

Financial Analysis

Items	From May 17, 2002 to Dec.31, 2002(Note 1)	2002 (Pro-forma Consolidated)(Note 1)
Financial structure		
Liability/assets	15.23%	91.54%
Fixed assets/net asset value	-	35.48%
Debt repayment capability		
Current ratio	24,913.06%	-
Operating capability		
Total-asset turnover (times)	0.07	0.07
Operation revenues per employee (NT\$ in thousands)	1, 136.37	10,872.40
Profit per employee (before income tax)(NT\$ in thousands)	1, 090.41	2, 614.58
Profit per employee (after income tax)(NT\$ in thousands)	1, 101.90	1, 970.76
Profitability		
Return on assets	8.20%	1.29%
Return on equity (common stock)	9.03%	16.76%
Net income return	96.97%	18.13%
Earnings per share(common stock) (before income tax)	1.35%	3.41%
Earnings per share (common stock)(after income tax)	1.36%	2.53%
Cash Flow		
Cash flow ratio	- (Note 2)	-
Cash flow adequacy ratio	- (Note 2)	-
Cash reinvestment ratio	- (Note 2)	-
Leverage		
Operation leverage	1.00	1.00
Finance leverage	1.05	1.03
FHC Capital Adequacy	150.84%	150.84%

Note 1: CFHC was established on May 17, 2002. The pro-forma consolidated financials of 2002 is based on the assumption that CFHC was established on Jan.1, 2002.

Note 2: Due to the net cash used by operating activities, the ratios of Cash Flow are not calculated.

Note 3: Formula used for calculation:

1. Financial structure:

(1) Liability / assets = liabilities divided by assets

(2) Fixed assets / net asset value = fixed assets divided by net asset value

2. Debt repayment capability: Current ratio = Current assets divided by current Liabilities

3. Operating capability:

(1) Total-asset turnover = total operating income divided by total assets

(2) Operating income per employee = total operating income divided by total number of employees

(3) Profit per employee = net profit after (before) tax divided by total number of employees

4. Profitability:

(1) Return on assets = [profit (loss) after tax + interest expense * (1-tax rate)] divided by total assets on average

(2) Return on equity (common stock) = [profit (loss) after tax - dividend paid on preferred shares] divided by net shareholders' equity in average (common stock)

(3) Net income return = net income / operating income

(4) Earnings per share (common stock) = (profit (loss) after (before) tax - dividend paid on preferred shares) divided by weighted average number of shares (common stock) issued

5. Cash flow:

(1) Cash flow ratio = net cash flow from operation divided by current liabilities

(2) Cash flow adequacy ratio = net cash flow from operation for the past five years divided by (capital expenditure + cash dividend) for the past five years

(3) Cash reinvestment ratio = (net cash flow from operation - cash dividend) divided by (gross fixed assets + long-term investment + other assets + operating capital)

6. Leverage:

(1) Operation leverage = (operating income - variable operating expenses and cost) divided by operating income

(2) Finance leverage = operating income divided by (operating income - interest expense)

7. FHC Capital Adequacy = FHC net qualified capital divided by FHC required capital

According to Clause 46 of Financial Holding Company Law, financial holding companies should disclose their all subsidiaries' total amount of Guarantees, Loans and other transactions with same person, entity, related party, or business group.

December 31, 2002 NT\$ in millions

Name	Total Amount of Guarantees, Loans and Other Transactions	Percentage of Net Value of CFHC
Entity		
Central Ban	61,800	78.08%
Department of National Treasury	20,371	25.74%
Central Government	11,820	14.93%
Taiwan Railway Administration	7,750	9.79%
Republic of Paraguay	6,951	8.78%
Nanya Technology Corp	5,700	7.20%
Taiwan Cement Corp	5,680	7.18%
Taiwan Motor Transpot	4,354	5.50%
Taiwan High Speed Rail Corp	4,105	5.19%
Formosa Petrochemical Co.,	3,397	4.29%
Shin Kong Mitsukoshi Dept.Store	3,268	4.13%
Business group		
Taiwan Cement Gp	16,595	20.97%
Formosa Plastics Gp	14,471	18.29%
Far Eastern Gp	10,907	13.78%
KMT Gp	10,192	12.88%
Continental Gp	7,720	9.76%
Shin Kong Gp	7,062	8.91%
Uni-President Gp	7,017	8.88%
Chailease Gp	6,392	8.09%
Grance Gp	5,034	6.36%
Tatung Gp	5,030	6.35%
UMC Gp	4,880	6.17%
Acer Gp	3,929	4.96%
Ritek Gp	3,867	4.88%
Walsin Lihaw Gp	3,829	4.85%
Sunrise Golf Gp	3,463	4.38%
Union Bank Gp	3,275	4.13%
ASE Gp	3,075	3.89%