	199912	7F, 132, 136, Nanking East Road, Sec. 3, Taipei, Taiwan, R.O.C.	265	Leasing, international trading, and sale of machinery equipment
IntelliSys Corp.	199306	6F-5, 205, Dun Hua South Road, Sec. 1, Taipei, Taiwan, R.O.C.	165	System integration consulting
SinoPac Futures Corp.	199401	8F, 2 Chung Ching South Road, Sec. 1, Taipei, Taiwan, R.O.C.	1,000	Futures and options brokerage, dealing, and consulting
SinoPac Managed Futures Corp.	200403	18F, 2 Chung Ching South Road, Sec. 1, Taipei, Taiwan, R.O.C.	200	Accepting commitments from specified persons for discretionary futures and options trading
SinoPac Capital Management Corp.	198410	19F, 2 Chung Ching South Road, Sec. 1, Taipei, Taiwan, R.O.C.	176	Securities investment consulting, handling discretionary accounts entrusted by clients
SinoPac Securities (Cayman) Holdings Ltd.	199804	P.O. BOX 513 GT, Strathvale House, North Church, Street, George Town, Grand Cayman, Cayman Islands	USD 87,753	Investment holding company
SinoPac Securities (Asia) Ltd.	199404	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 450.21	Brokerage, underwriting
SinoPac Capital (Asia) Ltd.	199510	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 30	Issuance of derivative products
SinoPac Futures (Asia) Ltd.	199404	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 10	Brokerage in futures and options
SinoPac Securities (Asia) Nominees Ltd.	199404	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 0.000002	Trust account
SinoPac (Asia) Nominees Ltd.	199510	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 0.000002	Trust account on overseas stocks
SinoPac Asset Management (Asia) Ltd.	199410	46F, Cosco Tower, 183 Queen's Road, Central, Hong Kong	HKD 10	Asset management, investment consulting
SPS Asset Management Ltd.	199802	Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 0.005	Asset management, investment consulting
SinoPac Securities (Europe) Ltd.	199905	5th Floor Habb House, 42 Montague, London EC2R 6EL	GBP 1	Agency service
SinoPac Securities (USA) Ltd.	199904	400 Montgomery Street, Suite 800, San Francisco, CA 94104, U.S.A.	USD 2	Agency service
SinoPac Asset Management Corp. (B.V.I.)	199907	Ellen L. Skelton Building Fishers Lane, Road Town, Tortola, British Virgin Islands	USD 16	Brokerage, investment consulting, and consultation service
SinoPac Asia Ltd.	200106	Ellen L. Skelton Building, Fishers Lane, Road Town, Tortola, British Virgin Islands	USD 6	Brokerage, investment consulting, and consultation service
SinoPac Securities (HK) Ltd.	200005	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 2	Brokerage, investment consulting, and consultation service
SPS Asia Ltd.	199702	Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 0.001	Financial derivatives

Note : Exchange Rate : USD/NTD : 31.917 ; HKD/NTD : 4.1048

DIRECTORS, SUPERVISORS, AND PRESIDENTS

December 31, 2004; Expressed in \$millions

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.	148,921,887	3.73%	11,090,212	0.28%
	Managing Director	YIN, Yen-Liang	Gin An Investment Ltd.	92,073,225	2.31%	5,567,943	0.14%
	Managing Director	LO, Paul C.		—	—	7,882,332	0.20%
	Director	HONG, Eugene	National Holding Co., Ltd.	148,921,887	3.73%	1,808,079	0.05%
	Director	HSU, Cheng-Tsai	Rei-Fu Investment Co., Ltd.	153,228	0.00%	—	—
	Director	SHEU, Jong-Ming	Fortune Investment Co., Ltd.	630,963	0.02%	8,339,877	0.21%
	Director	HSU, Daw-Yi	National Holding Co., Ltd.	148,921,887	3.73%	2,184,018	0.05%
	Director	CHEN, Pou-Tsang		—	—	3,688,600	0.09%
	Director	CHEN, Kai-Yuan	Southeast Soda Manufacturing Co., Ltd.	33,686,005	0.84%	10,337,939	0.26%
	Director	HWANG, Min-Juh	National Holding Co., Ltd.	148,921,887	3.73%	2,461,452	0.06%
	Director	YEH, Tien-Cheng	Gin An Investment Ltd.	92,073,225	2.31%	—	—
	Supervisor	TSUNG, Ta-Ming	Yu Ruen Investment Ltd.	10,254,000	0.26%	—	—
	Supervisor	HUANG, Chuen-Su	Hong Yu Investment Co., Ltd.	73,912,730	1.85%	1,227	0.00%
	President	LO, Paul C.				7,882,332	0.20%
Bank SinoPac	Chairman	LO, Paul C.	SinoPac Holdings	1,944,397,617	100%	—	—
	Managing Director	YIN, Yen-Liang	SinoPac Holdings	1,944,397,617	100%	—	—
	Managing Director	CHEN, Pou-Tsang	SinoPac Holdings	1,944,397,617	100%	—	—
	Director	LEE, Tien-Chia	SinoPac Holdings	1,944,397,617	100%	—	—
	Director	LEE, Chen-Chia	SinoPac Holdings	1,944,397,617	100%	—	—
	Director	LIN, Ying-Feng	SinoPac Holdings	1,944,397,617	100%	—	—
	Director	CHEN, Chien-Jung	SinoPac Holdings	1,944,397,617	100%	—	—
	Director	HUANG, Chung-Hsing	SinoPac Holdings	1,944,397,617	100%	—	—
	Director	CHIA, Chen-I	SinoPac Holdings	1,944,397,617	100%	—	—
	Supervisor	LEE, Nancy C.	SinoPac Holdings	1,944,397,617	100%	—	—
	Supervisor	HUANG, Chuen-Su	SinoPac Holdings	1,944,397,617	100%	—	—
	Supervisor	HSIEH, Mei-Yueh	SinoPac Holdings	1,944,397,617	100%	—	—
	President	CHEN, Pou-Tsang				—	—
SinoPac Securities Corp.	Chairman	HWANG, Min-Juh	SinoPac Holdings	1,526,902,025	100%	—	—
	Vice Chairman	HONG, Ai-Wei	SinoPac Holdings	1,526,902,025	100%	—	—
	Managing Director	CHENG, Ting-Wong	SinoPac Holdings	1,526,902,025	100%	—	—
	Director	CHEN, Sum-y	SinoPac Holdings	1,526,902,025	100%	—	—
	Director	HSU, Daw-Yi	SinoPac Holdings	1,526,902,025	100%	—	—
	Director	TU, Tsung-Dian	SinoPac Holdings	1,526,902,025	100%	—	—
	Director	JIANG, Raymond	SinoPac Holdings	1,526,902,025	100%	—	—
	Director	CHUANG, Rudy	SinoPac Holdings	1,526,902,025	100%	—	—
	Director	CHANG, Richard	SinoPac Holdings	1,526,902,025	100%	—	—
	Supervisor	CHIU, Tsa-Shing	SinoPac Holdings	1,526,902,025	100%	—	—
	Supervisor	LIN, Che-Sheng	SinoPac Holdings	1,526,902,025	100%	—	—
	President	HSU, Daw-Yi				—	—
	AnShin Card Services Co., Ltd.	Chairman	YIN, Yen-Liang	SinoPac Holdings	193,000,000	100%	—
Director		LO, Paul C.	SinoPac Holdings	193,000,000	100%	—	—
Director		POON, Patrick				—	—
Director		CHIA, Chen-I	SinoPac Holdings	193,000,000	100%	—	—
Director		Lee, Dennis	SinoPac Holdings	193,000,000	100%	—	—
Supervisor		HSU, Swei-Yuan	SinoPac Holdings	193,000,000	100%	—	—
Supervisor		CHIANG, Wen-You	SinoPac Holdings	193,000,000	100%	—	—
President		Lee, Dennis				—	—
SinoPac Marketing Consulting Co., Ltd.	Chairman	HAN, Dao-Wei	SinoPac Holdings	5,000,000	100%	—	—
	Director	HUANG, Cui-Lin	SinoPac Holdings	5,000,000	100%	—	—
	Director	CHEN, Jason	SinoPac Holdings	5,000,000	100%	—	—
	Supervisor	LYU, Albert	SinoPac Holdings	5,000,000	100%	—	—
	President	CHEN, Jason				—	—
SinoPac Call Center Co., Ltd.	Chairman	Fang, Nai-Chen	SinoPac Holdings	10,000,000	100%	—	—
	Director	CHEN, Pou-Tsang	SinoPac Holdings	10,000,000	100%	—	—
	Director	CHIA, Chen-I	SinoPac Holdings	10,000,000	100%	—	—
	Director	YEH, Nan	SinoPac Holdings	10,000,000	100%	—	—
	Supervisor	LEE, Nancy C.	SinoPac Holdings	10,000,000	100%	—	—
	President	CHEN, Eliza				—	—
SinoPac Life Insurance Agent Co., Ltd.	Chairman	CHI, Chien	SinoPac Holdings	300,000	100%	—	—
	Director	HAN, Dao-Wei	SinoPac Holdings	300,000	100%	—	—
	Director	CHEN, MaryAnn	SinoPac Holdings	300,000	100%	—	—
	Director	YEH, Nan	SinoPac Holdings	300,000	100%	—	—
	Supervisor	HUANG, Ming-Cheng	SinoPac Holdings	300,000	100%	—	—
	President	CHEN, MaryAnn				—	—

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
Sino Pac Property Insurance Agent Co., Ltd.	Chairman	HUANG, Chi-Lin	Sino Pac Holdings	300,000	100%	–	–
	Director	CHEN, Chien-Jung	Sino Pac Holdings	300,000	100%	–	–
	Director	HAN, Dao-Wai	Sino Pac Holdings	300,000	100%	–	–
	Director	CHANG, Qing-Lung	Sino Pac Holdings	300,000	100%	–	–
	Supervisor	HAN, Amy	Sino Pac Holdings	300,000	100%	–	–
	President	HUANG, Chi-Lin				–	–
Sino Pac Asset Management International Co., Ltd.	Chairman	CHIU, Tsi-Shing	Sino Pac Holdings	10,000,000	100%	–	–
	Director	CHIANG, Wen-You	Sino Pac Holdings	10,000,000	100%	–	–
	Director	CHANG, Richard	Sino Pac Holdings	10,000,000	100%	–	–
	Director	CHUANG, Rudy	Sino Pac Holdings	10,000,000	100%	–	–
	Director	CHEN, Daniel	Sino Pac Holdings	10,000,000	100%	–	–
	Supervisor	YANG, Shun-Fa	Sino Pac Holdings	10,000,000	100%	–	–
	President	CHEN, Daniel				–	–
Sino Pac Venture Capital Co., Ltd.	Chairman	CHIU, Tsi-Shing	Sino Pac Holdings	100,000,000	100%	–	–
	Director	CHUANG, Rudy	Sino Pac Holdings	100,000,000	100%	–	–
	Director	CHEN, Daniel	Sino Pac Holdings	100,000,000	100%	–	–
	Supervisor	YANG, Shun-Fa	Sino Pac Holdings	100,000,000	100%	–	–
	President	CHUANG, Rudy				–	–
Sino Pac Securities Investment Trust Co., Ltd.	Chairman	CHIANG, Wen-You	Sino Pac Holdings	30,000,000	100%	–	–
	Director	CHEN, Chien-Jung	Sino Pac Holdings	30,000,000	100%	–	–
	Director	MA, Peter C.	Sino Pac Holdings	30,000,000	100%	–	–
	Supervisor	LYU, Albert	Sino Pac Holdings	30,000,000	100%	–	–
	President	MA, Peter C.				–	–
SinoPac Bancorp	Chairman	LO, Paul C.	Bank Sino Pac	20,000	100%	–	–
	Director	CHEN, Pou-Tsang	Bank Sino Pac	20,000	100%	–	–
	Director	CHIA, Chen-I	Bank Sino Pac	20,000	100%	–	–
	President	LO, Paul C.				–	–
Sino Pac Leasing Corp.	Chairman	Liu, I-Cheng	Bank Sino Pac	159,629,247	99.768%	242,383	0.151%
	Director	LO, Paul C.	Bank Sino Pac	159,629,247	99.768%	1,596	0.001%
	Director	CHEN, Pou-Tsang	Bank Sino Pac	159,629,247	99.768%	1,596	0.001%
	Director	CHENG, Chuan-Jay	Bank Sino Pac	159,629,247	99.768%	–	–
	Director	CHEN, Chien-Jung	Bank Sino Pac	159,629,247	99.768%	1,596	0.001%
	Supervisor	CHI, Chien	Bank Sino Pac	159,629,247	99.768%	1,596	0.001%
	President	YEH, Jui-Sheng				15,651	0.009%
Sino Pac Capital Ltd. (HK)	Chairman	CHEN, Pou-Tsang	Bank Sino Pac	229,998,000	99.9991%	–	–
	Director	LO, Paul C.	Bank Sino Pac	229,998,000	99.9991%	1,000	0.0004%
	Managing Director & President	CHIU, Tak-Chiang	Bank Sino Pac	229,998,000	99.9991%	1,000	0.0004%
Sino Pac Financial Consulting Co., Ltd.	Chairman	LEI, Mike Y. L.	Bank Sino Pac	194,000	97%	–	–
	Director	CHEN, Chien-Jung	Bank Sino Pac	194,000	97%	–	–
	Director	LIN, Steve C.	Bank Sino Pac	194,000	97%	–	–
	Supervisor	YANG, Shun-Fa	Bank Sino Pac	194,000	97%	–	–
	President	LEI, Mike Y. L.				–	–
FarEast National Bank	Chairman	LO, Paul C.	Sino Pac Bancorp	180,000	100%	–	–
	Vice Chairman	OEHLER, Robert	Sino Pac Bancorp	180,000	100%	–	–
	Director	SHU, Jorg-Ming	Sino Pac Bancorp	180,000	100%	–	–
	Director	CHEN, Pou-Tsang	Sino Pac Bancorp	180,000	100%	–	–
	Director	HONG, Eugene	Sino Pac Bancorp	180,000	100%	–	–
	Director	COPELAND, Fredrick	Sino Pac Bancorp	180,000	100%	–	–
	Director	CHANG, Robert	Sino Pac Bancorp	180,000	100%	–	–
	President	SWEENEY, Robert				–	–
Sino Pac Financial Services (USA) Ltd. (formerly FENB Securities, Inc.)	Chairman	HONG, Eugene	Sino Pac Bancorp	2,500	100%	–	–
	Director	CHEN, Chien-Jung	Sino Pac Bancorp	2,500	100%	–	–
	Director	CHANG, Richard	Sino Pac Bancorp	2,500	100%	–	–
	Director	SWEENEY, Robert	Sino Pac Bancorp	2,500	100%	–	–
FarEast Capital Corp.	President	HONG, Eugene				–	–
	Chairman	SWEENEY, Robert	FarEast National Bank	350,000	100%	–	–
	Director	HO, Edward	FarEast National Bank	350,000	100%	–	–
	Director	HON, Edmond	FarEast National Bank	350,000	100%	–	–
	Director	KUO, Edward	FarEast National Bank	350,000	100%	–	–
	Director	OEHLER, Robert	FarEast National Bank	350,000	100%	–	–
	Director	YEE, Glenn	FarEast National Bank	350,000	100%	–	–
	Director	CHEN, Chien-Jung	FarEast National Bank	350,000	100%	–	–
FENB Film Corp.	President	HON, Edmond				–	–
	Chairman	OEHLER, Robert	FarEast National Bank	100	100%	–	–
	Director	KUO, Edward	FarEast National Bank	100	100%	–	–
	President	BUTCHER, Steve	FarEast National Bank			–	–

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 Loan Corp.	Chairman	OEHLER, Robert	FarEast National Bank	100	100%	—	—
	Director	KUO, Edward	FarEast National Bank	100	100%	—	—
	President	BUTCHER, Steve				—	—
Film Service Management Corp.	Director	BUTCHER, Steve	FarEast National Bank	100	100%	—	—
	President	OEHLER, Robert	FarEast National Bank	100	100%	—	—
Grand Capital International Ltd. SinoPac Capital (B.V.I.) Ltd.	Sole Director	LIU, Icheng	SinoPac Leasing Corp.	29,900,000	100%	—	—
	Director	LO, Paul C.	SinoPac Capital Ltd. (HK)	4,450,001	100%	—	—
	Director	CHEN, Pau-Tsang	SinoPac Capital Ltd. (HK)	4,450,001	100%	—	—
SinoPac (HK) Nominees Ltd.	Director	CHIU, Tak-Chiang	SinoPac Capital Ltd. (HK)	4,450,001	100%	—	—
	Director	MA, Peter C.	SinoPac Capital Ltd. (HK)	1	100%	—	—
	Director	TSAI, Flanny	SinoPac Capital Ltd. (HK)	1	100%	—	—
SinoPac Insurance Brokers Ltd.	Director	CHIU, Tak-Chiang	SinoPac Capital Ltd. (HK)	100,000	100%	—	—
	Chief Executive	CHOW, Nga-Yee Aimee	SinoPac Capital Ltd. (HK)	100,000	100%	—	—
Shanghai International Asset Management (Hong Kong) Co., Ltd.	Chairman	ZHOU, You-Dao	A.T.S. Co., Ltd.	3,200,000	40%	—	—
	Director	CHEN, Chi-Chuan	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	—	—
	Director	CAI, Nong-Li	A.T.S. Co., Ltd.	3,200,000	40%	—	—
	Director	CHEN, Ting-Ko	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	—	—
	Director	HU, Jing-Gang	A.T.S. Co., Ltd.	3,200,000	40%	—	—
	Director	LIU, Hsing-Yen	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	—	—
	Director	CHIU, Tak-Chiang	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	—	—
	Director	XUE, Wan-Xiang	A.T.S. Co., Ltd.	3,200,000	40%	—	—
	Director	WU, Choi-Sun	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	—	—
	Director	LIU, Bin	A.T.S. Co., Ltd.	3,200,000	40%	—	—
Allstar Venture Ltd. (B.V.I.)	Director	WU, Choi-Sun				—	—
	Director	CHEN, Chien-Jung	SinoPac Capital (B.V.I.) Ltd.	2	100%	—	—
Cyberpac Holding Ltd. (B.V.I.)	Director	HSU, Swa-Yuan	SinoPac Capital (B.V.I.) Ltd.	2	100%	—	—
	Director	CHEN, Chien-Jung	SinoPac Capital (B.V.I.) Ltd.	4,000,000	100%	—	—
Pinnacle Investment Management Ltd.	Director	HSU, Swa-Yuan	SinoPac Capital (B.V.I.) Ltd.	4,000,000	100%	—	—
	Director	CHEN, Chien-Jung	SinoPac Capital (B.V.I.) Ltd.	199,999	99.9995%	1	0.0005%
	Director	HOU, Gloria	SinoPac Capital (B.V.I.) Ltd.	199,999	99.9995%	—	—
	Director	CHIN, Che-Hui	SinoPac Capital (B.V.I.) Ltd.	199,999	99.9995%	—	—
RSP Information Service Company Ltd. Waitech International Corp.	Director	WU, Choi-Sun	SinoPac Capital (B.V.I.) Ltd.	199,999	99.9995%	—	—
	Director	CHIU, Tak-Chiang	Cyberpac Holding Ltd. (B.V.I.)	999,999	99.9999%	1	0.0001%
	Director	WAK, Kwok-Hung	Cyberpac Holding Ltd. (B.V.I.)	999,999	99.9999%	—	—
	Chairman	YEH, Jui-Sheng	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	—	—
	Director	PIBN, C.S.	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	—	—
	Director	CHEN, Sabine	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	—	—
IntelliSys Corp.	Supervisor	LAI, Chih-Hui	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	—	—
	President	YEH, Jui-Sheng				—	—
	Chairman	YANG, Bill	Waitech International Corp.	10,325,700	62.58%	—	—
	Director	FANG, Nai-Chen	Waitech International Corp.	10,325,700	62.58%	—	—
	Director	CHEN, Chien-Jung	Waitech International Corp.	10,325,700	62.58%	—	—
	Director	LEE, Dennis	Waitech International Corp.	10,325,700	62.58%	—	—
	Director	KOO, Charlie				1,544,863	9.36%
	Supervisor	PENG, Kevin H.	Waitech International Corp.	10,325,700	62.58%	—	—
SinoPac Futures Corp.	Supervisor	HSIEH, S. B.	Waitech International Corp.	10,325,700	62.58%	—	—
	President	HSU, Rufus R. H.				104,340	0.63%
	Chairman	HUANG, Chung-Wen	SinoPac Securities Corp.	98,214,750	98.21%	—	—
	Director	HSU, Cheng-Tsai	SinoPac Securities Corp.	98,214,750	98.21%	—	—
	Director	LU, Maurice	SinoPac Securities Corp.	98,214,750	98.21%	—	—
	Director	CHEN, Chih-Hsien	SinoPac Securities Corp.	98,214,750	98.21%	—	—
	Director	HSU, Li-Kuan	Hui Sung Agr. & Food Corp.	1,500,000	1.50%	—	—
	Supervisor	CHIANG, Wen-You	SinoPac Securities Corp.	98,214,750	98.21%	—	—
	Supervisor	YEH, David T.L.	SinoPac Securities Corp.	98,214,750	98.21%	—	—
	President	LU, Maurice				—	—
SinoPac Managed Futures Corp.	Chairman	YEH, Ivan	SinoPac Futures Corp.	20,000,000	100%	—	—
	Director	CHANG, Ching-Lung	SinoPac Futures Corp.	20,000,000	100%	—	—
	Director	LIU, Leo	SinoPac Futures Corp.	20,000,000	100%	—	—
	Supervisor	LAN, Mei-Chung	SinoPac Futures Corp.	20,000,000	100%	—	—
	President	LIU, Leo				—	—

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
Sino Pac Capital Management Corp.	Chairman	YEH, David T.L.	Sino Pac Securities Corp.	17,600,000	100%	—	—
	Director	CHEN, Chih-Hsien	Sino Pac Securities Corp.	17,600,000	100%	—	—
	Director	LIN, Sunday	Sino Pac Securities Corp.	17,600,000	100%	—	—
	Supervisor	LIU, Ching-Shun	Sino Pac Securities Corp.	17,600,000	100%	—	—
	President	YEH, David T.L.				—	—
Sino Pac Securities (Cayman) Holdings Ltd.	Director	HWANG, Min-Juh	Sino Pac Securities Corp.	USD 87.753	100%	—	—
	Director	HONG, Ai-Hwei	Sino Pac Securities Corp.	USD 87.753	100%	—	—
	Director	HSU, Daw-Yi	Sino Pac Securities Corp.	USD 87.753	100%	—	—
	Director	HONG, Dennis Y.C.	Sino Pac Securities Corp.	USD 87.753	100%	—	—
	Director	HONG, Eugene	Sino Pac Securities Corp.	USD 87.753	100%	—	—
	Director	CHANG, Richard	Sino Pac Securities Corp.	USD 87.753	100%	—	—
Sino Pac Securities (Asia) Ltd.	Chairman	HSU, Daw-Yi	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Managing Director	CHANG, Richard	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	HONG, Dennis Y.C.	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	HSEH, Cardine Y. C.	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	LAM, Shen Hiung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	TSANG, Kin-Hung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	LIU, Ho-Ming	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 450.21	94.8913%	—	—
	Director	CHUANG, Rudy	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 30	100%	—	—
Sino Pac Capital (Asia) Ltd.	Director	HONG, Dennis Y.C.	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 30	100%	—	—
	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 30	100%	—	—
	Director	HSEH, Cardine Y. C.	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 30	100%	—	—
	Director	CHUANG, Rudy	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
Sino Pac Futures (Asia) Ltd.	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
	Director	LAM, Shen Hiung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
	Director	CHUANG, Rudy	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 0.000002	100%	—	—
Sino Pac Securities (Asia) Nominees Ltd.	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 0.000002	100%	—	—
Sino Pac (Asia) Nominees Ltd.	Director	CHUANG, Rudy	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 0.000002	100%	—	—
Sino Pac Asset Management (Asia) Ltd.	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 0.000002	100%	—	—
	Chairman	CHANG, Wen-You	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
	Managing Director	HSU, Kerry	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
	Director	LI, Km Man	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
	Director	CHANG, Richard	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
SPS Asset Management Ltd.	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	HKD 10	100%	—	—
	Director	YEH, David T.L.	Sino Pac Asset Management (Asia) Ltd.	USD 0.005	100%	—	—
	Director	LAN, Mei Chung	Sino Pac Asset Management (Asia) Ltd.	USD 0.005	100%	—	—
Sino Pac Securities (Europe) Ltd.	Chairman	HSU, Daw-Yi	Sino Pac Asset Management (Asia) Ltd.	GBP 1	100%	—	—
	Managing Director	LEE, Juno	Sino Pac Securities (Cayman) Holdings Ltd.	GBP 1	100%	—	—
	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	GBP 1	100%	—	—
	Director	HSEH, Cardine Y. C.	Sino Pac Securities (Cayman) Holdings Ltd.	GBP 1	100%	—	—
Sino Pac Securities (U.S.A.) Ltd.	Chairman	HONG, Eugene	Sino Pac Securities (Cayman) Holdings Ltd.	USD 2	100%	—	—
	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	USD 2	100%	—	—
	Director	HSEH, Cardine Y. C.	Sino Pac Securities (Cayman) Holdings Ltd.	USD 2	100%	—	—
	President	HONG, Eugene				—	—
Sino Pac Asset Management Corp.(B.V.I.)	Director	CHANG, Richard	Sino Pac Securities (Cayman) Holdings Ltd.	USD 16	100%	—	—
	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	USD 16	100%	—	—
Sino Pac Asia Ltd.	Director	LAN, Mei Chung	Sino Pac Asset Management Corp.(B.V.I.)	USD 6	100%	—	—
	Director	CHEN, Tsung-Hsi	Sino Pac Asset Management Corp.(B.V.I.)	USD 6	100%	—	—
	Director	TAI, Kuang-Feng	Sino Pac Asset Management Corp.(B.V.I.)	USD 6	100%	—	—
Sino Pac Securities (HK) Ltd.	Director	CHANG, Richard	Sino Pac Asset Management Corp.(B.V.I.)	HKD 2	100%	—	—
	Director	WAN, Syue-Ying	Sino Pac Asset Management Corp.(B.V.I.)	HKD 2	100%	—	—
SPS Asia Ltd.	Director	CHANG, Richard	Sino Pac Securities (Cayman) Holdings Ltd.	USD 0.001	100%	—	—
	Director	LAN, Mei Chung	Sino Pac Securities (Cayman) Holdings Ltd.	USD 0.001	100%	—	—

OPERATION INFORMATION

December 31, 2004; 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)
Sino Pac Holdings	39,881	61,285	9,358	51,927	4,984	4,370	4,623	1.24
Bank Sino Pac	19,444	471,441	443,207	28,234	19,709	4,662	4,285	2.20
Sino Pac Securities Corp.	15,269	47,259	25,300	21,959	6,131	1,349	919	0.60
AnShin Card Services Co., Ltd.	3,610	16,429	13,672	2,757	2,944	295	374	2.05
Sino Pac Marketing Consulting Co., Ltd.	50	51	5	46	61	3	2	0.44
Sino Pac Call Center Co., Ltd.	100	125	19	106	147	6	6	0.55
Sino Pac Life Insurance Agent Co., Ltd.	3	122	45	77	196	86	65	217.06
Sino Pac Property Insurance Agent Co., Ltd.	3	11	2	9	12	7	6	18.52
Sino Pac Asset Management International Co., Ltd.	100	125	18	107	38	11	5	0.53
Sino Pac Venture Capital Corp.	1,000	974	1	973	16	(14)	(9)	(0.09)
Sino Pac Securities Investment Trust Co., Ltd.	300	338	26	312	118	(2)	1	0.02
Sino Pac Bancorp (Note 2)	3,584	53,764	48,362	5,402	2,927	669	378	18,896.09
Sino Pac Leasing Corp.	1,600	6,347	4,453	1,894	342	92	192	1.20
Sino Pac Capital Ltd. (HK)	944	5,856	4,851	1,005	407	54	28	0.12
Sino Pac Financial Consulting Co., Ltd.	2	3	0	3	1	0	0	1.50
Far East National Bank	3,603	53,793	48,495	5,298	1,918	683	396	2,227.89
Sino Pac Financial Services (USA) Ltd.	22	59	18	41	0.21	10	6	2,491.98
Far East Capital Corp.	112	107	50	57	2	(1)	(7)	(19.70)
FENB Film Corp.	0.39	27	106	(79)	0	0	(4)	(39,712.09)
FENB Loan Corp.	0.03	69	106	(37)	0	(7)	(4)	(43,576.92)
Film Service Management Corp.	0.003	0.003	0	0.003	0	0	0	0
Grand Capital International Ltd.	954	6,326	4,808	1,518	327	193	188	6.28
Sino Pac Capital (B.V.I.) Ltd.	142	400	0	400	20	20	20	4.48
Sino Pac (HK) Nominees Ltd.	0	0	0	0	0	0	0	0
Sino Pac Insurance Brokers Ltd.	1	1	0	1	0	(0.433)	(0.433)	(4.33)
Shanghai International Asset Management (Hong Kong) Co., Ltd.	33	49	11	38	36	3	1	0.12
Allstar Venture Ltd. (B.V.I.)	0	459	645	(186)	0	(2)	(14)	(6,817,013.67)
Cyberpac Holding Ltd. (B.V.I.)	128	365	373	(8)	155	(40)	(46)	(11.38)
Pinnacle Investment Management Ltd.	6	4	0.06	4	0.001	(0.003)	(0.04)	(0.20)
RSP Information Service Company Ltd.	4	2	0	2	0.41	(1)	(1)	(1.16)
WaITech International Corp.	265	597	457	140	4	(0.68)	(34.52)	(1.30)
IntelliSys Corp.	165	335	129	206	149	8	5	0.31
Sino Pac Futures Corp.	1,000	6,323	5,036	1,287	728	142	123	1.23
Sino Pac Managed Futures Corp.	200	195	0.661	195	0.583	(8)	(5)	(0.26)
Sino Pac Capital Management Corp.	176	185	4	181	18	(13)	(11)	(0.51)
Sino Pac Securities (Cayman) Holdings Ltd.	2,783	3,260	1	3,258	41	40	40	0.70
Sino Pac Securities (Asia) Ltd.	1,837	4,097	1,907	2,190	496	39	39	1,038.43
Sino Pac Capital (Asia) Ltd.	122	4,117	3,965	152	261	17	17	0.55
Sino Pac Futures (Asia) Ltd.	41	80	5	75	3	0.015	0.015	0.00
Sino Pac Securities (Asia) Nominees Ltd.	0.000008	-	-	-	-	-	-	-
Sino Pac (Asia) Nominees Ltd.	0.000008	-	-	-	-	-	-	-
Sino Pac Asset Management (Asia) Ltd.	41	1,014	966	48	2,363	57	30	3.04
SPS Asset Management Ltd.	0.158	1,415	1,409	6	100	36	36	35,955.19
Sino Pac Securities (Europe) Ltd.	61	38	4	34	32	(11)	(11)	(10.89)
Sino Pac Securities (U.S.A.) Ltd.	63	18	0.459	17	8	(8)	(8)	(4,070.56)
Sino Pac Asset Management Corp. (B.V.I.)	507	727	0.069	727	47	46	46	2.86
Sino Pac Asia Ltd.	190	2,169	1,767	402	125	30	41	6.75
Sino Pac Securities (HK) Ltd.	8	6	-	6	-	(0.076)	4	0.19
SPS Asia Ltd.	0.032	1	-	1	-	-	-	-

Note: 1. Exchange Rate: USD/NTD: 31.917; HKD/NTD: 4.1048

Note: 2. The amounts were based on consolidated financial statements.

Notice to readers:

The 2004 annual report is translated from the original Chinese version which is prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the original Chinese version should prevail.

