OFFERING CIRCULAR

(incorporated as a company limited by shares in Taiwan, Republic of China)

US$82,659,000
Zero Coupon Exchangeable Bonds due 2008
Exchangeable into common shares of
Ton Yi Industrial Corporation

(incorporated as a company limited by shares in Taiwan, Republic of China)

The US$82,659,000 Zero Coupon Exchangeable Bonds due 2008 (the "Bonds",) represent direct, unconditional, unsubordinated and unsecured indebtedness of Uni-President Enterprises Corp. (the "Company") and will mature on December 5, 2008 unless previously redeemed, exchanged, or purchased and cancelled. Unless previously redeemed, exchanged, or purchased and cancelled, the Bonds may be exchanged into the common shares (the "Relevant Shares") of Ton Yi Industrial Corporation ("Ton Yi"), par value NT$10 per share, at the option of the holders of the Bonds during the period from and including January 5, 2004, to and including November 5, 2008, at an initial exchange price (the "Exchange Price") of NT$13.39 per Relevant Share. The Exchange Price is subject to adjustments in the manner as described herein and a fixed rate of exchange (the "Fixed Exchange Rate") of NT$34.018 =U.S.$1.00 is applicable on exchange of the Bonds. If the Exchange Date (as defined herein) falls within five Trading Days (as defined herein) before the beginning of, and during, any Closed Period (as defined herein), the right of the exchanging holder of the Bonds to attend a shareholders' meeting and to vote with respect to the Relevant Shares it receives will be subject to certain restrictions. See "Terms and Conditions of the Bonds—Exchange—Exchange Procedures" for a more detailed description of those restrictions.

The Bonds may be redeemed at the option of the Company, at their principal amount (1) in whole or in part, on or at any time after December 5, 2005 if the average closing price of the Relevant Shares reported on the Taiwan Stock Exchange (the "TSE") and translated into U.S. dollars at the then Prevailing Rate (as defined herein) for 20 consecutive Trading Days, the last of which Trading Days occurs not more than 10 days prior to the date of notice of such redemption, is at least 125% of the Exchange Price then in effect translated into U.S. dollars at the Fixed Exchange Rate, or (2) in whole but not in part, at any time (a) if at least 90% in principal amount of the Bonds has already been redeemed, exchanged, or purchased and cancelled or (b) if specified changes relating to Republic of China ("ROC" or "Taiwan") taxation occur. The Company may not exercise any redemption right during a Closed Period.

The Company will, at the option of the holder of any Bond (the "Bondholder") redeem all or a portion of the Bonds held by such Bondholder, at their principal amount on December 5, 2005 (the "Put Option Date"). Bondholders may also require the Company to redeem all or a portion of the Bonds held by such Bondholder (1) if the Relevant Shares cease to be listed or traded on the TSE, or (2) upon the occurrence of a change in control of the Company.

As at December 1, 2003, the Company directly owns 43.34% of the issued and outstanding Relevant Shares. The Relevant Shares are listed on the TSE. On December 3, 2003, the closing price of the Relevant Shares on the TSE was NT$9.35.

Application has been made to list the Bonds on the Société de la Bourse de Luxembourg S.A. (the "Luxembourg Stock Exchange").

The Company has granted Deutsche Bank AG London (the "Global Coordinator") an option expiring on December 23, 2003 to purchase up to an additional US$17,341,000 aggregate principal amount of Bonds.

The Bonds will be issued only in denominations and integral multiples of US$1,000. The Bonds will be represented by beneficial interests in a global certificate (the "Global Certificate") in registered form, which will be registered in the name of a nominee of, and deposited on or about December 5, 2003 (the "Closing Date") with, a common depositary ("Common Depositary") for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Beneficial interests in the Global Certificate have been accepted for clearance through Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 15.

The Bonds and the Relevant Shares into which the Bonds are exchangeable have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under any state securities laws. The Bonds are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). For a description of certain restrictions on resale or transfer of the Bonds and the Relevant Shares, see "Transfer Restrictions" and "Subscription and Sale".

Issue Price: 100 per cent.

Global Coordinator and Bookrunner

Deutsche Bank

Joint Lead Managers

Deutsche Bank **Chinatrust Commercial Bank, Ltd.**

The date of this Offering Circular is December 4, 2003

The Company, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Company, the Company and its subsidiaries and affiliates taken as a whole, Ton Yi, Ton Yi and its subsidiaries and affiliates taken as a whole, the Bonds and the Relevant Shares which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws of the ROC), that the statements contained herein are true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Bonds, make this Offering Circular misleading in any material respect and that all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements and that this Offering Circular does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading. The Company accepts responsibility accordingly. Information provided herein with respect to the ROC, its political status and economy, has been derived from governmental sources, and the Company accepts responsibility only for accurately extracting such information from such sources.

Ton Yi, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to Ton Yi, Ton Yi and its subsidiaries and affiliates taken as a whole, the Bonds and the Relevant Shares which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws of the ROC), that the statements contained herein are true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Bonds, make this Offering Circular misleading in any material respect and that all reasonable enquiries have been made by Ton Yi to ascertain such facts and to verify the accuracy of all such information and statements and that this Offering Circular does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading. Ton Yi accepts responsibility accordingly. Information provided herein with respect to the ROC, its political status and economy, has been derived from governmental sources, and Ton Yi accepts responsibility only for accurately extracting such information from such sources.

No person is authorised in connection with the issue, offering or sale of the Bonds to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained herein must not be relied upon as having been authorised by the Company or the Managers. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The Managers whose names appear in "Subscription and Sale" (the "Managers") make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Circular. The Managers have not independently verified any of the information contained in this Offering Circular (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

The distribution of this Offering Circular and the offering and sale of the Bonds, and the Relevant Shares into which the Bonds are exchangeable, in certain jurisdictions may be

restricted by law. Persons into whose possession this Offering Circular comes are required by the Company and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Transfer Restrictions" and "Subscription and Sale". This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Company or the Managers to subscribe for or purchase, any of the Bonds, in any jurisdiction in which such offer or invitation would be unlawful.

In connection with this offering, to the extent granted by, and in accordance with, applicable laws and regulations, Deutsche Bank AG London on behalf of the Managers may for a limited period over-allot or effect transactions which stabilise or maintain the market price of the Bonds at a level which might not otherwise prevail. Such stabilising transactions, if commenced, may take place for a limited period and may be discontinued at any time and must be brought to an end after a limited period.

The Company confirms that it has been informed of the existence of the informational guidance published by the United Kingdom Financial Services Authority in relation to stabilisation.

CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, "ROC" or "Taiwan" refers to the island of Taiwan and other areas under the effective control of the Republic of China; "ROC Company Law" refers to the Company Law of the ROC; "ROC SFC" refers to the ROC Securities and Futures Commission; "MOF" refers to the ROC Ministry of Finance; "CBC" refers to the Central Bank of China; and "PRC" or "China" refers to the People's Republic of China.

The Company and Ton Yi publish their financial statements in New Taiwan dollars, the lawful currency of the ROC. All references to "United States dollars," "U.S. dollars" and "US$" are to United States dollars, and references to "New Taiwan dollars," "NT dollars" and "NT$" are to New Taiwan dollars.

Each of the Company's and Ton Yi's financial statements are prepared in accordance with generally accepted accounting principles in the ROC, or "ROC GAAP", which differ in certain respects from generally accepted accounting principles in certain other countries. The material differences between ROC GAAP and generally accepted accounting principles in the United States, or "U.S. GAAP", as applicable to the Company and Ton Yi are discussed under "Summary of Principal Differences Between ROC GAAP and U.S. GAAP."

Unless otherwise specified, where financial information has been translated from NT dollars into U.S. dollars, it has been translated, for convenience only, at the rate of NT$33.78 = US$1.00, the noon buying rate of the U.S. Federal Reserve Bank of New York on September 30, 2003. The noon buying rate of the U.S. Federal Reserve Bank of New York on December 2, 2003 was NT$34.15 = US$1.00. See "Exchange Rates."

ENFORCEABILITY OF FOREIGN JUDGMENTS IN THE ROC

Each of the Company and Ton Yi is a company limited by shares and incorporated under the ROC Company Law. Substantially all of the directors, supervisors and executive officers of each of the Company and Ton Yi and certain of the experts named in this Offering Circular are residents of the ROC, and a significant portion of the assets of each of the Company and Ton Yi and such persons are located in the ROC. As a result, it may not be possible for investors to effect service of process upon the Company, Ton Yi or such persons outside of the ROC, or to enforce against the Company, Ton Yi or such persons judgments obtained in courts outside of the ROC. The Company has been advised by its ROC counsel, Lee & Li, that any final judgment obtained against the Company, Ton Yi or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to the Bonds or the Relevant Shares will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied with the following:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of the ROC;
- the judgment and the litigation proceedings are not contrary to the public order or good morals of the ROC;
- the judgment is a final judgment for which the period for appeal has expired or from which no appeal can be taken;
- if the judgment was rendered by default by the court rendering the judgment, and (i) the Company, Ton Yi or such persons were legally served within reasonable time within the

jurisdiction of such court in accordance with the laws and regulations of such jurisdiction or (ii) process was served on the Company, Ton Yi or such persons with judicial assistance of the ROC; and

- judgments of the courts of the ROC are recognised and enforceable in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of China (the "CBC") for the remittance out of the ROC of any amounts recovered in respect of the judgment denominated in a currency other than NT dollars. See "Foreign Investment and Exchange Controls in the ROC."

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements under "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company", "Information of Results of Operations and Financial Condition of Ton Yi", "Business of the Company" and elsewhere in this Offering Circular constitute "forward-looking statements" in this Offering Circular. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the financial position, business strategy and capital expenditure of the Company and/or Ton Yi and the plans and objectives of the management for future operations (including development plans and objectives relating to the products of the Company and Ton Yi), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Company and/or Ton Yi, or industry results to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Company and Ton Yi and the environment in which the Company and Ton Yi will operate in the future. Among the important factors that could cause the actual results or performance of the Company of Ton Yi to differ materially from those in the forward-looking statements include, among others, political, social and economic conditions in the ROC, the business, operating strategy, financial condition and results of operations of the Company and Ton Yi, general economic conditions, and fluctuations in foreign currency exchange rates. Additional factors that could cause actual results or performance to differ materially include, but are not limited to, those discussed in "Risk Factors". These forward-looking statements speak only as of the date of this Offering Circular.

SUMMARY

The following summary is qualified in its entirety by the more detailed information contained elsewhere in this Offering Circular. It may not contain all the information a prospective investor should consider before deciding to invest in the Bonds. Prospective investors should read this entire Offering Circular carefully, including the "Risk Factors" section and the financial statements of each of the Company and Ton Yi, including the notes thereto.

Business of the Company

The Company was founded in Yeong Kong City, Tainan Hsien, Taiwan, R.O.C. in 1967, with 82 employees and an initial capital of NT$32.0 million. Since then, the Company has become the largest food conglomerate in Taiwan through 36 years of expansion of its core businesses. The Company is currently the leading manufacturer and distributor of consumer food products, animal feeds and foodstuffs. It operates more than 20 business divisions and has invested in more than 170 affiliated companies within and outside of Taiwan with a total of 55,084 employees worldwide as of December 31, 2002. As of September 30, 2003, the Company had nine production plants in Taiwan, 30 production plants in the People's Republic of China, or the PRC, and five in the Southeast Asia.

The Company is the flagship company of the Uni-President Group. In addition to the Company's leading market position in Taiwan, it has also expanded its operations abroad, with geographic coverage in North America, the PRC, and Southeast Asia including Vietnam, Indonesia, the Philippines and Thailand. As a result of the Company's international presence, the Uni-President Group is now one of the most international and diversified business groups based in Taiwan. The Company believes that it is one of the most active players in the food-related industry in the greater-China region. In addition, its invested businesses range from provisions, consumption goods, distribution, fast food, construction, electronics, finance, leisure and entertainment as well as biotechnology which makes the Company a multifaceted conglomerate.

Business of Ton Yi

Ton Yi has three main business divisions: (1) cold rolled coils, which is the primary raw material for galvanised steel, (2) tin mill black plates, or TMBP, which is the principal raw material for tinplate, (3) tinplates, which is the steel-based material with many uses including cans and other packaging materials, and (4) tin cans, for food, beverage, petro-chemical packaging.

The Company's Corporate Information

The Company was incorporated on August 25, 1967 as a company limited by shares organised and existing under the ROC Company Law and other laws of the ROC. The scope of the Company's business is set forth in Article Two of its articles of incorporation. The duration of the Company's incorporation is indeterminate. Its registered office is 301 Chung Cheng Rd., Yeong Kong City, Tainan Hsien 710, Taiwan, ROC. Its Uniform Registry Number is 73251209. Its corporate website is located at *www.unipresident.com*. The information contained in its website is not part of this Offering Circular.

Ton Yi's Corporate Information

Ton Yi was incorporated on April 14, 1969. The scope of its business, as set forth in Article 2 of its articles of incorporation, is primarily to manufacture and sell steel-related products and materials. The duration of its incorporation is indeterminate. Ton Yi's registered office is No. 837 Chung Cheng North Road, Yeong Kong City, Tainan 71043, Taiwan, ROC. Ton Yi's Uniform Registry Number is 73252657. Its corporate website is located at *www.tonyi.com.tw.* The information contained in Ton Yi's website is not part of this Offering Circular.

The Offering

Issuer	Uni-President Enterprises Corporation.
Offering	The US$82,659,000 aggregate principal amount of Zero Coupon Exchangeable Bonds due 2008 to non-U.S. persons in offshore transactions in reliance on Regulation S. The Bonds or the Relevant Shares have not been registered, and will not be registered, under the Securities Act. See "Transfer Restrictions."
Maturity Date and Final Redemption	Unless previously redeemed, exchanged, or purchased and cancelled, the Bonds will be redeemed at their principal amount in U.S. dollars on December 5, 2008 (the "Maturity Date"). See "Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at Maturity."
Interest	The Bonds will not bear any interest, except upon default. Where there is a failure by the Company to pay any sum in respect of the Bonds when the same becomes due and payable under the Conditions, interest shall accrue on the overdue sum at the rate of 3.00% per annum from the due date.
Issue Price	100% of the principal amount of the Bonds.
Closing Date	December 5, 2003.
Withholding Tax	Interest (if any) and premium (if any) payable on the Bonds to non-ROC residents is currently subject to a withholding tax in the ROC equal to 20% of the gross amount of the interest or premium, as the case may be. The Company will pay such additional amounts as will result in the receipt by the Bondholders (as defined herein) of the net amounts after such withholding or deduction being equal to the amounts that would otherwise have been receivable by them had no such withholding or deduction been required.
Ranking	The Bonds will be direct, unconditional, unsubordinated and, subject to the negative pledge covenant of the Company, unsecured obligations of the Company, and will rank *pari passu* among themselves and with all present and future other direct, unconditional, unsubordinated and unsecured obligations of the Company.
Exchange	Subject to prior redemption and except as otherwise provided herein. The Bonds may be exchanged, at any time

	on or after January 5, 2004 and prior to the close of business (at the place at which the Bond is deposited for exchange) on November 5, 2008, into the Relevant Shares at the Exchange Price. If the Exercise Date falls within five Trading Days (as defined herein) before the beginning of, and during, any Closed Period (as defined herein), the right of the exchanging holder of the Bonds to attend a shareholders' meeting and to vote with respect to the Relevant Shares it receives will be subject to certain restrictions. The initial Exchange Price will be NT$13.39 per Reference Share (subject to adjustments in the manner as described herein) and the Fixed Exchange Rate of NT$34.018=US$1.00 is applicable on exchange of the Bonds. See "Terms and Conditions of the Bonds—Exchange—Exchange Procedures" for a more detailed description of those restrictions.
Share Custody	The Company shall, within 10 business days after the issue of the Bonds, deposit in a designated account for the benefit of the Bondholders, in the Taiwan Securities Central Depository Company Limited, sufficient Relevant Shares to satisfy the Exchange Rights relating to the Bonds at the initial Exchange Price. The Company shall not transfer or deliver any of the deposited Relevant Shares to any third party (or transfer any of the deposited Relevant Shares out of such designated account) except for the purpose of delivering such Relevant Shares to exchanging Bondholders or otherwise as required by law or legal proceedings or in accordance with the Trust Deed. If, due to a downward adjustment of the Exchange Price or any other event, the number of Relevant Shares deposited in such designated account ceases to be sufficient to satisfy the Exchange Rights relating to the Bonds at the Exchange Price then in effect, the Company shall (as soon as possible, but in any case within 60 business days of such downward adjustment or other event) deposit additional Relevant Shares owned by the Company (or any of its agents) in such designated account, in order to ensure that the total number of Relevant Shares deposited in such account is sufficient to satisfy the Exchange Rights relating to the then outstanding Bonds at the Exchange Price then in effect (a "Top-up"). In the event that (a) the Company transfers or delivers any of the deposited Relevant Shares out of the designated account or to any third party, in breach of the relevant Condition or (b) the Company does not perform any of its obligations in respect of any Top-up, the Trustee if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding, shall and the Bondholders will be entitled to declare an Event of Default.

Negative Pledge	The Company may not, and shall not permit any of its Principal Subsidiaries (as defined herein) to, create or incur any lien or encumbrance as security for any International Investment Securities or for any guarantee or indemnity in respect thereof without granting equivalent security for the Bonds. See "Terms and Conditions of the Bonds—Negative Pledge."
Redemption at the Option of the Company	The Company may at its option redeem the Bonds at their principal amount, (A) in whole or in part, on or at any time after December 5, 2005 if the average closing price of the Relevant Shares reported on the TSE and translated into U.S. dollars at the then Prevailing Rate (as defined herein) for 20 consecutive Trading Days (as defined herein), the last of which Trading Days occurs not more than 10 days prior to the date of notice of such redemption, is at least 125% of the Exchange Price then in effect translated into U.S. dollars at the Fixed Exchange Rate, or (B) in whole but not in part, at any time if at least 90% in principal amount of the Bonds has already been redeemed, exchanged, or purchased and cancelled; provided that the Company shall not exercise the redemption rights described in (A) and (B) above during a Closed Period (as defined in Condition 6(A)). See "Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Company."
Tax Redemption	The Company may redeem the Bonds, in whole but not in part, if, as a result of certain changes in ROC laws or regulations occurring after the date of this Offering Circular, the Company become obliged to pay additional tax amounts.
Redemption at the Option of the holders	Unless the Bonds have been previously redeemed, exchanged, or purchased and cancelled, each Bondholder may, at such Bondholder's option, require the Company to redeem all or a portion (in an aggregate principal amount of at least US$1,000 or an integral multiple thereof) of the Bonds held by such Bondholder on December 5, 2005, the Put Option Date, at their principal amount. See "Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Bondholders."
Redemption at the Option of the holders in the Event of Delisting	Unless the Bonds have been previously redeemed, exchanged, or purchased and cancelled, if at any time the

	Relevant Shares cease to be listed or admitted to trading on the TSE, at each Bondholder's option, such Bondholder may require the Company to redeem all or a portion (in an aggregate principal amount of at least US$1,000 or an integral multiple thereof) of such Bondholder's Bonds at their principal amount. See "Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for delisting or change in control."
Redemption at the Option of the holders in the Event of Change in Control	Unless the Bonds have been previously redeemed, exchanged, or purchased and cancelled, each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase all or a portion (in an aggregate principal amount of at least US$1,000 or an integral multiple thereof) of such Bondholder's Bonds at their principal amount, upon the occurrence of a Change in Control (as defined in Condition 8(D)). See "Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for delisting or change in control."
Form, Denomination and Title	The Bonds will be issued only in registered form in denominations of US$1,000 or an integral multiples thereof. The Bonds will be offered, sold, transferred, exchanged and redeemed in principal amount of US$1,000 or an integral multiple thereof. The Bonds will be represented by the Global Certificate, which will be registered in the name of a nominee of, and be deposited on or about the Closing Date with, a common depositary for Euroclear and Clearstream, Luxembourg.
Transfer of the Bonds or the Relevant Shares	All transfers of the Bonds and entries on the register of Bondholders shall be made subject to the detailed provisions concerning transfer of the Bonds set forth in the Agency Agreement (as defined herein). In addition, transfers of interests in the Bonds or the Relevant Shares will be subject to certain other restrictions. For a discussion of these restrictions, see "Terms and Conditions of the Bonds—Transfers of Bonds; Issue of Certificates," "Transfer Restrictions" and "Subscription and Sale."
Governing Law	The Bonds and the trust deed pursuant to which the Bonds are issued (the "Trust Deed") will be governed by English law.
Trustee	DB Trustees (Hong Kong) Limited.

Listings/Applications	Application has been made to list the Bonds on the Luxembourg Stock Exchange.
Trading Market for the Relevant Shares	The only trading market for the Relevant Shares is the TSE. The Relevant Shares have been listed on the TSE since January 1991.
Use of Proceeds	The net proceeds from the issue of the Bonds (assuming no additional Bonds are issued pursuant to the option granted to the Global Coordinator) after deducting fees and expenses incurred in connection with this offering, will be approximately US$80,799,000. The Company shall use the net proceeds of this offering to procure raw materials overseas. See "Use of Proceeds."

SUMMARY FINANCIAL INFORMATION OF THE COMPANY

The following summary financial and other related data should be read in conjunction with the Company's financial statements included elsewhere in this Offering Circular and in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—The Company."

The Company's audited unconsolidated and consolidated financial statements as of and for the years ended December 31, 2000, 2001 and 2002, together with the auditors' reports thereon, are included elsewhere in this Offering Circular. The Company's year-end consolidated financial statements have been audited by PricewaterhouseCoopers, its independent auditors in accordance with auditing standards generally accepted in the ROC for such years.

The Company's unaudited unconsolidated financial statements as of and for the nine months ended September 30, 2002 and 2003 are included elsewhere in this Offering Circular.

The Company's consolidated and unconsolidated financial statements included elsewhere in this Offering Circular have been prepared in accordance with ROC GAAP. Accordingly, they are not intended to represent the Company's financial position and results of operations in accordance with accounting principles and practices that are generally accepted in jurisdictions other than the Republic of China, including the United States. See "Summary of Principal Differences Between ROC GAAP and U.S. GAAP."

The following table shows the Company's summary unconsolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002 and as of and for the nine months ended September 30, 2002 and 2003.

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
	NT	NT	NT	US	NT	NT	US
Income statement data:							
Operating revenues							
Net sales	$ 30,317.8	$ 31,222.2	$ 31,817.8	$ 941.9	$ 25,610.8	$ 27,933.5	$826.9
Other	1,841.2	2,126.4	3,081.4	91.2	530.5	500.3	14.8
Total operating revenues	32,159.0	33,348.6	34,899.2	1,033.1	26,141.3	28,433.8	841.7
Operating costs							
Cost of goods sold	(21,125.6)	(22,700.3)	(23,701.8)	(701.7)	(19,270.0)	(21,989.9)	(651.0)
Other	(1,575.1)	(1,868.2)	(2,776.0)	(82.1)	(407.9)	(421.7)	(12.5)
Total operating costs	(22,700.7)	(24,568.5)	(26,477.8)	(783.8)	(19,677.9)	(22,411.6)	(663.5)
Gross profit	9,458.3	8,780.1	8,421.4	249.3	6,463.4	6,022.2	178.2
Operating expenses							
Selling expenses	(6,652.5)	(6,065.6)	(5,660.6)	(167.6)	(4,175.5)	(4,137.8)	(122.5)
Administrative and general expenses	(2,190.5)	(2,266.7)	(1,842.3)	(54.5)	(1,339.2)	(1,428.5)	(42.3)
Research and development expenses	(259.4)	(285.5)	(293.5)	(8.7)	(216.7)	(233.9)	(6.9)
Total operating expenses	(9,102.4)	(8,617.8)	(7,796.4)	(230.8)	(5,731.4)	(5,800.2)	(171.7)
Operating income	355.9	162.3	625.0	18.5	732.0	222.0	6.5
Total non-operating income	4,860.8	6,609.0	4,360.1	129.1	1,326.9	3,542.5	104.9
Total non-operating expenses	(1,967.0)	(3,730.4)	(3,285.3)	(97.3)	(1,313.6)	(851.2)	(25.2)
Income before income taxes and cumulative effect of changes in accounting principles	3,249.7	3,040.9	1,699.8	50.3	745.3	2,913.3	86.2
Income tax benefit (expenses)	135.5	(27.1)	(183.2)	(5.4)	(172.3)	(42.0)	(1.2)
Cumulative effects of changes in accounting principle	—	—	(7.8)	(0.2)	(7.8)	—	—
Net income	$ 3,385.2	$ 3,013.8	$ 1,508.8	$ 44.7	$ 565.2	$2,871.3	$85.0

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
	NT	NT	NT	US	NT	NT	US
Balance sheet data:							
Current assets	$ 6,937.6	$ 9,516.3	$ 7,428.6	$ 219.9	$ 8,004.7	$9,338.4	$276.4
Long-term investments	46,642.6	45,777.7	45,277.1	1,340.4	47,557.0	48,146.9	1,425.3
Property, plant and equipment, net	14,955.4	14,528.1	13,999.7	414.4	13,843.2	14,417.1	426.8
Total assets	70,811.3	72,200.2	68,684.2	2,033.3	71,435.6	73,635.3	2,179.8
Current liabilities	6,250.8	6,151.5	6,171.5	182.7	5,610.1	5,021.4	148.7
Long-term liabilities	22,052.0	21,840.3	19,058.7	564.2	23,455.5	23,913.9	707.9
Total liabilities	29,748.7	29,879.9	27,407.4	811.3	31,055.2	31,384.7	929.1
Stockholders' equity	41,062.6	42,320.3	41,276.8	1,221.9	40,380.4	42,250.5	1,250.8
Other data:							
Cash flow							
Cash provided by operating activities	2,003.5	1,994.0	2,339.1	69.2	2,015.3	2,519.4	74.6
Cash (used in) provided by investing activities	(7,619.6)	1,291.0	1,332.4	39.4	(1,946.9)	(3,314.0)	(98.1)
Cash provided by (used in) financing activities	5,618.6	(3,294.7)	(3,659.6)	(108.3)	344.8	1,945.2	57.6
Net increase (decrease) in cash and cash equivalents	0.7	(4.2)	22.8	0.7	402.4	1,150.3	34.1
Gross profit margin	29.4%	26.3%	24.1%	24.1%	24.7%	21.2%	21.2%
Operating profit margin	1.1%	0.5%	1.8%	1.8%	2.8%	0.8%	0.8%
Net margin	10.5%	9.0%	4.3%	4.3%	2.2%	10.1%	10.1%

The following table shows the Company's summary consolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002.

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	(in millions, except percentages and per share data) (consolidated) (audited)			
	NT	NT	NT	US
Income statement data:				
Operating revenues				
Net sales	$ 49,538.2	$ 54,922.4	$ 57,358.5	$ 1,698.0
Other	2,038.2	2,443.2	3,534.8	104.6
Total operating revenues	51,576.4	57,365.6	60,893.3	1,802.6
Operating costs				
Cost of goods sold	(36,190.0)	(41,427.2)	(42,099.7)	(1,246.3)
Other	(1,575.0)	(1,868.2)	(3,240.6)	(95.9)
Total operating costs	(37,765.0)	(43,295.4)	(45,340.3)	(1,342.2)
Gross profit	13,811.4	14,070.2	15,553.0	460.4
Operating expenses				
Selling expenses	(9,588.9)	(10,089.0)	(11,191.2)	(331.3)
Administrative and general expenses	(2,968.2)	(3,364.5)	(3,275.8)	(97.0)
Research and development expenses	(259.5)	(285.5)	(293.7)	(8.7)
Total operating expenses	(12,816.6)	(13,739.0)	(14,760.7)	(437.0)
Operating income	994.8	331.2	792.3	23.4
Total non-operating income	6,578.1	6,919.3	5,218.3	154.5
Total non-operating expenses	(4,484.9)	(4,381.8)	(4,612.8)	(136.6)

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	(in millions, except percentages and per share data) (consolidated) (audited)			
	NT	NT	NT	US
Income before income taxes, cumulative effect of changes in accounting principle and minority interest loss	3,088.0	2,868.7	1,397.8	41.3
Income tax benefit (expenses)	74.2	(95.8)	(271.8)	(8.0)
Income before cumulative effect of changes in accounting principle and minority interests loss	3,162.2	2,772.9	1,126.0	33.3
Cumulative effect of changes in accounting principle	—	—	(7.8)	(0.2)
Minority interest loss	223.0	240.9	390.6	11.6
Net income	$ 3,385.2	$ 3,013.8	$ 1,508.8	$ 44.7
EPS (in NT$)	$ 1.05	$ 0.88	$ 0.45	$ —
Balance sheet data:				
Current assets	$ 15,664.7	$ 21,010.7	$ 17,956.5	$ 531.6
Long-term investments	56,492.0	58,643.2	58,135.6	1,721.0
Property, plant and equipment, net	22,600.6	23,708.9	23,723.6	702.3
Total assets	98,497.6	107,344.4	103,612.8	3,067.3
Current liabilities	23,109.2	24,216.2	24,368.4	721.4
Long-term liabilities	27,371.3	33,042.6	29,310.7	867.7
Total liabilities	$ 58,995.3	$ 65,951.0	$ 62,336.0	$1,845.4
Stockholders' equity	$ 39,502.3	$ 41,393.4	$ 41,276.8	$1,221.9
Other data:				
Cash flow				
Cash provided by operating activities	$ 4,175.1	$ 3,455.6	$ 1,439.3	$ 42.6
Cash (used in) provided by investing activities	(14,984.2)	(6,187.2)	761.6	22.5
Cash provided by (used in) financing activities	11,160.5	2,954.5	(2,743.1)	(81.2)
Net increase (decrease) in cash and cash equivalents	349.6	228.3	(531.4)	(15.7)
Gross profit margin	26.8%	24.5%	25.5%	25.5%
Operating profit margin	1.9%	0.6%	1.3%	1.3%
Net margin	6.6%	5.3%	2.5%	2.5%

SUMMARY FINANCIAL INFORMATION OF TON YI

The following summary financial and other related data should be read in conjunction with the financial statements of Ton Yi included elsewhere in this Offering Circular and in the section entitled "Information on Results of Operations and Financial Condition of Ton Yi."

Ton Yi's audited unconsolidated and consolidated financial statements as of and for the years ended December 31, 2000, 2001 and 2002, together with the auditors' reports thereon, are included elsewhere in this Offering Circular. Ton Yi's year-end consolidated financial statements have been audited by KPMG Certified Public Accountants, Ton Yi's independent auditors in accordance with generally accepted auditing standards in the ROC for such years.

Ton Yi's unaudited unconsolidated financial statements as of and for the nine months ended September 30, 2002 and 2003 are included elsewhere in this Offering Circular.

Ton Yi's consolidated and unconsolidated financial statements included elsewhere in this Offering Circular have been prepared in accordance with ROC GAAP. Accordingly, they are not intended to represent Ton Yi's financial position and results of operations in accordance with accounting principles and practices that are generally accepted in jurisdictions other than the Republic of China, including the United States. See "Summary of Principal Differences Between ROC GAAP and U.S. GAAP."

The following table shows Ton Yi's summary unconsolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002 and as of and for the nine months ended September 30, 2002 and 2003.

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
Statement of operations data:							
Net operating revenues	NT$12,447.9	NT$12,644.7	NT$14,095.2	US$417.3	NT$10,199.2	NT$12,588.4	US$372.6
Total operating costs	10,020.0	10,743.7	12,169.2	360.3	8,774.0	10,881.1	322.1
Gross profit	2,427.9	1,901.0	1,926.0	57.0	1,425.2	1,707.3	50.5
Realised gross profit	2,444.7	1,874.8	1,982.3	58.7	1,442.9	1,683.4	49.8
Selling expenses	691.0	776.6	812.1	24.1	581.9	557.5	16.5
Administrative and general expenses	256.0	243.6	229.9	6.8	164.1	172.2	5.1
Total operating expenses	947.0	1,020.2	1,042.0	30.9	746.0	729.7	21.6
Operating income	1,497.7	854.6	940.3	27.8	696.9	953.7	28.2
Total non-operation income	898.8	430.3	133.2	3.9	41.7	79.0	2.3
Total non-operation expenses	1,841.3	1,581.4	808.9	23.9	661.5	470.5	13.9
Income (loss) before income tax	555.2	(296.5)	264.6	7.8	77.1	562.2	16.6
Income tax expense	(163.8)	(95.8)	(101.2)	(3.0)	(66.0)	(143.5)	(4.2)
Net income (loss)	NT$ 391.4	NT$ (392.3)	NT$ 163.4	US$ 4.8	NT$ 11.1	NT$ 418.7	US$ 12.4
Balance sheet data:							
Current assets	NT$ 5,077.3	NT$ 3,931.2	NT$ 3,405.8	US$100.8	NT$ 5,304.7	NT$ 4,804.4	US$142.2
Long-term investments	926.8	966.5	963.8	28.5	961.2	990.0	29.3
Property, plant and equipment, net	27,656.0	28,105.5	26,854.6	795.0	27,190.8	25,881.5	766.2
Total assets	35,052.1	34,187.1	32,546.7	963.5	34,786.6	33,096.9	979.8
Current liabilities	5,048.6	6,141.6	5,679.9	168.2	8,740.4	5,675.5	168.0
Long-term liabilities	11,388.3	10,579.9	9,391.4	278.0	8,576.6	9,543.5	282.5
Other liabilities	1,393.8	970.5	933.2	27.6	1,092.1	899.7	26.7
Total liabilities	17,830.7	17,692.0	16,004.5	473.8	18,409.1	16,118.7	477.2
Stockholders' equity	17,221.4	16,495.1	16,542.2	489.7	16,377.5	16,978.2	502.6

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
Other data:							
Cash flow							
Cash provided by operating activities	NT$ 1,890.5	NT$ 2,142.3	NT$ 2,144.1	US$ 63.5	NT$448.1	NT$185.9	US$5.5
Cash provided by (used in) investing activities	(1,865.5)	(2,921.1)	4.3	0.1	(542.3)	(255.4)	(7.6)
Cash provided by (used in) financing activities	184.7	499.3	(2,161.0)	(64.0)	118.8	98.8	2.9
Net increase (decrease) in cash and cash equivalents	205.6	(279.4)	(12.7)	(0.4)	24.8	29.3	1.0
Realised gross profit margin	19.6%	14.8%	14.1%	14.1%	14.1%	13.4%	13.4%
Operating profit margin	12.0%	6.8%	6.7%	6.7%	6.8%	7.6%	7.6%
Net margin	3.1%	(3.1)%	1.2%	1.2%	0.1%	3.3%	3.3%

The following table shows Ton Yi's summary consolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002.

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	(in millions, except percentages and per share data) (consolidated) (audited)			
Income statement data:				
Net operating revenues	NT$13,657.1	NT$13,640.2	NT$16,225.6	US$ 480.3
Total operating costs	11,016.0	11,835.4	13,651.1	404.1
Gross profit	2,641.1	1,804.8	2,574.5	76.2
Realised gross profit	2,640.2	1,806.0	2,574.9	76.2
Selling expenses	846.0	942.4	992.2	29.4
Administrative and general expenses	375.4	352.8	342.6	10.1
Total operating expenses	1,221.4	1,295.2	1,334.8	39.5
Operating income	1,418.8	510.8	1,240.1	36.7
Total non-operation income	843.2	642.7	299.0	8.9
Total non-operation expenses	1,771.0	1,541.3	1,251.4	37.1
Income (loss) before income tax	491.0	(387.8)	287.7	8.5
Income tax expense	(163.8)	(96.3)	(101.2)	(3.0)
Loss (income) for minority interest	64.2	91.8	(23.1)	(0.7)
Net income (loss)	NT$ 391.4	NT$ (392.3)	NT$ 163.4	US$ 4.8
Balance sheet data:				
Current assets	NT$ 7,122.0	NT$ 5,449.9	NT$ 4,846.9	US$ 143.5
Long-term investments	926.8	966.4	963.8	28.5
Property, plant and equipment, net	35,093.1	35,691.7	34,110.1	1,009.8
Total assets	45,338.2	43,995.1	41,754.9	1,236.1
Current liabilities	10,447.4	12,013.2	12,007.4	355.5
Long-term liabilities	16,885.2	16,410.7	12,495.7	369.9
Other liabilities	784.2	876.1	709.6	21.0
Total liabilities	28,116.8	27,500.0	25,212.7	746.4
Stockholders' equity	17,221.4	16,495.1	16,542.2	489.7
Other data:				
Cash flow				
Cash provided by operating activities	NT$ 1,529.0	NT$ 1,846.8	NT$ 2,850.1	US$ 84.4

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	(in millions, except percentages and per share data) (consolidated) (audited)			
Cash provided by (used in) investing activities	NT$(2,748.4)	NT$(1,991.8)	NT$ 64.9	US$ 1.9
Cash provided by (used in) financing activities	1,513.4	(128.6)	(2,728.8)	(80.8)
Net increase (decrease) in cash and cash equivalents	221.7	(362.2)	185.4	5.5
Realised gross profit margin	19.3%	13.2%	15.9%	15.9%
Operating profit margin	10.4%	3.7%	7.6%	7.6%
Net margin	2.9%	(2.9)%	1.0%	1.0%

RISK FACTORS

Investing in the Bonds and Ton Yi's shares deliverable upon exchange involves risks, and the investors should carefully consider the risks described below before making an investment decision. In addition, the investors should also carefully consider all of the information contained in this Offering Circular, including the Company's and Ton Yi's unconsolidated and consolidated financial statements and related notes. Investors should note that the Company and Ton Yi are governed in the ROC by a legal and regulatory environment that in many material respects may be different from that prevailing in other countries.

Risks Related to the Company's Business and Industry

The Company may be unable to maintain its profit margin in the face of a consolidating retail environment.

In recent years, there has been increased consolidation among the major grocery retailers in Taiwan, the primary market of its food and beverage products. As the retail grocery trade continues to consolidate and its retail customers grow larger and become more sophisticated, the Company's retail customers are leveraged to dictate pricing and demanding for promotional programmes at the Company's expenses. Such pricing campaigns have generally lowered the Company's margins by increasing its short-term promotion costs, despite the partial offset by additional sales made as a result of these campaigns. If the Company fail to use its scale, marketing expertise, unique products and category leadership positions to respond to these trends, the Company's volume growth could slow or the Company may need to lower its prices or increase promotional support of the Company's products, any of which would adversely affect the Company's results of operations.

The Company may be unable to anticipate changes in consumer preferences, which may result in decreased demand for its food and beverage products.

The Company's success depends in part on its ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Consumer preferences change and the Company's failure to anticipate, identify or react to these changes could result in reduced demand for the Company's products, which would in turn cause its sales volume, revenue and operating income to suffer. The Company may be unable to add products that are in faster growing and more profitable categories or reduce its production of the products in the categories experiencing declining consumption.

For instance, among a number of trends, which influence the industry and the Company in particular, there is an increase in consumers' preferences for healthier foods and organic products amidst growing public concern with human health. For example, the ROC Consumers' Foundation announced in 2002 that the yoghurt products available on the market consisted of excessive sugar, causing a sudden drop of the sales volume of the Company's yoghurt products. Accordingly, the Company commenced marketing a new line of yoghurt products in response to the consumers' demand for healthy and low-sugar ingredients to regain their confidence in its products with a series of promotional campaign. The Company's success depends in part on its ability to execute its strategy of continuously improving its portfolio of brands and satisfying consumers' preferences along with the trends from time to time. If the Company does not succeed, its sales volume, revenue and operating income will not increase sufficiently to enable the Company to achieve its financial targets.

If the Company is not an efficient producer, its profitability will suffer as a result of the highly competitive environment in which the Company operates.

The Company's success depends in part on its ability to be an efficient producer in a highly competitive industry. The Company's ability to reduce costs further is limited to the extent efficiencies have already been achieved. The Company's failure to reduce costs through productivity gains or by eliminating redundant costs would weaken its competitive position.

The Company is a major purchaser of many commodities that the Company uses for raw materials and packaging, and price changes for the commodities the Company depends on may adversely affect the Company's profitability.

The raw materials used in the Company's food and beverage business are largely commodities that experience price volatility caused by external conditions, commodity market fluctuations, currency fluctuations and changes in governmental agricultural programmes. Commodity price changes may result in unexpected increases in raw material and packaging costs, and the Company may be unable to increase its prices to offset these increased costs without suffering reduced sales volume, revenue and operating income. The Company does not fully hedge against changes in commodity prices and its hedging procedures may not work as planned.

The Company is subject to extensive regulation.

As a manufacturer of products intended for human consumption, the Company is subject to extensive governmental regulation. For example, it is subject to regulations with respect to product consumption, packaging, labelling, advertising, with respect to the health, safety and working conditions of its employees and with respect to its competitive and marketplace conducts. The Company cannot assure investors that in the future the cost of complying with such regulations will not have a material adverse effect on its operating results or financial condition.

Economic downturns could cause consumers to shift their food purchases from the Company's higher priced premium products to lower priced items.

The willingness of consumers to purchase premium branded food and beverage products depends, in part, on local economic conditions. In periods of economic global and domestic uncertainty, consumers tend to purchase more private label or other economy brands or shift their consumption choices from high premium products to lower-priced items, which could cause a decrease in the Company's sales volume generated from high premium products. As a result, the Company's profit margin could suffer.

If the Company's food products become adulterated or misbranded, it would need to recall those items and may experience product liability claims if consumers are injured as a result.

The Company may need to recall some of its products if they become adulterated or misbranded. The Company may also be liable if the consumption of any of its products causes injury. A widespread product recall or a significant product liability judgment against the Company could cause products to be unavailable for a period of time and a loss of consumer confidence in its food products which could result in a material adverse effect on the Company's business.

Also, concerns with the safety and quality of food and beverage products could cause consumers to avoid its food and beverage products. The Company could be adversely affected

if consumers lose confidence in the safety and quality of certain of its food and beverage products. Adverse publicity may discourage consumers from buying its products or cause production and delivery disruptions.

Certain of the Company's intellectual property rights could be challenged or could lapse.

The Company's principal trademarks are registered in Taiwan, and it has trademark registrations for various products in about 80 foreign countries. While the Company intends to enforce its trademark against infringement by third parties, there can be no assurance that its actions to establish and protect its trademark are adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of its products which violate their trademarks and proprietary rights. If a competitor were to infringe on trademarks held by the Company, enforcing its rights would likely be costly and would divert funds and resources that could otherwise be used to operate its business. There can be no assurance that the Company would be successful in enforcing its intellectual property rights. See "Business of the Company—Intellectual Property." On June 27, 2003, the Company filed a law suit in the PRC People's Court in the City of Wuhang, against seven separate companies, all of which are organised under the laws of the PRC, for alleged infringement of the Company's trademark "統一." This case is currently pending before the trial court. While the Company cannot predict the outcome of the proceeding at this time, it believes that the outcome will not have a material adverse effect on the Company's financial condition or results of operations.

Risks Relating to Ton Yi's Business and Industry

Ton Yi's principal markets are subject to overcapacity and limited price competition, which could push prices to less profitable levels and affect Ton Yi's financial results and the value of its shares, hence the value of the Bonds.

Ton Yi is faced with competition within the tinplates and cold rolled coils manufacturing industry. Increases in the levels of overcapacity and price competition in Ton Yi's principal markets could reduce selling prices and result in lower profits, which could lead to a reduction in any dividends and lower share value and, in turn, the value of the Bonds.

The worldwide metal packaging market has experienced limited growth in demand in recent years. This has led to overcapacity among Ton Yi's competitors. In addition, while Ton Yi has its own unique process technologies, tinplates and cold rolled coils are standardised products to some extent, allowing for relatively little differentiation among competitors.

The principal methods of competition in the general packaging industry are price, service and quality. Some of Ton Yi's competitors may have greater financial, technical and marketing resources. Ton Yi's current or potential competitors may offer products at a lower price or products that are superior to Ton Yi's. In addition, Ton Yi's competitors may be more effective and efficient in integrating new technologies. As a result, increases in productivity, combined with surplus capacity in the industry, have maintained competitive pricing pressures, causing price reductions, reduced gross margins and losses of market share for Ton Yi. There can be no assurance that Ton Yi will compete successfully and its revenues and profits, hence values of Ton Yi's shares and the Bonds may be adversely affected.

Ton Yi is vulnerable to fluctuations in the supply and price of raw materials.

Tin, steel and other raw materials accounted for, on an unconsolidated basis, approximately 77.6% and 81.2% of Ton Yi's manufacturing costs in 2002 and in the first nine months ended

September 30, 2003, respectively. Ton Yi purchases these raw materials from several sources. While all such materials are available from numerous independent suppliers, raw materials are subject to fluctuations in price attributable to a number of factors, including general economic conditions, the demand by other industries for the same raw materials and the availability of complementary and substitute materials. If any of Ton Yi's principal suppliers were to increase their prices significantly or were unable to meet Ton Yi's requirements for raw materials, either or both of Ton Yi's revenues or profits could decline. If Ton Yi was unable to obtain some of its principal raw materials from alternative sources, the resulting decline in sales and profits could lead to a reduction in any dividends and lower share value, hence the value of the Bonds.

Ton Yi's business is subject to substantial environmental remediation and compliance costs.

Taiwan tinplates and cold rolled coil producers, including Ton Yi, are subject to laws and regulations relating to the protection of human health and safety and environmental protection that are quite stringent and are generally becoming more stringent. Among other things, these requirements regulate wastewater discharges, air emissions, noise control, the use, management and disposal of hazardous and non-hazardous materials and wastes, and the clean-up of contamination. These requirements are complex, changing, and tend to become more stringent over time. Ton Yi generates certain waste products, such as oven dust, that are classified as hazardous waste and must be properly disposed of under applicable environmental laws, which, despite Ton Yi's due care, could result in the imposition of strict liability for the costs of clean-up of any landfills to which the waste may have been transported. In addition, Ton Yi is exposed to the risk of workers' safety despite its due care.

Ton Yi spent, and can be expected to continue to spend, substantial amounts to comply with environmental and human health protection and safety laws and regulations. In addition, there can be no assurance that its environmental capital expenditures will not materially increase in the future. It is likely that Ton Yi will be subject to increasingly stringent environmental standards in the future and may be required to make additional expenditures, which could be significant, relating to environmental and safety matters on an ongoing basis. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental and safety-related expenditures may vary substantially from those currently anticipated.

There can be no assurance that Ton Yi has been or will be at all times in complete compliance with all environmental and human health protection and safety requirements or that Ton Yi will not incur material environmental and human health protection and safety costs or liabilities in the future. Violations could result in penalties, or the curtailment or cessation of operations, which could have a material adverse effect on Ton Yi. See "Information on Ton Yi and Ton Yi Common Shares — Information on Ton Yi — Environmental Matters."

Ton Yi has a relatively small number of customers. The loss of one or more of them could result in lower sales.

Ton Yi sells a majority of its products to relatively few major beverage and packaged food and steel-galvanising companies, including the Company. Ton Yi also provides raw materials to a limited number of its competitors. If Ton Yi was to lose significant volume with a customer or if a major customer were to fail to renew a major contract, and if another customer could not be found to make up some or all of the lost sales, the resulting decline in sales could lead to a

reduction in any dividends and lower share value, hence the value of the Bonds. The following table illustrates Ton Yi's unconsolidated net operating revenues to its four largest customers in the nine months ended September 30, 2003:

Customer	Percentage of net operating revenues
Cayman Ton Yi Industrial Holdings Co., Ltd.	26%
Shang-Shing Steel Corporation	5%
Fujian Kaijing Steel Development Co., Ltd.	4%
CMB	3%
Total	38%

Although a majority of Ton Yi's customer contracts are long-term, these contracts are terminable under certain circumstances, such as Ton Yi's failure to meet quality or volume requirements. Because Ton Yi depends on relatively few major customers, its business, financial condition or results of operations could be adversely affected, for instance, by the loss of any of these customers and a reduction in the purchasing levels of these customers, or an adverse change in the terms of the supply agreements with these customers.

Ton Yi is subject to competition from alternative products and has a narrow product range. These could result in lower profits and reduced cash flows.

Competition from alternative beverage and food containers and packaging products could result in lower profits, which could lead to a reduction in any dividends and lower share value and, in turn, the value of the Bonds. The metal beverage and food containers and packaging industry is subject to significant competition from substitute products, for example, plastic, aluminium, cardboard and glass containers. For instance, the proportion of plastic bottles sold in the Taiwan soft drink container markets grew substantially during the 1990s and the early 2000s. There can be no assurance that Ton Yi will successfully compete against alternative beverage and food containers which could result in a reduction in its profits or cash flow.

Meanwhile, due to Ton Yi's concentration of its source of revenues from metal beverage and food cans manufacturing business, broad acceptance of tin and steel cans for a wide variety of beverages and food products by consumers is critical to Ton Yi's future success. If demand for glass and PET bottles increases relative to cans, or the demand for tin and steel cans does not develop as expected, Ton Yi's business, financial condition or results of operations could be materially adversely affected.

Ton Yi's business is highly dependent on the availability and prices of energy. Its profitability could be hurt if energy prices fluctuate significantly or if it is unable to receive sufficient energy inputs on a timely basis.

Ton Yi's manufacturing processes are also dependent upon adequate supplies of energy such as electricity and natural gas, as steel manufacturing is an energy-intensive industry. Any interruption in the supply of energy to Ton Yi, whether scheduled or unscheduled, could materially adversely affect Ton Yi. No assurance can be given that material production interruptions or losses will not occur in the future or that such interruptions or losses would not have a material adverse effect on Ton Yi's operations and financial results.

Decreases in Ton Yi's ability to apply new technology and know-how may affect its competitiveness.

Ton Yi's success depends in part on its ability to improve production processes and services. If it is unable to implement better production processes or to develop new products which meet changing customer needs, Ton Yi may not be able to remain competitive with other manufacturers. As a result, Ton Yi's business, financial condition or results of operations could be adversely affected.

Depreciation of the value of NT dollar against the U.S. dollar and Japanese yen and certain other foreign currencies may have a material adverse effect on Ton Yi's operations and financial results.

Depreciation of the NT dollar may adversely affect the results of Ton Yi's operations because, among other things, it causes an increase in the amount of NT dollar required for Ton Yi to make interest and principal payments on its foreign currency-denominated debt, an increase in NT dollar terms in the costs of imported raw materials and equipment, and an increase in foreign exchange translation losses on liabilities which lowers Ton Yi's earnings for accounting purposes.

Appreciation of the NT dollar, on the other hand, causes Ton Yi's export products to be less competitive by raising Ton Yi's prices in terms of U.S. dollars and Japanese yen and reduces net operating revenues in NT dollars from export sales, which are primarily denominated in U.S. dollars and Japanese yen. In addition, imported products will have better price competitiveness when the NT dollar appreciates. However, because of the larger negative effects of the appreciation of the NT dollar, i.e., the reversal of the positive effects caused by the depreciation of the NT dollar, as discussed above, appreciation of the NT dollar generally has a positive impact on Ton Yi's results of operations.

Trade barriers in China, Japan and other countries may have an adverse effect on Ton Yi's business and operations.

Exports accounted for approximately 45.0% and 73.0% of Ton Yi's revenues in 2002, on a consolidated basis, and in the nine months ended September 30, 2003, on an unconsolidated basis, respectively. Exports to China (including Hong Kong) and Japan may be subject to anti-dumping duties, which may have an impact on Ton Yi's business, financial condition or results of operations.

The above-mentioned countries may take more restrictive measures, including anti-dumping duties and other non-tariff barriers, to protect their own markets, and other countries to which Ton Yi makes significant export sales may also take protective measures. The imposition of anti-dumping duties and other trade barriers in such countries may materially and adversely affect Ton Yi's export sales to these countries, hence its results of operations. See "Information on Results of Operations and Financial Condition of Ton Yi — Trade Restriction."

Political, Economic and Regulatory Risks

The Company operates at various international locations and is vulnerable to local political and economic risks beyond its control that may seriously disrupt its operations.

The Company's products are manufactured primarily in Taiwan and through its subsidiaries and affiliates in Vietnam, Indonesia, the Philippines, Thailand, the United States and the PRC. For cost considerations and other strategic reasons, the Company will further expand its

operations to new geographic locations that offer cost savings or access to a larger market including the PRC.

The success and profitability of the Company's international activities depend on factors that are beyond its control, such as general economic and labour conditions, political stability, regulations on foreign investments and tax laws. Geographic expansion also subjects the Company to a number of political, economic and currency devaluation risks.

The value of the Bonds, the Company's shares and Ton Yi's shares may be adversely affected by the volatility of the ROC securities market.

The ROC securities market is smaller and more volatile than the securities markets in the United States, Europe and certain other countries. The Taiwan Stock Exchange has experienced substantial fluctuations in the prices of listed securities and has shown particular volatility following certain political events, market events and scandals. In the past, the Taiwan Weighted Index has risen to 12,495 points in February 1990 and subsequently fell to a low of 2,560 in October 1990. The Taiwan Stock Exchange Index closed at 5,611.41 on September 30, 2003. See "The Securities Market of the ROC—Taiwan Stock Exchange Index." The Taiwan Stock Exchange has experienced problems such as market manipulation, insider trading, payment defaults and other irregularities. In recent years, the Taiwan Stock Exchange has experienced a certain degree of volatility as a result of the ongoing disputes between the PRC and the ROC and this has led the ROC government to intervene in the stock market in order to provide some form of support for the Taiwan Stock Exchange Index. On March 20, 2000, immediately following the election in which Mr. Chen Shui-bian of the then opposition Democratic Progressive Party was elected as President of the ROC, the Ministry of Finance restricted daily downward price movements on the Taiwan Stock Exchange to 3.5%, rather than the usual limit of 7%. This restriction was subsequently lifted on March 27, 2000. For the period from October 4, 2000 to the end of 2000, the limit on the daily downward price movement was reset several times between 3.5% and 7%. The recurrence of these or similar problems could adversely affect the market price and liquidity of the securities of ROC companies, including the Bonds, and Ton Yi's shares in both domestic and international markets. Also, as a result of volatility in the Taiwan securities market, the current value of certain of these long-term investments may be substantially less than the book value recorded by the Company using the equity method for such investment. See Note 11 to the Company's audited consolidated statements as of and for the years ended December 31, 2000, 2001 and 2002 included elsewhere in this Offering Circular.

Currency fluctuations could increase the Company's costs relative to its revenues, which could adversely affect the Company's profitability.

Most of the Company's purchases are denominated in U.S. dollars and Japanese yen and most of Ton Yi's purchases and sales are denominated in U.S. dollars, Japanese yen and RMB. As a result, changes in the exchange rates of these currencies can significantly affect gross and operating margins of the Company and Ton Yi and could result in exchange losses of both companies. The Company and its subsidiaries have occasionally engaged in exchange-rate hedging activities and may continue to do so. However, there can be no assurance that this will successfully remove any exchange rate risks.

The Company faces substantial political risks in doing business in Taiwan, particularly due to the tense relationship between Taiwan and the People's Republic of China.

The ROC has a unique international political status. Both the ROC and the PRC assert sovereignty over all of China, i.e., Taiwan, certain other islands and all of mainland China. The

PRC government does not recognise the legitimacy of the ROC government. Although significant economic and cultural relations have been established in the past decade between the ROC and the PRC, the PRC has refused to renounce the possibility that it may at some point use force to gain control over Taiwan if Taiwan declares independence or a foreign power interferes in Taiwan's domestic affairs. Relations between the ROC and the PRC have been severely strained in recent years for a variety of reasons. Any tension between the ROC and the PRC may adversely affect the securities market in Taiwan and elsewhere, and the market prices of the Company's securities and the Bonds.

The Company operates mainly in Taiwan and is vulnerable to any adverse changes in ROC regulations.

A substantial portion of the Company's assets is located, and its revenues derived from its operations, in Taiwan. Accordingly, the Company's financial condition and results of operations may be affected by changes in ROC governmental policies, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting the ROC that are not within the Company's control. For example, the government of the ROC experienced political instability due to the tension between the executive ministries of the government and the legislature, a significant number of seats are commanded by the opposition parties. As a result, many local business conglomerates have announced their intention of moving at least part of their production facilities outside Taiwan, particularly to the PRC. The banking sector in Taiwan has been adversely affected by the 1997 Asian financial crisis, which has resulted in, amongst other things, a depressed property market and an increase in the number of companies filing for corporate reorganisation and protection from their creditors. As a result, Taiwanese and foreign financial institutions have become more cautious in providing credit for businesses in Taiwan and the Company cannot assure investors that the Company will continue to have access to necessary credit, at commercially reasonable rates of interest, or at all.

The Company's business may be harmed, and the prices of the Bonds and Ton Yi's shares may be adversely affected, by changes in general economic and business conditions resulting from terrorist activities, political unrest and military actions that take place outside Taiwan.

The Company is exposed to the risks of political unrest, war, acts of terrorism and other instability, which can result in disruption to its business or the business of its customers. Some of these events include the following:

- Terrorist attacks on the United States on September 11, 2001 caused significant loss of life and property damage and disruptions in the U.S. markets and in the global markets. In light of these events, some Southeast Asian countries and the Middle East have been considered vulnerable to terrorist activities.
- In early 2003, the United States and its allies commenced and completed military actions against Iraq. The global responses to these military actions are still being formulated.
- Also in recent months, North Korea has taken a series of steps escalating its dispute with the United States. In April 2003, the United States, North Korea and China held tripartite discussions in an effort to resolve issues relating to North Korea's nuclear weapons programme, during which North Korea reportedly admitted that it had already successfully developed nuclear weapons. In August 2003, the representatives from South and North Korea, the United States, Japan, Russian Federation and China gathered in Beijing, China, in an effort to resolve these issues. Although the United States has pledged its support in principle to a peaceful resolution of the situation, there

is no assurance that the level of tension will not escalate and that such escalation will not have a serious adverse effect on the Company's operations and the market price of the Bonds or Ton Yi's shares.

Although the precise extent of their short term and long term impact is unclear, these activities, if were to occur or be generally perceived to have a high likelihood of occurring, could result in increased volatility in or damage to the United States and worldwide financial markets. They also could result in a continuation of the current economic uncertainty in the United States or worldwide. In particular, uncertainties about the length of a military conflict may decrease loan demand since corporations may suspend their expenditures in such an environment, which will have an adverse effect on their results of operations. The price of the Bonds and Ton Yi's shares may be adversely affected as a result of the occurrence of any of these and any other similar events.

Any future outbreak of Severe Acute Respiratory Syndrome, or SARS, may adversely affect the Company's and Ton Yi's results of operations.

In early 2003, China, Hong Kong, Taiwan, Singapore, Vietnam and certain other Asian countries encountered an outbreak of SARS, a highly contagious disease. In response to the severity of the SARS outbreak, the World Health Organisation issued a travel advisory recommending that persons travelling to certain affected areas consider postponing all but essential travel. In addition, most major airlines drastically reduced the number of flights to and from China, Hong Kong and Taiwan during that period of time. Any similar future recurring SARS outbreak may cause substantial damages to the trade and tourism industries as well as to the economies and financial markets of the affected countries. Any economic downturn as a result of another SARS outbreak may have an adverse effect on the business of the Company's customers in these affected areas. The Company's and Ton Yi's results of operations may be adversely affected by such an outbreak.

The Company's business, financial condition and results of operations are subject to the political and economic situation and legal developments in the PRC.

The Company has gradually expanded its operations in the PRC and expect that a significant part of its future revenues will be derived from the PRC market. The Company currently has over 30 production facilities in the PRC. The Company also sells its products through its 110 sales offices in the PRC.

The PRC economy has experienced significant growth in the past decade, but this growth has been uneven across geographic and economic sectors. The Company cannot assure the investors that such growth will continue to increase or that any slowdown will not have a negative effect on its business. In addition, the Company cannot assure the investors that its investments in the PRC and the sales of its products in the PRC will not be adversely affected if relations between the PRC and the ROC are further strained.

Prior to 1978, the PRC had adopted a central economic planning system. All production and economic activities in the country were governed by the economic goals set out in the five-year plans and annual plans adopted by central authorities. Since 1978, the PRC government has permitted foreign investment and implemented economic reforms, gradually changing from a planned economy towards a market-oriented economy. However, many of the reforms and economic policies adopted or to be adopted by the PRC government are unprecedented or experimental in nature and may have unforeseen results, which may have an adverse effect on enterprises with significant operations or business in the PRC, including the Company.

Since 1979, many laws and regulations dealing with general economic matters or particular economic activities have been promulgated in the PRC. However, enforcement of existing laws and regulations may be uncertain and sporadic, and implementation and interpretation thereof may be inconsistent. The PRC judiciary is relatively inexperienced in enforcing the laws and regulations that currently exist, leading to a degree of uncertainty as to the outcome of any litigation. Further, it may be difficult to obtain swift and equitable enforcement, or to obtain enforcement of a judgment by a court of another jurisdiction. The PRC's legal system is based on written statutes and, therefore, decided legal cases do not have binding legal effect, although they are often followed by judges as guidance. The introduction of new PRC laws and regulations and the interpretation of existing ones may be subject to policy changes reflected by domestic political or social changes. As the PRC legal system develops, there can be no assurance that changes in such legislation or the interpretation thereof will not have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Relating to the Bonds and Ton Yi's Shares

The investors' entitlement to dividends and other rights in respect of Ton Yi's shares may be limited.

A Bondholder will not be entitled to any dividends of distribution in respect of Ton Yi's shares if the record date for the payment of such dividends or distributions falls prior to the relevant Exchange Delivery Date (as defined in Condition 6(B)(iii)). Under the Conditions, the Company is required to procure that the transfer of Ton Yi's shares and other transfer documentation, if any, to the order of the exchanging Bondholder not later than five ROC Business Days after the relevant Exchange Date. It is the responsibility of the Bondholder, or the local agent of the Bondholder, to procure registration of the Bondholder or its designee on the shareholders' register of Ton Yi, in sufficient time prior to the beginning of any Closed Period preceding a relevant record date to participate in the relevant dividends or distribution by reference to that record date.

If the Bondholders request an exchange of the Bonds into Ton Yi's shares, they may be required to specify an account number of Taiwan Securities Central Depository Co., Ltd. in their Exchange Notice and they may need to appoint a local agent in the Republic of China for matters relating to the exchange of the Bonds.

If the Bondholders request an exchange of the Bonds into Ton Yi's shares, they may be required to specify an account number of Taiwan Securities Central Depository Co., Ltd. in their Exchange Notice. The Exchange Agent will deem any Exchange Notice that does not include an account number of Taiwan Securities Central Depository Co., Ltd. incomplete or incorrect and will reject such Exchange Notice.

Under the current law of the Republic of China, an exchanging Bondholder when exercising its exchange right to exchange the Bonds into Ton Yi's shares is required to appoint a local agent in the Republic of China with such qualifications as are set by the ROC SFC, to open a securities trading account with a local brokerage firm and an NT dollar bank account, remit funds, exercise shareholders' rights and perform such other matters as may be designated by such exchanging Bondholder, on behalf of and as agent for such exchanging Bondholder. In addition, an exchanging bondholder must appoint a local bank to act as custodian for the securities, pay any ROC withholding taxes, make confirmation and handle any settlement. Under the existing ROC law and regulations, without obtaining approval from the Taiwan Stock Exchange and opening such accounts an investor in the Bonds would not be able to receive, hold or to sell or otherwise transfer Ton Yi's shares into which the Bonds may have been exchanged on the Taiwan Stock Exchange or otherwise.

The return to the investors on the Bonds depends on the value of Ton Yi's shares.

The terms of the Bonds differ from those of ordinary debt securities because each Bond is exchangeable by the Bondholder into Ton Yi's shares. Accordingly, the Bonds may bear particular risks. It is difficult to predict whether the price of Ton Yi's shares will rise or fall. Trading prices of Ton Yi's shares will be influenced by Ton Yi's operating results and by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally, the Taiwan Stock Exchange and the market segments of which Ton Yi is a part. If the investors have any doubt on the risk level implied, they should consult a professional investment advisor.

An investor's right to vote with respect to Ton Yi's shares he receives upon the exchange of the Bonds during a Closed Period will not be recognised by Ton Yi until he (or his designee) is registered as an owner of Ton Yi's shares in the shareholders' register of Ton Yi.

As permitted by the laws and regulations of the ROC and pursuant to the practice generally adopted by companies in the ROC, if the Exchange Date falls within five ROC Business Days before the beginning of, and during, a Closed Period, such Bondholder (or its designee) will not be registered as an owner of Ton Yi's shares in the shareholders' register until the end of the Closed Period. As a result, the right of an exchanging Bondholder to attend a shareholders' meeting to vote with respect to Ton Yi's shares it receives upon the exchange of the Bonds will not be recognised by Ton Yi until such Bondholder (or its designee) is registered as owner of Ton Yi's shares in the shareholders' register.

Fluctuations in exchange rates could affect the value of, and distributions on, Ton Yi's shares.

Ton Yi's shares are traded in NT dollars on the Taiwan Stock Exchange. The value of Ton Yi's shares could fluctuate as the exchange rates between the NT dollar and the U.S. dollar. Additionally, such fluctuations will affect the amounts received by holders of Ton Yi's shares upon (i) conversion of cash dividends on Ton Yi's shares, if any, paid in the NT dollar, and (ii) a liquidation of Ton Yi on sales of assets, mergers, tender offers or similar transactions denominated in the NT dollar or any other foreign currency.

The Bonds are a new issue of securities for which there is currently no active trading market.

The Bonds have not been registered under the U.S. Securities Act, and are being offered and sold outside the United States in accordance with Regulation S. The Bonds are subject to the restrictions on transfer described under "Transfer Restrictions." Application has been made to list the Bonds on the Luxembourg Stock Exchange. The Bonds will constitute a new issue of securities with no established trading market. If a trading market does not develop or is not maintained, Bondholders may experience difficulty in reselling the Bonds or may be unable to sell them at all. There can be no assurance that an active public market or other markets for the Bonds will develop or be maintained. If a market for the Bonds develops, it may be discontinued at any time. Although Deutsche Bank has advised the Company that it currently intends to make a market in the Bonds, it is not obligated to do so and may discontinue market-making activity at any time without notice. Any market-making activity by Deutsche Bank will be subject to the limits imposed by the U.S. Securities Act and U.S. Exchange Act and other applicable law.

The liquidity of any market for the Bonds will depend upon the number of holders of the Bonds, the Company's operating performance, the operating performance of Ton Yi, the interest of securities dealers in making a market in the Bonds and other factors. A liquid trading market

may not develop for the Bonds. Furthermore, the market price for the Bonds may be subject to substantial fluctuations. Factors such as the following may have a significant effect on the market price of the Bonds:

- the market price of Ton Yi's shares;
- actual or anticipated fluctuations in the Company or Ton Yi's operating results;
- the Company or Ton Yi's perceived business prospects;
- general economic conditions, including prevailing interest rates; and
- the market for similar securities.

Ton Yi has given no undertakings in connection with the offering of the Bonds.

Ton Yi is not a party to the Trust Deed and has not given any undertaking in respect of the exchange rights or in respect of corporate actions which may affect the exchange rights. Although the Company have given certain very limited undertakings in the conditions and the Trust Deed to procure, or to use its reasonable efforts to procure, certain actions by Ton Yi which may affect the exchange rights, there can be no assurance that the Company will in practice be in a position successfully to procure such actions.

The Company has limited liquidity and may be unable to repurchase its Bonds if certain specific events occur.

The Company is required to repurchase all or a portion of the Bonds at their principal amount (as defined herein) if certain events occur, such as a Change in Control or the delisting of the Relevant Shares. The Company may have to spend significant amounts of capital to repurchase the Bonds the Company is required to repurchase under such circumstances, and obligations to make such repurchases may occur at a time, or from time to time, when the Company has insufficient liquidity to make such repurchases. Such repurchases may require the Company to borrow funds or otherwise convert long-term investments to liquid funds, which could adversely affect its financial condition and the price of the Company's Bonds.

The Company and Ton Yi both have debt obligations with covenants regarding various liquidity and shareholding requirements to be complied with.

The Company and Ton Yi both have debt obligations with covenants regarding various liquidity and shareholding requirements to be complied with. Failure to comply with any such covenant may trigger an event of default which may, in turn, trigger cross-defaults in other debt obligations. For example, the Company's and Ton Yi's abilities to make principal and interest payments on any of their respective indebtedness will be dependent on their future operating performances, which are dependent on a number of factors, many of which are beyond their control. If the Company or Ton Yi does not have sufficient resources to repay such indebtedness when they become due and payable, they may find it necessary to refinance their indebtedness, and such refinancing may not be available, or available on reasonable terms. Although both the Company and Ton Yi have a substantial amount of cash and short-term lines of credit that are annually renewable, there is no assurance that such liquidity will always be available on reasonable terms. In addition, some debt obligations may require the Company to maintain certain percentages of ownership in its investments, including Ton Yi. The Company is required to adjust the exchange price of the Bonds in the event of an anti-dilution as defined in Condition 6(C). The Company may not always be able to: (1) purchase sufficient number of

Relevant Shares in the market when such an anti-dilution event occurs; (2) generate sufficient cash to exercise the cash option to pay the Bondholders in lieu of delivering such Relevant Shares; or (3) failure to do both (1) and (2), avoid a possible event of default to the extent such debt obligation requires the Company to maintain certain percentages of ownership in Ton Yi. The ensuing default may affect the financial condition of the Company or Ton Yi.

TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions (subject to amendment and except for the sentences in italics) will be endorsed on the Certificates issued in respect of the Bonds:

The issue of US$82,659,000 Zero Coupon Exchangeable Bonds due 2008 (the "Bonds" which expression shall, except where otherwise indicated, include any further Bonds issued in accordance with Condition 17 and consolidated and forming a single series with the Bonds) of Uni-President Enterprises Corporation (the "Company") was authorised by a resolution of the Board of Directors of the Company adopted on August 21, 2003. The Bonds are constituted by a Trust Deed (the "Trust Deed") dated December 5, 2003 and made between the Company and DB Trustees (Hong Kong) Limited (the "Trustee", which term includes any successor trustee under the Trust Deed) for the holders of the Bonds (the "Bondholders"). The Company has entered into a paying and exchange agency agreement (the "Agency Agreement") dated December 5, 2003 with the Trustee, Deutsche Bank AG, Hong Kong Branch as the principal paying, exchange and transfer agent and the other paying, exchange and transfer agents and registrar appointed thereunder (together, the "Agents" in relation to the Bonds). The registrar, principal paying and exchange agent, paying agents, exchange agents and transfer agents are referred to below as the "Registrar", the "Principal Agent", the "Paying Agents" (which expression shall include the Principal Agent), the "Exchange Agents" (which expression shall include the Principal Agent) and the "Transfer Agents" (which expression shall include the Registrar), respectively. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the offices of the Trustee being at the date hereof at 55/F Cheung Kong Centre, 2 Queen's Road Central, Hong Kong, and during normal business hours at the specified offices of each of the Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and, to the extent applicable, are bound by, and are deemed to have notice of all the provisions of the Agency Agreement.

1 Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Company and rank *pari passu* among themselves and (subject to any obligations preferred by mandatory provisions of law) with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company.

2 Form and Denomination

The Bonds are issued in registered form in the denomination of US$1,000 or an integral multiple thereof. A bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will have an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Company will procure to be kept by the Registrar.

The Bonds will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear and Clearstream, Luxembourg.

The Company has granted Deutsche Bank AG London an option expiring on December 23, 2003 to purchase up to an additional US$17,341,000 aggregate principal amount of Bonds. In

the event that the option is exercised, the Company shall provide a notice to the Luxembourg Stock Exchange.

Owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds, except in the limited circumstances described in the Global Certificate. The Bonds are not issuable in bearer form.

3 Title

Title to the Bonds passes by registration in the register of Bondholders. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Bondholder" and (in relation to a Bond) "holder" mean the person in whose name a Bond is registered.

4 Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), the Company shall not and shall not permit any of its Principal Subsidiaries to create or permit to be outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each an "Encumbrance") upon the whole or any part of its undertaking, property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as hereinafter defined) for (i) payment of any sum due in respect of any such International Investment Securities, (ii) any payment under any guarantee of any such International Investment Securities or (iii) any payment under any indemnity or other like obligation relating to any such International Investment Securities without in any such case at the same time according to the Bonds either the same security as is granted to or is outstanding in respect of such International Investment Securities, guarantee, indemnity or other like obligation or such other security as shall be approved by holders of the Bonds holding not less than 50% of the principal amount of the outstanding Bonds.

For this purpose, the term "International Investment Securities" means bonds, debentures, notes, loan stock or investment securities of the Company or any other person which (a) either (i) are by their terms payable, or confer a right to receive payment, in any currency other than New Taiwan dollars or (ii) are denominated or payable in New Taiwan dollars and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Taiwan, the Republic of China (the "ROC") by or with the authorisation of the issuer thereof and (b) are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange, quotation system or over-the-counter or other similar securities market outside the ROC.

"Principal Subsidiary" means any corporation or other business entity more than 50% of the outstanding voting stock of which is for the time being owned directly or indirectly by the Company and either (A) the net operating revenues of which, as shown by the accounts (consolidated in the case of any entity which itself has subsidiaries) of such entity upon which the latest audited consolidated accounts of the Company have been based, are at least 10% of the net operating revenues of the Company and its consolidated subsidiaries, if any, as shown by such audited consolidated accounts or (B) the gross assets of which, as shown by the aforementioned accounts, are at least 10% of the gross assets of the Company and its consolidated subsidiaries, if any, as shown by such audited consolidated accounts.

5 Transfers of Bonds and Issue of Certificates

A. Transfers

A Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or the Transfer Agent.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

B. Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds will, within three business days of receipt by the relevant Agent of the duly completed and signed form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bond to the address specified in the form of transfer. For the purposes of this Condition 5(B), "business day" shall mean a day on which commercial banks are open for business in New York City, London, Luxembourg and the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds, except in the limited circumstances described in the Global Certificate.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred, exchanged or redeemed, a new Certificate in respect of the Bonds not so transferred, exchanged or redeemed will, within three business days of deposit or surrender of the original Certificate with or to the relevant Agent, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged or redeemed to the address of such holder appearing on the register of Bondholders.

C. Formalities Free of Charge

Registration of transfer of Bonds will be effected without charge by or on behalf of the Company or any of the Agents, subject to payment (or the giving of such indemnity as the Company or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

D. No Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on the due date for any payment of principal on the Bond; (ii) during the period of 15 days preceding the selection of Bonds to be redeemed; (iii) after such Bond has been selected or called for redemption pursuant to Condition 8(B); or (iv) after the Certificate in respect of such Bond has been deposited for exchange pursuant to Condition 6.

E. Regulations

All transfers of Bonds and entries on the register of Bondholders will be made subject to the detailed regulations concerning transfer of Bonds set forth in the Agency Agreement and herein. The regulations may be changed by the Company, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (at the Company's expense) by the Registrar to any Bondholder who asks for one.

The regulations relating to the transfer and registration of Bonds include, inter alia:

- *Each Bond shall be in the denomination of U.S.$1,000 or an integral multiple thereof. Certificates, each evidencing entitlement to one or more Bonds, shall be issued in accordance with the Conditions.*
- *The Bonds are transferable by execution of the form of transfer on each Certificate endorsed under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing. "Transferor" shall where the context permits or requires include joint transferors and be construed accordingly.*
- *The Certificate issued in respect of the Bond to be transferred must be delivered for registration to the office of a Transfer Agent accompanied by such other evidence (including certificates and/or legal opinions) as the Transfer Agent may reasonably require to prove the title of the transferor or his right to transfer the Bond and his identity and, if the form of transfer is executed by some other person on his behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so. The signature of the person effecting a transfer of a Bond shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Agent may require.*
- *The executors or administrators of a deceased holder of Bonds (not being one of several joint holders) and, in the case of the death of one or more of joint holders, the survivor or survivors of such joint holders, shall be the only persons recognised by the Company as having any title to such Bonds.*
- *Any person becoming entitled to Bonds in consequence of the death or bankruptcy of the holder of such Bonds may, upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Transfer Agent shall require (including certificates and/or legal opinions), be registered himself as the holder of such Bonds or, subject to the preceding paragraphs as to transfer, may transfer such Bonds. The Company and the Agents may retain any amount payable upon the Bonds to which any person is so entitled until such person shall be so registered or shall duly transfer the Bonds.*
- *Unless otherwise requested by him and agreed by the Company, a holder of Bonds shall be entitled to receive only one Certificate in respect of his holding.*
- *The joint holders of a Bond shall be entitled to one Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of the joint holding.*
- *The Company and the Transfer Agents shall make no charge to the holders for the registration of any holding of Bonds or any transfer of Bonds or for the issue of any Certificates or for the delivery of Certificates at the specified office of the Agent to whom the request for registration, transfer or delivery was delivered or by uninsured post to the address specified by the holder. If any holder entitled to receive a Certificate wishes to have it delivered to him otherwise than at the specified office of such Agent, such delivery shall be made upon his written request to such Agent, at his risk and (except where sent by uninsured post to the address specified by the holder) at his expense.*
- *Each Transfer Agent will within three business days in London of a request to effect a transfer of a Bond (or within 21 days if the transfer is of a Bond represented by the Global Certificate) deliver at its specified office to the transferee or despatch by mail (at*

the risk of the transferee) to such address as the transferee may request, a new Certificate in respect of the Bond or Bonds transferred. In the case of a transfer, exchange or redemption of fewer than all the Bonds in respect of which a Certificate is issued, a new Certificate in respect of the Bonds not transferred, exchanged or redeemed will be so delivered to the holder to its address appearing on the register of holders of Bonds.

6 Exchange

The Trust Deed provides, in summary, that the term "Relevant Shares" means, when used to refer to the class or classes of capital stock into which the Bonds are exchangeable and when used in certain other instances, only the common shares, par value NT$10 per share of Ton Yi Industrial Corporation., but that when used elsewhere, including in Condition 6(C), such term also includes shares of any other class or classes of the share capital of Ton Yi Industrial Corporation authorised after the date of the Trust Deed which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of Ton Yi Industrial Corporation.

A. Exchange Right

(i) *Exchange Period*. Each Bondholder has the right hereunder to exchange any Bond into Relevant Exchange Property on and subject to the terms set forth herein and in the Trust Deed (the "Exchange Right"). Subject to and upon compliance with the provisions of this Condition, the Exchange Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after January 5, 2004 and prior to the close of business (at the place where such Bond is deposited for exchange) on November 5, 2008 (but in no event thereafter), or, if such Bond shall have been called for redemption prior to December 5, 2008, then up to the close of business (at the place aforesaid) on the date seven days prior to the date fixed for redemption thereof (the "Exchange Period"); provided however, that the Exchange Right shall be suspended during any Closed Period, any Suspension Period and any Offer Period (as defined in Condition 6(H)) and the Exchange Period shall not include any such Closed Period, Suspension Period or Offer Period.

For the purposes of these Conditions:

"Closed Period" shall mean any period during which under the law of the ROC Ton Yi shall close its shareholders' register, which period includes 60 days prior to the date of the annual general meeting of shareholders, 30 days prior to a special shareholders' meeting, five days prior to a record date or such other periods determined by ROC law applicable from time to time;

"Relevant Exchange Property" means approximately 210 million Relevant Shares initially and/or such other property as from time to time may or may be deemed or required by the Trust Deed to be included in all or part of the Relevant Exchange Property but excluding any such property as may or may be deemed by the Trust Deed to have ceased to be part of the Relevant Exchange Property.

"Relevant Shares" means (a) fully-paid and non-assessable shares of the capital stock of Ton Yi which, at the date of the Trust Deed are designated as common capital stock of Ton Yi, together with shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, and (b) fully-paid and non-assessable shares of any class or classes of the capital stock of Ton Yi authorised after the date of the Trust Deed which in either case, as between themselves, have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of Ton Yi.

"Suspension Period" means the period of five Trading Days prior to any Closed Period.

"Ton Yi" means Ton Yi Industrial Corporation.

"Trading Day" means a day (other than a Saturday or Sunday) on which the Taiwan Stock Exchange (the "TSE") is open for business.

Under current ROC law, regulation and policy, PRC persons are not permitted to exchange the Bonds or to register as a shareholder of Ton Yi.

Under current ROC law, a non-ROC exchanging Bondholder when exercising his exchange right to exchange the Bonds into Relevant Shares is required to appoint a local agent in the ROC with such qualifications as are set by the ROC SFC and the Ministry of Finance of the ROC, to open a securities trading account with a local brokerage firm and a New Taiwan dollar bank account, remit funds, exercise shareholders' rights and perform such other matters as may be designated by such exchanging Bondholder, on behalf of and as agent for such exchanging Bondholder and to appoint an agent in the ROC for filing tax returns and making tax payments. In addition, such non-ROC exchanging Bondholder must also appoint a custodian bank to hold the securities for safekeeping, make confirmation and settlement of trades, and report all relevant information. Under existing ROC laws and regulations, without such accounts, an investor in the Bonds would not be able to hold or to sell or otherwise transfer the Relevant Shares into which the Bonds may have been exchanged on the TSE or otherwise.

(ii) *Relevant Shares on Exchange*. The number of Relevant Shares to be transferred and delivered upon exchange of any Bond will be determined by dividing the principal amount of the Bond (translated into New Taiwan dollars at the fixed rate of NT$34.018 = US$1.00) by the Exchange Price (as hereinafter defined) in effect on the Exercise Date. Fractions of Relevant Shares will not be delivered on exchange and cash adjustments will not be made in respect thereof by the Company. Notwithstanding the foregoing, in the event of a consolidation or reclassification of Relevant Shares by operation of law or otherwise occurring after December 5, 2003, the Company will upon exchange of the Bonds pay in US dollars a sum equal to such portion of the principal amount of the Bond or Bonds deposited for exchange as corresponds to any fraction of a Relevant Share not issued as aforesaid if such sum exceeds US$10. For the purpose of calculating the amount of such payment, the Company shall use the exchange rate referred to above in this Condition 6(A)(ii).

(iii) *Initial Exchange Price*. The price at which the Relevant Exchange Property will be transferred and delivered upon exchange (the "Exchange Price") will initially be NT$13.39 per Relevant Share but will be subject to adjustment in the manner provided in Condition 6(C).

(iv) *Revival on Default*. Notwithstanding the provisions of Condition 6(A)(i), if there shall be default in making payment in full in respect of any Bond on the due date for redemption thereof, the Exchange Right attaching to such Bond will continue to be exercisable up to and including the close of business (at the place where the Bond is deposited for exchange) on the date upon which the full amount of the monies payable in respect of such Bond has been duly received by the Trustee or the Principal Agent and notice of such receipt has been duly given to the relevant Bondholders in accordance with Condition 16.

(v) *Share Custody*. The Company shall, within 10 business days after the issue of the Bonds, deposit in a segregated account designated for the benefit of the Bondholders, in the

Taiwan Securities Central Depository Company Limited, sufficient Relevant Shares to satisfy the Exchange Rights relating to the Bonds at the initial Exchange Price. The Company shall not transfer or deliver any of the deposited Relevant Shares to any third party (or transfer any of the deposited Relevant Shares out of such designated account) except for the purpose of delivering such Relevant Shares to exchanging Bondholders and except as may otherwise be required by law or legal proceedings or in accordance with the Trust Deed. If, due to a downward adjustment of the Exchange Price or any other event, the number of Relevant Shares deposited in such designated account ceases to be sufficient to satisfy the Exchange Rights relating to the Bonds at the Exchange Price then in effect, the Company shall (as soon as possible, but in any case within 60 business days of such downward adjustment or other event) deposit additional Relevant Shares or Relevant Exchange Property owned by the Company (or any of its agents) in such designated account, in order to ensure that the total number of Relevant Shares deposited in such account is sufficient to satisfy the Exchange Rights relating to the then outstanding Bonds at the Exchange Price then in effect (a "Top-up"). In the event that (a) the Company transfers or delivers any of the deposited Relevant Shares out of the designated account or to any third party, in breach of this Condition or (b) the Company does not perform any of its obligations in respect of any Top-up, the Trustee, if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding, shall (subject to it being indemnified and/or secured to its satisfaction) and the Bondholders will be entitled to declare an Event of Default pursuant to Condition 10.

The Share Custody arrangements described above are to protect, and to facilitate exercise of the Exchange Rights but do not secure any obligations or indebtedness of the Company or create any security interest in respect of any such obligations or indebtedness.

B. Exchange Procedure

(i) *Exercise Procedure*. To exercise the Exchange Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours (at the place where the specified office of the relevant Exchange Agent is located) on any business day during the Exchange Period at the specified office of an Exchange Agent outside the ROC a notice of exchange (an "Exchange Notice") in duplicate, duly completed and signed, in the then current form obtainable from the specified office of any Exchange Agent, together with the Certificate relating to the relevant Bond and any certificates and other documents as may be required under the law of the ROC or the jurisdiction in which such Exchange Agent shall be located. The Exchange Notice must contain, *inter alia*, an appointment of a local agent. An Exchange Notice once deposited shall be irrevocable and may not be withdrawn without the consent in writing of the Company. The price at which such Bonds will be exchanged will be the Exchange Price in effect on the Exercise Date.

For the purposes of this Condition 6(B), "business day" shall mean a day on which commercial banks are open for business in New York City, London and the city in which the specified office of the Exchange Agent with whom an Exchange Notice is deposited in connection with the exchange is located.

The Company, or the Exchange Agent on its behalf, may reject any incomplete or incorrect Exchange Notice or any Exchange Notice which is not accompanied by any amount payable under Condition 6(B)(ii). All costs and expenses incurred or caused by an incomplete or incorrect Exchange Notice shall be for the account of the relevant Bondholder.

(ii) *Taxes and Expenses; Exchange Deposit Date and Exercise Date*. Together with the Exchange Notice, the Bondholder must pay to the relevant Exchange Agent all stamp, issue,

registration and similar taxes and duties and transfer costs (if any) arising on exchange in the country in which the Bond is deposited for exchange, or payable in any jurisdiction consequent upon the transfer or delivery of Relevant Shares or any other property or cash upon exchange to or to the order of a person other than the exchanging Bondholder (the "Taxes"). The Bondholder (and, if applicable, the person other than the Bondholder to whom the Relevant Shares are to be delivered) must provide the Exchange Agent with details of the relevant tax authorities to which the Exchange Agent must pay monies received in settlement of the taxes and duties payable pursuant to this Condition. The Exchange Agent is not under any obligation to determine whether a Bondholder is liable to pay any taxes or duties, including stamp, issue, registration or similar taxes and duties. Except as aforesaid, the Company will pay the expenses arising in the ROC on the transfer and delivery of Relevant Shares on exchange of Bonds and all charges of the Exchange Agents in connection therewith as provided in the Agency Agreement. The Bondholder must provide the relevant Exchange Agent with details of the relevant tax authorities to which the relevant Exchange Agent must pay monies received in settlement of Taxes payable pursuant to this Condition 6(G)(ii). The Exchange Agents are under no obligation to determine whether a Bondholder is liable to pay any Taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(G)(ii).

The date on which the Certificate in respect of any Bond, the Exchange Notice (in duplicate) relating thereto and all such other certificates and documents as are required under Condition 6(B)(i) are deposited with an Exchange Agent and the payments, if any, required to be paid by the Bondholder are made is hereinafter referred to as the "Exchange Deposit Date." The "Exercise Date" applicable to a Bond shall mean the next day following the Exchange Deposit Date, which day is both a Trading Day and occurs during the Exchange Period. Accordingly, if an Exercise Date would otherwise fall within a Closed Period, a Suspension Period or an Offer Period, the Exercise Date shall be the first Trading Day following such period.

(iii) *Delivery of Relevant Shares/Relevant Exchange Property*. Subject as set out below, the Company shall procure that share certificates (which shall be in the name of the Company but which are endorsed in accordance with the Exchange Notice of the relevant Bondholder, subject to the terms of the Trust Deed) for the Relevant Shares or such other evidence of title as shall be available at the relevant time (including any such other evidence of title in respect of Relevant Shares as shall be available from time to time under ROC law) for any Relevant Exchange Property to which any Bondholder or any person designated by the Bondholder shall become entitled in consequence of exercising the Exchange Right shall be delivered to the local agent designated by the Bondholder in the Exchange Notice or the securities account of such Bondholder as specified in the Exchange Notice is credited with Relevant Shares as soon as practicable and in any event not later than five Trading Days after the relevant Exercise Date together with any other property or cash (including, without limitation, cash payable pursuant to Condition 6(A)(ii)) required to be delivered upon exchange and such assignments and other documents (if any) as may be required by law to effect the delivery thereof.

The date on which such delivery is completed, or if earlier the fifth Trading Day after the relevant Exercise Date, is referred to in these Conditions as the "Exchange Delivery Date".

(iv) *Cash Payment Option*. Within three ROC Business Days after the Exercise Date, the Company may elect to deliver the Cash Equivalent (as defined herein) in lieu of the Relevant Shares and Relevant Exchange Property, as applicable, to satisfy the exchange of any Bond (the "Cash Payment Option"). To exercise its Cash Payment Option, the Company will as soon as

practicable after receipt of an Exchange Notice and in any event within three ROC Business Days after the Exercise Date, deliver a cash payment notice (the "Cash Payment Notice") to the exchanging Bondholder stating that (a) cash payment in lieu of delivery of Relevant Shares and Relevant Exchange Property, as applicable, shall be made to the exchanging Bondholder within 10 days of such Cash Payment Notice, pursuant to this Condition and (b) the number of Relevant Shares or Relevant Exchange Property for which cash payment will be made.

"Cash Equivalent" means an amount in US dollars equal to the product of (x) the average closing prices of the Relevant Shares on the TSE or other applicable exchange for the five consecutive Trading Days starting from the date of the Cash Payment Notice (or such fewer number of Trading Days as available within 10 days after the date of the Cash Payment Notice) converted to US dollars at the Prevailing Rate and (y) the number of Relevant Shares or Relevant Exchange Property specified in the Cash Payment Notice.

The "Prevailing Rate" for the translation of the prices of shares listed on the TSE shall be the closing rate for the purchase of US dollars with NT dollars quoted by Taipei Forex Inc. at the close of business on each day of the relevant Trading Day period. In the event that Taipei Forex Inc. is not operating on any of the relevant Trading Days the rate quoted by the Federal Reserve Bank of New York will be applied.

(v) *Entitlements on Exchange*. With effect from, and including, the Exchange Delivery Date, the exchanging Bondholder shall, as between it and the Company, be entitled to exercise all rights in respect of the Relevant Exchange Property and receive all income or other assets arising out of the Relevant Exchange Property (except where such rights, income or other assets accrue by reference to a record date which precedes the Exchange Delivery Date). The rights of an exchanging Bondholder in respect of the Relevant Exchange Property as between it and any other person shall be as provided by applicable law or regulation. In particular, the rights of the exchanging Bondholder with respect to Relevant Shares as between it and Ton Yi will be determined by the date on which the name of the Bondholder (or its designee) is registered as owner of the Relevant Shares in the shareholders' register of Ton Yi.

Subject to Condition 6(B)(iii) and the following paragraph, the Company will procure that the Relevant Shares delivered on exchange of Bonds (if applicable) will in all respects rank *pari passu* with the Relevant Shares in issue on the relevant Exchange Delivery Date (except for any right the record date for which precedes such Exchange Delivery Date and except for any other right excluded by mandatory provisions of applicable law).

The Relevant Shares to be delivered on exercise of Exchange Rights shall not include any dividends or other income thereon declared or paid by reference to a record date prior to the Exchange Delivery Date. Securities comprised in the Relevant Exchange Property delivered pursuant to exercise of Exchange Rights shall be entitled to dividends or other distributions declared or paid by reference to any record date in respect of such dividends or distributions falling after the relevant Exchange Delivery Date.

(vi) *Retroactive Adjustment of Exchange Price.* If the Exchange Delivery Date in relation to any exchanged Bond shall fall after a date with effect from which an adjustment to the Exchange Price takes effect (retroactively or otherwise) pursuant to any of the provisions referred to in Condition 6(C) and the Trust Deed and the relevant Exercise Date falls on a date when the relevant adjustment has not been reflected in the Exchange Price, the Company will, within 20 days after the date of such adjustment of the Exchange Price, transfer and deliver such number of Relevant Shares as is equal to the excess of the number of Relevant Shares that would have been required to be delivered on exchange of such Bond if the relevant retroactive

adjustment had been made as at the said Exercise Date over the number of Relevant Shares previously delivered pursuant to such exchange, and in such event and in respect of such number of Relevant Shares, references in Condition 6(B)(iii) to the Exercise Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (disregarding the fact that it becomes effective retroactively, if that is the case). Fractions of Relevant Shares will be paid in cash.

C. Adjustments to Exchange Price

The Exchange Price will be subject to adjustment in the manner set forth in the Trust Deed upon the occurrence of certain events set out in the Trust Deed, including:

(i) the making by Ton Yi of a free distribution of Relevant Shares;

(ii) subdivisions, consolidations or reclassifications of Relevant Shares by Ton Yi;

(iii) the declaration by Ton Yi of a dividend in Relevant Shares (including, without limitation, any cash dividends);

> *Under the terms of the Trust Deed, no account is to be taken of, or credit given for, the par value of Relevant Shares issued in a stock dividend in calculating the appropriate exchange price adjustment, so that the full dilutive effect of the stock dividend is provided for.*

(iv) the grant, issue or offer by Ton Yi to the holders of Relevant Shares of rights or warrants to subscribe for or purchase Relevant Shares at less than the then Current Market Price or to subscribe for or purchase any securities convertible into or exchangeable for new Relevant Shares at less than the then Current Market Price;

"Current Market Price" in relation to the Relevant Share on any date means the average of the daily closing prices (as defined herein) of the relevant Relevant Shares for the 30 consecutive Trading Days (as defined herein) commencing 45 Trading Days before such date. If Ton Yi has more than one class of share capital comprising Relevant Shares, then the relevant Current Market Price for Relevant Shares shall be the price for that class of Relevant Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Relevant Shares) gives rise to the adjustment in question

(v) the distribution by Ton Yi to the holders of Relevant Shares of evidences of indebtedness of Ton Yi or of shares of capital stock of Ton Yi (other than Relevant Shares) or of assets or of rights or warrants to subscribe for or purchase shares or securities (other than those mentioned in (iv) above);

(vi) the issue by Ton Yi of securities convertible into or exchangeable for Relevant Shares at less than the then Current Market Price (other than those mentioned in (iv) above) or of rights or warrants (other than those mentioned in (iv) above) to subscribe for or purchase Relevant Shares at less than the then Current Market Price or to subscribe for or purchase securities convertible into or exchangeable for new Relevant Shares at less than the then Current Market Price;

(vii) the issue by Ton Yi of Relevant Shares (other than (a) to shareholders of any company which merges with Ton Yi upon such merger and in proportion to their shareholdings in such company immediately prior to such merger; or (b) in any of the circumstances described above; but including Relevant Shares issued in any employee profit- sharing arrangements) at less than the then Current Market Price; and

Under the terms of the Trust Deed, no account is to be taken of, or credit given for the par value of Relevant Shares issued in any employee dividend or profit-sharing arrangements in calculating the appropriate exchange price adjustment, so that the full dilutive effect is provided for.

(viii) any other event or circumstance which would have an analogous effect to any of the events in (i) to (vii) above.

No adjustment will be made where such adjustment would be less than NT$1.00; provided, however, that any such adjustment that otherwise would be required to be made will be carried forward and taken into account in determining any subsequent adjustment. Any adjustment will be notified promptly by the Company to the Bondholders and the Luxembourg Stock Exchange in accordance with Condition 16.

If an adjustment to the Exchange Price is made, the Company shall deliver or procure the delivery of such additional number of Relevant Shares (adjusted in the manner set out in Condition 6(c)) (or sufficient Relevant Exchange Property, including cash) to the relevant designated account in the Taiwan Securities Central Depository Company Limited, to form part of the Relevant Exchange Property, as would be required to be added to the Relevant Exchange Property to allow the outstanding Bonds to be exchanged fully for the Relevant Exchange Property at the adjusted Exchange Price.

All calculations relating to the Exchange Price shall be rounded upwards, if necessary, to the nearest NT$0.01.

The Trustee will not be obliged to monitor whether any event has occurred which might fall within paragraphs (i) to (viii) above and until it has received notice in writing to the contrary shall assume that none has.

D. Resetting of Exchange Price

If the product of (a) the average of the Closing Prices of the Relevant Shares on the TSE (the "Average Closing Price"), whichever is lowest, for each of the periods of 5, 10 and 15 consecutive Trading Days immediately prior to (and excluding) the date which is 60 days prior to December 5, 2005 (the "Reset Date"), converted into US dollars at the Prevailing Rate and (b) the principal amount of one Bond (being US$1,000), divided by the Exchange Price in effect on the relevant Reset Date, converted into US dollars at the fixed exchange rate of NT$34.018 = US$1.00 shall be less than the principal amount of one Bond, the Exchange Price may be adjusted, at the Company's option, in accordance with the following formula:

$$\text{Adjusted Exchange Price} = 130\% \times \frac{\text{Fixed Exchange Rate}}{\text{Prevailing Rate}} \times \text{Average Closing Price}$$

Such Adjusted Exchange Price shall be rounded upwards, if necessary, to the nearest NT$0.01.

Provided that:

(i) on the relevant Reset Date, the Adjusted Exchange Price, after adjustment on that day, shall not be less than 80% of the Exchange Price on the Issue Date (after allowing for adjustments made pursuant to Condition 6(C));

(ii) the provisions of Condition 6(C) shall apply *mutatis mutandis* to this Condition 6(D) to ensure that appropriate adjustments shall be made to any Closing Price to reflect any

adjustments made to the Exchange Price in accordance with Condition 6(C) during the period of calculation of the Average Closing Price; and

(iii) for the avoidance of doubt any adjustments to the Exchange Price made pursuant to this Condition 6(D) shall only be downward adjustments.

For the purpose of the formula in this Condition, the Prevailing Rate shall be expressed as the number of NT dollars per US$1.00.

Any such adjustment shall become effective as of the relevant Reset Date and shall be notified to the Bondholders in accordance with Condition 16 and to the Luxembourg Stock Exchange.

The term "Closing Price" for any Trading Day means the last reported transaction price or, if no transaction takes place on such day, the average of the closing bid and offered prices of Relevant Shares for such day as furnished by a leading independent securities company licensed to trade on the TSE selected from time to time by the Company (and approved by the Trustee) for the purpose.

E. Notice

The Company shall give notice to the Trustee, the Agents and the Bondholders in accordance with Condition 16 as well as to the Luxembourg Stock Exchange of any change in the nature of the property comprising the Relevant Exchange Property as soon as reasonably practicable following such change, and shall give such details as the Trustee may require of the Relevant Exchange Property to which the holder of a Bond would be entitled upon exercise of the Exchange Right following such change.

F. Release from the Relevant Exchange Property

Upon actual delivery of Relevant Exchange Property to the relevant Bondholder, the amount of the Relevant Exchange Property attributable to the relevant Bond shall cease to be part of the Relevant Exchange Property and shall be transferred and delivered by the Company to the order of the exchanging Bondholder, and the Relevant Exchange Property shall be reduced accordingly.

G. Voting and Other Rights

Pending exercise of the Exchange Rights, the Company will be entitled to exercise the voting and other rights attaching to the Relevant Shares or other securities comprising Relevant Exchange Property in accordance with the terms of the Trust Deed on all matters submitted to the shareholders of Ton Yi or holders of any other securities comprising Relevant Exchange Property. The Bondholders shall have no voting or other rights attaching to the Relevant Shares comprising Relevant Exchange Property or any other part of the Exchange Property prior to their registration as a shareholder of Ton Yi.

In exercising such voting rights, the Company may have regard to its own interests to the exclusion of the interests of Bondholders or any of them.

H. General Offer

In the event of an offer (as defined below) for any Relevant Securities (as defined below), the Company shall have absolute discretion to accept such Offer or reject such Offer, provided that (a) the Company will procure that no such Offer will be accepted (i) prior to the Specified

Date (as defined below) in respect thereof and (ii) unless the value of the consideration offered for the Relevant Securities pursuant to the Offer (the "Offer Consideration") is equal to or greater than the value of the Relevant Securities, (b) subject as provided in (a) above, where the terms of the Offer are such that the Company may decide whether to accept the Offer Consideration in the form of cash or services, the Company shall accept the type of Offer Consideration which has the highest value as determined by a leading independent securities company or bank in Taipei (acting as an expert) appointed by the Company with the prior written approval of the Trustee. If it accepts such Offer (or if the Relevant Securities are subject to compulsory acquisition), then, with effect from the Final Date (as defined below), the Relevant Exchange Property will consist, in whole or in part, of the Offer Consideration, or the consideration received pursuant to such compulsory acquisition and the Relevant Securities shall be released from the Relevant Exchange Property and the new assets will become comprised in the Relevant Exchange Property pursuant to the terms of the Trust Deed provided that, if the Offer Consideration or the consideration received pursuant to such compulsory acquisition consists of unlisted securities, the Company shall procure that such unlisted securities shall be withdrawn forthwith from the Relevant Exchange Property and an amount of cash in New Taiwan dollars shall be held as part of the Relevant Exchange Property with a value at least equal to the value (as determined aforesaid) of such unlisted securities.

Notwithstanding the foregoing, the Company may not, without the written consent of the Trustee, accept an Offer from a person or company owned or controlled by the Company, any subsidiary of the Company or any person or company owned or controlled by such subsidiary, any person or company which owns or controls the Company or any company which is owned or controlled by such person or company.

In relation to any scheme of arrangement, re-organisation, amalgamation or reconstruction of any company or companies (whether or not involving liquidation or dissolution), the Company shall at all times be entitled, in relation to any Relevant Securities, to vote on, exercise its rights in respect of, or otherwise participate in, any such scheme of arrangement, re-organisation, amalgamation or reconstruction as it thinks fit.

The Exchange Rights shall be suspended from (i) the Specified Date until the relevant Offer is withdrawn or the relevant Offer lapses or the Final Date in relation to the Offer or (ii) the date any vote is cast in relation to any applicable scheme of arrangement, re-organisation, amalgamation or reconstruction which is approved by the required majority until the same is approved or rejected by the relevant judicial or other authorities (the "Offer Period"). The Company will give notice of the commencement and cessation of any such suspension of Exchange Rights to the Bondholders in accordance with Condition 16 as well as to the Luxembourg Stock Exchange.

For the purposes of this Condition:

"Offer" means an offer to acquire any Relevant Securities, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all (or as nearly as may be practicable all) holders of the applicable shares or securities or all (or as nearly as may be practicable all) such holders other than any holder who is, or is connected with, or is or is deemed to be acting in concert with, the person making such offer;

"Specified Date" means, in relation to any Offer, the fourteenth day following that on which such Offer was made or, if the period during which such Offer is open is less than 14 days, the last day of such Offer Period;

"Relevant Securities" means the Relevant Shares or any other securities of a class comprising Relevant Exchange Property from time to time;

"Final Date" means, in relation to any Offer, the date such Offer becomes or is declared unconditional in all respects.

In accepting or rejecting any Offer or in voting on or exercising its rights in respect of, or otherwise participating in, any scheme of arrangement, reorganisation, amalgamation or reconstruction, it is possible that the Company may act having regard to its own interests to the exclusion of the interests of the Bondholders or any of them.

7 Payments

A. Payment Method

Payment of principal and premium (if any), in respect of the Bonds, will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account. Payments of principal and premium (if any), will only be made after surrender of the relevant Certificate at the specified office of any Agent.

B. Registered Accounts

A Bondholder's registered account means the US dollar account maintained by or on behalf of it with a bank in New York City details of which appear on the register of Bondholders at the close of business on the second business day (as defined below) before the due date for payment and a Bondholder's registered address means its address appearing on the register of Bondholders at that time.

C. Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

D. Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a business day, for value the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed on the later of the business day preceding the due date for payment and the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

E. Default Interest

Where there is a failure by the Company to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 3.00% per annum from the due date. Such default interest shall accrue on the basis of a year of 360 days consisting of 12 months of 30 days each.

F. Payment Delay

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

G. Business Days

In this Condition and Condition 10, "business day" means a day on which commercial banks are open for business in New York City and London and, in the case of the surrender of a Certificate, in New York City, London, Hong Kong and in the place where the Certificate is surrendered.

H. Partial Payments

If the amount of principal which is due on the Bonds is not paid in full, the Registrar will annotate the register of Bondholders and any Certificates surrendered for payment with a record of the amount of principal in fact paid.

8 Redemption, Purchase and Cancellation

A. Redemption at Maturity

Unless previously redeemed or exchanged or purchased and cancelled as herein provided, the Company will redeem the Bonds at their principal amount in US dollars on December 5, 2008. The Bonds may be redeemed in whole or in part prior to that date only as provided in paragraphs (B), (C), (D) and (E) below (but without prejudice to Condition 10).

B. Redemption at the Option of the Company

At any time after December 5, 2005 and prior to December 5, 2008, the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice will be irrevocable and published in accordance with Condition 16), redeem all or from time to time some only of the Bonds at their principal amount provided that the Closing Price of the Relevant Shares on the TSE translated into US dollars at the Prevailing Rate (as defined in Condition 6B(iv)) for a period of 20 consecutive Trading Days the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 125% of the Exchange Price then in effect translated into US dollars at the rate of NT$34.018 = US$1.00 and provided that the date fixed for redemption under this Condition 8(B) may not fall within a Closed Period or the period of 15 business days (as defined in Condition 6(B)(i)) following a Closed Period.

If there shall occur an event giving rise to a change in the Exchange Price during any such 20 Trading Day period, appropriate adjustments for the relevant days shall be made for the purpose of calculating the Closing Price for such days. If the Closing Price cannot be determined for one or more consecutive Trading Days, such day or days will be disregarded in the relevant calculation and will be deemed not to have existed when ascertaining such 20 Trading Day period.

The Company may, at any time, redeem all (but not some only) of the Bonds, upon not less than 30 nor more than 60 days' notice to the Bondholders (which notice will be irrevocable and published in accordance with Condition 16), at their principal amount if at least 90 per cent. in principal amount of the Bonds has already been redeemed, exchanged, or purchased and cancelled.

After any such redemption, the Company shall inform the Luxembourg Stock Exchange as soon as possible of such redemption and the principal amount of Bonds outstanding after such redemption.

Upon the expiry of any such notice, the Company will be bound to redeem the Bonds to which such notice relates at the price aforesaid applicable at the relevant dates.

C. Redemption for Taxation Reasons

At any time (but not if notice of redemption under Condition 8(B), 8(D) or 8(E) has already been given to Bondholders), the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at their principal amount if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the ROC or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after November 5, 2003 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due, and provided that the date fixed for redemption under this Condition 8(C) may not fall within a Closed Period or the period of 15 business days (as defined in Condition 6(B)(i)) following a Closed Period. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee a certificate signed by two authorised officers of the Company stating that the obligation referred to in (i) above cannot be avoided by the Company taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on the Bondholders.

D. Redemption for delisting or change in control

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of the Bonds on the Relevant Event Redemption Date (as defined below) at their principal amount. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent ("Relevant Event Redemption Notice") together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with Condition 16. The "Relevant Event Redemption Date" shall be the 14th day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and the Company shall redeem the Bonds the subject of Relevant Event Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred.

The Company shall give notice to Bondholders in accordance with Condition 16 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(D).

After any such redemption, the Company shall inform the Luxembourg Stock Exchange as soon as possible of such redemption and the principal amount of Bonds outstanding after such redemption.

A "Relevant Event" occurs:

(i) when the Relevant Shares cease to be listed or admitted to trading for a period of at least 5 Trading Days on the TSE; or

(ii) when there is a Change in Control (as defined below) with respect to the Company.

"Change in Control" occurs when:

(i) any person or persons (as defined below) acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control (as defined below) of the Company on the date of issue of the Bonds;

(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity; or

(iii) one or more persons (as defined below) acquires control (as defined below) of the Company.

"control" means the right to appoint and/or remove all or the majority of the members of the Company's Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

a "person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

E. Redemption at the option of the Bondholders

The Company will, at the option of the holder of any Bond, redeem all or some of that holder's Bonds on December 5, 2005 (the "Put Option Date"), at the principal amount of the Bonds. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed Redemption Notice together with the Certificate evidencing the Bonds to be redeemed not later than 20 days prior to the Put Option Date.

After any such redemption, the Company shall inform the Luxembourg Stock Exchange as soon as possible of such redemption and the principal amount of Bonds outstanding after such redemption.

F. Purchase

The Company or any of its subsidiaries may at any time and from time to time purchase Bonds in the open market or otherwise. Bonds so purchased will be deemed cancelled and may not be reissued or resold.

G. Selection of Bonds

In the case of a redemption of some only of the Bonds pursuant to Condition 8 of this Condition, the Bonds to be redeemed will be selected individually by lot by the Principal Agent,

in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair not more than 60 days and not less than 30 days prior to the date fixed for redemption.

H. Cancellation

All Bonds which are redeemed or exchanged or purchased and surrendered to the Principal Agent will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Principal Agent and such Bonds may not be reissued or resold.

I. Redemption Notices

All notices to Bondholders given by or on behalf of the Company pursuant to this Condition will specify the date fixed for redemption, the redemption amount, the Closing Price of the Relevant Shares, the Exchange Price as at the date of the relevant notice and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice and, in the case of a partial redemption, a list of the Bonds called for redemption (when applicable).

So long as the Bonds are listed on the Luxembourg Stock Exchange, the Company shall submit a copy of all the redemption notices to the Luxembourg Stock Exchange as soon as practicable.

9 Taxation

(A) All payments of principal and default interest (if any) by the Company will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of the ROC or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

(B) In the event that any such withholding or deduction in respect of principal or any additional withholding or deduction in respect of premium or default interest (if any) is required, the Company will pay such additional amounts by way of principal, premium and default interest (if any) as will result in the receipt by the Bondholders of the amounts which would have been receivable in the absence of any such withholding or deduction, except that no such additional amounts shall be payable in respect of any Bond:

(i) to, or on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his being connected with the ROC otherwise than merely by holding such Bond or by the receipt of principal, premium or default interest (if any) in respect of the Bond; or

(ii) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such 30-day period.

For this purpose the "relevant date" in relation to any Bond means (a) the due date for payment in respect thereof, or (b) (if the full amount of the monies payable on such due date has not been received in New York City by the Trustee or the Principal Agent on or prior to such

due date) the date on which notice is duly given to the Bondholders that such monies have been so received.

(C) References in these Conditions to principal, premium and default interest shall, except where otherwise stipulated, be deemed also to refer to any increased or additional amounts which may be payable in respect thereof under this Condition 9.

10 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined below) shall (subject always to the Trustee having been indemnified and/or provided with security to its satisfaction), give notice to the Company that the Bonds are immediately due and payable, if any of the following events (an "Event of Default") shall have occurred and be continuing:

(i) the Company fails to pay the principal of or any premium on any of the Bonds within seven days after the same shall become due and payable in accordance with these Conditions; or

(ii) (a) the Company fails to deliver Relevant Shares or Relevant Exchange Property as and when such Relevant Shares or Relevant Exchange Property are required to be delivered upon the exchange of a Bond, or (b) the Company fails to pay the Cash Equivalent within seven days after it is due and payable, or (c) the Company transfers or delivers any of the deposited Relevant Shares out of the designated account in the Taiwan Securities Central Depositary Limited in breach of Condition 6(A)(v) or fails to perform any of its obligations in respect of any Top-up; or

(iii) the Company defaults in performance or observance of or compliance with any one or more of its other obligations set out in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, such default is not in the opinion of the Trustee remedied within 30 days (or such longer time as the Trustee may consider appropriate in relation to the jurisdiction concerned) after written notice of such default shall have been given to the Company by the Trustee; or

(iv) any other present or future indebtedness of the Company or any of its Principal Subsidiaries (as defined in Condition 4) for or in respect of monies borrowed or raised becomes due and payable prior to its stated maturity by reason of any potential default, event of default or the like (howsoever described), or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period originally provided for, or the Company or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee or indemnity or arrangement or obligation having a like or similar effect (howsoever described) for any monies borrowed or raised by any person provided that the aggregate amount of the relevant indebtedness and guarantees in respect of which one or more events mentioned above in this Condition 10(A)(iv) have occurred equals or exceeds US$10 million or its equivalent in any other currency (determined as provided below); or

(v) an encumbrance takes possession or a receiver, manager or similar officer is appointed, or a distress, execution or seizure before judgment is levied, enforced or sued out upon, against or in respect of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its Principal Subsidiaries and the same is not stayed, discharged, released or satisfied (as the case may be) within 60 days of such taking of possession, appointment, levying, enforcement or suing out (as the case may be); or

(vi) the Company or any of its Principal Subsidiaries becomes bankrupt or insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of an administrator, liquidator (except for the purpose of and followed by a voluntary solvent reorganisation, merger, consolidation, amalgamation or other similar arrangement the terms of which have been previously approved by an Extraordinary Resolution of the holders of the Bonds) or receiver (or other similar official) of the Company or any of its Principal Subsidiaries, or in respect of the whole or any substantial part of the undertakings, property, assets or revenues of the Company or any of its Principal Subsidiaries, or the Company or any of its Principal Subsidiaries stops, suspends or threaten to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium or standstill is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Company or any of its Principal Subsidiaries; or

(vii) an order is made or an effective resolution passed for the winding-up or dissolution of the Company or any of its Principal Subsidiaries or the Company or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business or the operations or the Company or any of its Principal Subsidiaries becomes capable of being dissolved under ROC law (except for the purpose of and followed by a solvent reconstruction, merger, consolidation, amalgamation or other similar arrangement the terms of which are approved by an Extraordinary Resolution of the holders of the Bonds); or

(viii) the Company shall merge, amalgamate or consolidate with any other corporation or entity (with the Company not being the continuing entity) or shall sell or dispose of substantially all its business or assets whether as a single transaction or a number of transactions, related or not, to any person without obtaining the prior approval by Extraordinary Resolution of the Bondholders and of such person to assume the obligations of the Company under the Bonds and the Trust Deed; provided that such agreement by such other person shall not be required if such assumption shall be effective by operation of law; or

(ix) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets or shares of the Company; or

(x) proceedings shall have been initiated against the Company or any of its Principal Subsidiaries under any applicable bankruptcy, insolvency or reorganisation law and such proceedings shall not have been discharged or stayed within a period of 90 days; or

(xi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order to (i) enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) ensure that those obligations are legally binding and enforceable and (iii) make the Bonds and the Trust Deed admissible in evidence in the courts of the ROC is not taken, fulfilled or done, and such case is incapable of remedy or, if in the opinion of the Trustee is capable of remedy, is not in the opinion of the Trustee remedied within 30 days; or

(xii) any event occurs which under the laws of the ROC, has an analogous effect to any of the events referred to in the foregoing paragraphs.

For the purposes of clause (iv) above, any indebtedness which is in a currency other than US dollars shall be translated into US dollars at the spot rate for the sale of US dollars against

the purchase of the relevant currency quoted by any leading bank in the relevant market selected by the Trustee on any day when the Trustee requests such a quotation for such purposes. If no direct spot rate is available, a rate shall be calculated by reference to the cross-rates through US dollars of the relevant currencies.

Upon any such notice being given to the Company, the Bonds will immediately become due and payable at their principal amount.

"Extraordinary Resolution" means a resolution passed at a meeting of Holders of the Bonds duly convened and held in accordance with Schedule 3 of the Trust Deed by a majority consisting of not less than three-quarters of the votes cast.

11 Undertakings

The Company has, *inter alia*, undertaken in the Trust Deed that, so long as any Bond remains outstanding:

(i) it will use its best endeavours (to the extent permitted by applicable laws) to ensure that the business and affairs of Ton Yi are conducted to give full effect to the provisions of these Bonds and the Trust Deed;

(ii) it will use its best endeavours (i) to procure that Ton Yi maintains a listing for all the Relevant Shares on the TSE, (ii) to obtain as soon as practicable after issue and maintain a listing for all new Relevant Shares comprising the Relevant Exchange Property on the TSE (to the extent not already obtained and maintained) and (iii) if such listing is not maintained (having used such best endeavours), to procure that Ton Yi obtains and maintains a listing for all the Relevant Shares on any other stock exchanges (each an "Alternative Stock Exchange") as the Company may from time to time (with the written consent of the Trustee) determine and forthwith give notice to the Bondholders in accordance with Condition 16 below of the listing or delisting of the Relevant Shares (or any Relevant Shares as a class) by the TSE or any other such Alternative Stock Exchange (and all references in these Conditions to the "TSE" shall consequently, *mutatis mutandis*, be deemed to be references to such Alternative Stock Exchange);

(iii) it will pay the expenses of the delivery of any Relevant Shares arising on exchange of Bonds;

(iv) it will use its best endeavours to ensure that any Relevant Shares or Relevant Exchange Property deliverable on exchange of Bonds may be transferred and sold to any person, corporation, partnership or association, regardless of nationality (except for PRC persons);

(v) it will, subject to the laws of the ROC, use its best endeavours to ensure that the Relevant Shares will rank at least *pari passu* and carry the same rights and privileges in all respects (except to the extent of existing ownership, transfer, registration and subscription restrictions) as other outstanding common shares of Ton Yi; and

(vi) it will not create or purport or attempt to create, assume or permit to subsist any mortgage, charge, pledge, hypothecation, lien, interest under a trust or other encumbrance over any Relevant Exchange Property which is deposited with the Taiwan Securities Central Depository Company Limited pursuant to the provisions of these Conditions.

12 Prescription

Claims in respect of principal and premium and default interest (if any) will become unenforceable after 10 years (in the case of principal and premium) and five years (in the case of default interest) from the relevant date for payment in respect thereof.

Under ROC law, claims in respect of principal and premium (if deemed to be interest) and default interest will become unenforceable after 15 years (in the case of principal) and five years (in the case of premium (if deemed to be interest) and default interest) from the relevant date for payment in respect thereof.

13 Enforcement

At any time after the Bonds shall have become due and payable, the Trustee may, at its discretion and without further notice, take such proceedings against the Company as it may think fit to enforce payment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of at least 25% in principal amount of the Bonds then outstanding or so directed by an Extraordinary Resolution and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Company, unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

14 Meetings of Bondholders, Modification and Waiver

A. Meeting

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50% in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity date of the Bonds, (ii) to reduce or cancel the amount of principal or premium (if any) payable in respect of the Bonds, (iii) the reduce or cancel the Cash Equivalent, (iv) to change the currency of payment of the Bonds, (v) (subject to Condition 14(B)) to modify or cancel the Exchange Right, or (vi) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing over two thirds, or at any adjourned such meeting over one third, in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

In the event of any meeting of Bondholders in accordance with Condition 14(A), the Company shall notify the Bondholders by the publication of a notice in accordance with Condition 16.

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

B. Modification of Exchange Right

Notwithstanding Condition 14(A)(v) above, the Trustee may agree, without the consent of the Bondholders, (i) any modification to, or variation of, the Exchange Rights (including modification of and additions to the declarations and statements to be made by Bondholders in an Exchange Notice) which is in its opinion necessary or desirable to effect or facilitate exchange as contemplated in these Conditions and which is not, in the Trustee's opinion, materially prejudicial to the interests of the Bondholders; or (ii) arrangements, in addition and as an alternative to the arrangements for exchange of Bonds for Relevant Shares set out in these Conditions, for the deposit of Relevant Shares delivered on exchange of Bonds into a global depositary receipt programme or similar scheme and for delivery of global depositary receipts or other scrip evidencing the Relevant Shares to Bondholders who so request. The Trustee's agreement may be subject to any condition which the Trustee requires.

C. Other Modifications and Waivers

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned above) of, or the waiver or authorisation of any breach or proposed breach of, the Bonds or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification of the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification will be notified by the Company to the Bondholders as soon as practicable thereafter.

D. Exercise of Trustee's Functions

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation or waiver), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Company or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

15 Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company may reasonably require (which terms will require, *inter alia*, that if such Certificate is subsequently deposited for exchange into Relevant Shares, there shall be paid to the Company on demand NT$13.39 for each US$1.00 of the principal amount of such Bond). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16 Notices

All notices to Bondholders shall be validly given if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times (United Kingdom edition)) and mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar, and, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

17 Further Issue

The Company may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds.

18 Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless indemnified to its satisfaction.

19 Agents

The Company reserves the right, subject to the provisions of the Agency Agreement, at any time to vary or terminate the appointment of any Agents, provided that the Company will at all times maintain Agents having specified offices in London and, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in Luxembourg. Notice of any such termination or appointment, of any changes in the specified offices of the Agents or of any change in the identity or specified office of the Registrar or the Principal Agent will be given promptly by the Company to the Bondholders and the Trustee.

20 Governing Law and Jurisdiction; Third Party Rights

A. Governing Law

The Trust Deed, the Bonds and the Agency Agreement are governed by and shall be construed in accordance with English law.

B. Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("Proceedings") may be brought in such courts. The Company has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

C. Agent for Service of Process

The Company has irrevocably appointed Law Debenture Corporate Services Limited at its registered office for the time being (currently at Fifth Floor, 100 Wood Street, London) as its agent in England to receive service of process in any Proceedings in England based on any of the Bonds.

D. Third Party Rights

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

THE GLOBAL CERTIFICATE

Except in a certain limited circumstance, interests in the Bonds may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.

General

The Bonds will be represented by interests in the Global Certificate which will be deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg (the "Relevant Nominee") and interests therein will be credited to the securities clearance accounts of the relevant Bondholders with Euroclear and/or Clearstream, Luxembourg. A beneficial interest in the Global Certificate may at all times be held only through Euroclear and Clearstream, Luxembourg.

The respective nominees of Euroclear and Clearstream, Luxembourg are referred to as the "Relevant Nominee."

Accountholders

For so long as any of the Bonds is represented by the Global Certificate, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular principal amount of such Bonds (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds (and the expression "Bondholders" and references to "holding of Bonds" and to "holder of Bonds" shall be construed accordingly) for all purposes other than with respect to the payment of principal, premium (if any) and interest (if any) on such Bonds, the right to which shall be vested, as against the Company, solely in the Relevant Nominee in accordance with and subject to the terms of the Global Certificate and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made to the Relevant Nominee.

Definitive Certificates (the "Certificates")

Registration of title to Bonds initially represented by the Global Certificate in a name other than the nominee for Euroclear and Clearstream, Luxembourg will not be permitted unless Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Company at its own expense will cause sufficient definitive Certificates to be executed and delivered to the Registrar for completion and dispatch to all Bondholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Company and the Registrar may require to complete, execute and deliver such definitive Certificates.

The Registrar will not register the exchange of interests in a Global Certificate for definitive Certificates for a period of 15 calendar days preceding the due date for any payment of principal in respect of the Bonds.

Payments

Distributions of principal or interest with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Agent to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Company and shall be prima facie evidence that payment has been made.

Meetings

The registered holder (as defined in the Terms and Conditions) of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US$1,000 in principal amount of Bonds for which the Global Certificate are issued. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak at a meeting of Bondholders on appropriate proof of his identity and interest.

Cancellation

Cancellation of any Bond following its redemption, exchange or purchase by the Company will be effected by reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to Bonds and may consider such interests as if such accountholders were the holders of the Bonds.

Exchange

Subject to the requirements of Euroclear and Clearstream, Luxembourg, the Exchange Right attaching to a Bond in respect of which the Global Certificate is issued may be exercised by the presentation to or to the order of the Exchange Agent of one or more Exchange Notices duly completed by or on behalf of a holder of a book-entry interest in such Bond. Such Exchange Notices must be authenticated in accordance with the procedures of the relevant clearing system as a condition of acceptance by the Exchange Agent. Deposit of the Global Certificate with the Exchange Agent together with the relevant Exchange Notice shall not be required. The exercise of the Exchange Right shall be notified by the Principal Agent to the relevant clearing system, the Registrar and the holders of the Global Certificate. Exchanging Bondholders will not be permitted to transfer or otherwise deal with their Bonds until such notification is made.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions except that so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

Put Option and Call Option

The Bondholders' put option in Condition 8(D) and 8(E) may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in Condition 8(D) and/or 8(E).

No drawing of the Bonds will be required under Condition 8(G) in the event that the Bondholders exercise their put option, or that the Company exercises its call option pursuant to Condition 8(B) in respect of less than the aggregate principal amount of the Bonds in respect of which the Global Certificate is issued.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed, the persons named in a certificate of the holder of the Bonds in respect of which a Global Certificate is issued shall be recognised as the beneficiaries of the trusts set out in the Trust Deed, to the extent of the principal amount of their interest in the Bonds set out in the certificate of the holder, as if they were themselves the holders of Bonds in such principal amounts.

References To Euroclear, Clearstream and Luxembourg

Any references to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Company and the Trustee.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds (assuming no additional Bonds are issued pursuant to the option granted to the Global Coordinator) after deducting fees and expenses incurred in connection with this offering, will be approximately US$80,799,000. The Company shall use the net proceeds of this offering to procure raw materials overseas.

MARKET PRICE INFORMATION FOR THE RELEVANT SHARES

The Relevant Shares have been listed on the TSE since January 1991. There is no public market outside Taiwan for the Relevant Shares. The table below shows, for the periods indicated, the high and low closing prices and the average daily volume of trading activity on the TSE for the Relevant Shares and the highest and lowest of the daily closing values of the Taiwan Stock Exchange Index. The closing price for the Relevant Shares on the TSE on December 3, 2003 was NT$9.35 per Share.

	Closing per share(1)		Average daily trading volume	Taiwan stock exchange index	
	High	Low		High	Low
	NT$	NT$	(in thousands of shares)		
1996	22.76	16.31	4,623.98	6,982.81	4,690.22
1997	25.94	16.69	12,160.40	10,116.84	6,820.35
1998	18.98	10.37	3,940.52	9,277.09	6,251.38
1999	15.30	9.13	2,695.59	8,608.91	5,474.79
2000	14.71	3.77	4,272.41	10,202.20	4,614.63
2001					
First Quarter	7.71	4.57	4,104.38	6,104.24	4,739.09
Second Quarter	7.52	4.52	2,146.46	5,797.92	4,768.55
Third Quarter	4.90	3.51	1,656.94	4,886.86	3,493.78
Fourth Quarter	4.25	3.53	1,742.56	5,551.24	3,446.26
2002					
First Quarter	6.89	3.88	4,746.96	6,242.64	5,488.33
Second Quarter	8.20	5.34	10,129.80	6,462.30	5,071.76
Third Quarter	7.96	4.16	8,736.44	5,416.50	4,185.95
Fourth Quarter	10.19	4.38	15,174.98	4,823.67	3,850.04
2003					
First Quarter					
January	12.43	8.88	19,686.94	5,078.80	4,452.45
February	11.65	9.42	8,262.14	5,015.16	4,432.46
March	10.15	7.82	7,441.22	4,599.25	4,260.45
Second Quarter					
April	10.00	7.43	7,626.39	4,658.30	4,139.50
May	9.32	7.43	7,430.32	4,555.90	4,148.07
June	9.76	8.35	10,172.89	5,048.91	4,555.90
Third Quarter					
July	10.29	8.54	24,176.89	5,451.80	5,017.78
August	10.58	9.22	19,560.94	5,686.85	5,214.60
September	9.56	8.79	4,976.11	5,759.91	5,611.41
Fourth Quarter					
October	9.41	8.79	11,004.08	6,108.13	5,581.66
November	10.30	9.30	10,889.10	6,142.32	5,740.57
December (through December 3, 2003)	9.40	9.35	2,786.09	5,911.45	5,870.17

Source: Bloomberg

(1) Stock prices have been retroactively adjusted for issuances of new shares including stock dividends.

EXCHANGE RATES

The following table sets forth, for the periods indicated, information concerning the number of NT dollars for which one U.S. dollar could be exchanged based on the noon buying rate for cable transfers in NT dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	NT dollars per U.S. dollar noon buying rate			
Year Ended December 31,	**Average**	**High**	**Low**	**At Period-end**
	NT$	**NT$ (of month end rates)**	**NT$**	**NT$**
1997	29.056	33.250	27.340	32.800
1998	33.498	34.950	32.050	32.270
1999	32.281	33.400	31.390	31.390
2000	31.366	33.250	30.350	33.170
2001	33.911	35.130	32.230	35.000
2002	34.536	35.160	32.850	34.700
2003				
January	34.571(1)	34.760	34.400	34.610
February	34.734(1)	34.819	34.610	34.780
March	34.721(1)	34.800	34.580	34.750
April	34.824(1)	34.980	34.790	34.850
May	34.697(1)	34.850	34.600	34.710
June	34.633(1)	34.700	34.520	34.610
July	34.396(1)	34.580	34.250	34.410
August	34.318(1)	34.470	34.120	34.120
September	33.995(1)	34.150	33.720	33.780
October	33.875(1)	34.050	33.720	33.980
November	34.036(1)	34.200	33.950	34.200
December (through December 2)	34.150(1)	34.150	34.150	34.150

Source: Federal Reserve Statistical Release, Board of Governors of the Federal Reserve System

(1) Average of daily rates during the period.

The Company and Ton Yi publish their respective financial statements in NT dollars. This Offering Circular contains translation of NT dollar amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from NT dollars to U.S. dollars and from U.S. dollars to NT dollars in this Offering Circular were made at a rate of NT$33.78 to US$1.00, the noon buying rate of the U.S. Federal Reserve Bank of New York on September 30, 2003. No representation is made that the NT dollar or U.S. dollar amount referred to in this Offering Circular could have been or could be converted into U.S. dollars or NT dollars, as the case may be, at any particular rate or at all. On December 2, 2003, the noon buying rate of the U.S. Federal Reserve Bank of New York was NT$34.15 to US$1.00.

CAPITALISATION

The following table sets forth under ROC GAAP the Company's unaudited unconsolidated capitalisation as of September 30, 2003 and the capitalisation as of the same date as adjusted for this offering. There has been no other material change in the Company's capitalisation since September 30, 2003 with the exception of the Company's proposal to buy back up to 100 million shares of its common stock with a maximum of NT$1,400.0 million during the period from October 14, 2003 through December 13, 2003. As of November 30, 2003, the Company has purchased 19,713,000 shares of the common stock of the Company with a book value of NT$261.5 million pursuant to this plan. As of September 30, 2003, the Company did not have any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants attached. The following table should be read in conjunction with the Company's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of September 30, 2003			
	Actual		As adjusted for this offering	
	NT$	US$	NT$	US$
	(in millions) (unaudited) (unconsolidated)			
Short-term borrowings (including current portion of long-term loans)	1,177.6	34.9	1,177.6	34.9
Long-term borrowings				
Long-term loans	20,343.2	602.2	20,343.2	602.2
Bonds payable	3,400.0	100.7	3,400.0	100.7
The Bonds being issued	—	—	2,792.2	82.7
Total long-term borrowings	23,743.2	702.9	26,535.4	785.6
Stockholders' equity:				
Common stock, NT$10 par value, 3,395,098 thousand shares authorised, 3,395,098 thousand shares issued and outstanding	33,951.0	1,005.1	33,951.0	1,005.1
Capital reserve	973.9	28.8	973.9	28.8
Legal reserve	4,685.6	138.7	4,685.6	138.7
Special reserve	476.5	14.1	476.5	14.1
Undistributed earnings	2,910.4	86.2	2,910.4	86.2
Translation adjustments	(187.0)	(5.5)	(187.0)	(5.5)
Unrealised long-term investment loss	(150.0)	(4.5)	(150.0)	(4.5)
Loss on unrealised pension cost	(409.9)	(12.1)	(409.9)	(12.1)
Total stockholders' equity	42,250.5	1,250.8	42,250.5	1,250.8
Total capitalisation	65,993.7	1,953.7	68,785.9	2,036.4

DESCRIPTION OF SHARES OF THE COMPANY

Set forth below is certain information relating to the Company's share capital, including brief summaries of certain provisions of its Articles of Incorporation, the ROC Securities and Exchange Law, the regulations promulgated under the ROC Securities and Exchange Law and the ROC Company Law as of the date of this Offering Circular.

The Company was incorporated on August 25, 1967 as a company limited by shares under the ROC Company Law. As at September 30, 2003, its authorised share capital was NT$34,243,868,000, divided into 3,424,386,800 shares. As at September 30, 2003, its paid-in, issued and outstanding share capital was NT$33,950,978,000, divided into 3,395,097,800 shares. Its Articles of Incorporation only authorize shares, and do not authorize any preferred shares. All of its issued and outstanding shares are fully paid and in registered form. As at September 30, 2003, the Company does not have any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants attached.

Dividends and Distributions

In compliance with the legal restrictions imposed by the ROC Company Law, ROC regulations and its articles of incorporation, if there are earnings for distribution at the end of each fiscal year, after deducting any loss incurred in prior year(s) and paying off all taxes and dues with 10% of the remaining net earnings set aside as legal reserve and appropriated as special reserve in accordance with ROC Securities Exchange Law, the balance of the net earnings can be distributed together with prior accumulated unappropriated retained earnings. The Company's board of directors generally makes a dividend distribution proposal after considering the various factors discussed above. The dividend should be set in the range from 50% to 100% of the accumulated unappropriated retained earnings. In general, cash dividends shall be the preferred form of distribution. However, in the event a stock dividend is also declared, the amount of such stock dividend shall not exceed 50% of the total amount of the cash and stock distributions combined. The board of directors' proposals are subject to the approvals by the Company's annual shareholders' meetings. The amount of annual net earnings, after tax payment and compliance of the capital adequacy requirements above, can be distributed by the Company, 2% of which is fixed for remuneration of its directors and supervisors and not less than 0.2% of the same for employees' bonus.

In addition to permitting dividends to be paid out of retained earnings, the ROC Company Law also permits the Company to make distributions to its shareholders of additional shares by capitalizing its reserves (including the legal reserve and certain other reserves). However, the capitalized portion payable out of its legal reserve is limited to 50% of the total accumulated legal reserve and the capitalization of the legal reserve can only be effected when the accumulated legal reserve exceeds 50% of its paid-in capital.

Cash dividends which are unclaimed for a period of five years from the date of the relevant notice of distribution may no longer be claimed. Such unclaimed cash dividends will, upon expiry of such five-year period, become the Company's property. However, share dividends are not subject to any prescription period under ROC law. Thus, uncollected share dividends will remain in the Company's safekeeping and continue to be claimable by the relevant shareholders.

President Securities Co. Ltd., is the share registrar for the Company's shares and is responsible for distributing dividend payments on the Company's shares to the Company's shareholders. President Securities Co., Ltd., is also a paying agent for the Company and performs paying agent functions on behalf of the Company.

Changes in Share Capital and Pre-emptive Rights

The ROC Company Law and the ROC Securities and Exchange Law provide that any change in the authorised share capital of a company limited by shares, such as the Company, requires an amendment to the company's articles of incorporation approved by the shareholders at a shareholders' meeting. In addition, for a public company such as the Company, the approval of the ROC SFC is required if the paid-in capital is increased. Approval of the Ministry of Economic Affairs is also required for changes to the Company's authorised and paid-in share capital. The Company's authorised but unissued shares may be issued at such times and, subject to the provisions of the ROC Company Law and the ROC Securities and Exchange Law mentioned below, upon such terms as the Company's Board of Directors may determine.

Under the ROC Company Law, when the Company issues new shares for cash, its existing shareholders who are listed on its shareholders' register as of the record date have pre-emptive rights to subscribe for the new issue in proportion to their existing shareholdings. In addition, the Company's employees, whether or not they are shareholders, have rights to subscribe for 10% to 15% of the new issue as determined by the Company's Board of Directors. Any new shares that remain unsubscribed by either the Company's existing shareholders or the Company's employees at the end of the subscription period may be offered to the public or privately placed by the Company. The pre-emptive rights provisions will not apply to the offering of new shares in certain limited circumstances, such as a private placement approved by the shareholders at a meeting of shareholders.

In addition, in accordance with the ROC Securities and Exchange Law, a public company, such as the Company, whose securities are listed on the TSE, that intends to offer new shares for cash must offer to the public at least 10% of these shares except under certain circumstances or when exempted by the ROC SFC. This percentage may be increased by a resolution passed at the Company's shareholders' meeting, thereby diminishing the number of new Shares subject to the pre-emptive rights of existing shareholders.

Meetings of Shareholders

Meetings of the Company's shareholders may be ordinary or extraordinary meetings. Ordinary meetings of its shareholders are generally held in Tainan, Taiwan, within six months following the end of each fiscal year. Extraordinary meetings may be convened by the Company's Board of Directors by passing a board resolution or by the Company's Board of Directors upon the written request of any shareholder or shareholders who has or have held 3% or more of the Company's issued and outstanding shares for a period exceeding one year. Extraordinary meetings of the Company's shareholders may also be convened by a Supervisor when the Board of Directors does not or cannot convene a meeting of shareholders and/or when such a meeting is necessary for the benefit of the shareholders. Notice in writing of the Company's shareholders' meetings, stating the place, time and purpose of the meeting, must be dispatched to each shareholder of record at least 30 days (in the case of ordinary meetings) and at least 15 days (in the case of extraordinary meetings) prior to the date set for the meeting.

Voting Rights

The Company's Articles of Incorporation provide that a holder of shares has one vote for each common share held. There is a cumulative voting for the election of Directors and Supervisors unless otherwise provided in the Company's Articles of Incorporation. Ballots for the election of Directors are cast separately from those for the election of Supervisors.

Candidates for the election of Directors and Supervisors are nominated by the Company's shareholders at the Company's shareholders' meeting at which ballots for the election are cast. Except as otherwise provided by the Company's Articles of Incorporation, a resolution can be adopted by the holders of at least a majority of the shares represented at the Company's shareholders' meeting at which the holders of 50% of all issued and outstanding shares are present. Under the ROC Company Law, however, unless otherwise provided in the Company's Articles of Incorporation, to approve certain major corporate actions, including any amendment to the articles of incorporation (which is required, among other things, for any increase in the authorised share capital), the dissolution or amalgamation of a company, the transfer of the whole or an important part of a company's business, the taking over of the whole of the business of another company or the distribution of any share dividend, a meeting of the shareholders must be convened with a quorum of holders of at least two-thirds of all issued and outstanding shares at which the shareholders of at least a majority of the shares represented at the meeting vote in favour of the corporate action. Alternatively, the ROC Company Law provides that in the case of a public company, such as the Company, a resolution to approve these major corporate actions may be adopted by the holders of at least two-thirds of the shares represented at a shareholders' meeting at which holders of at least a majority of issued and outstanding shares are present, unless otherwise provided in the Company's Articles of Incorporation.

A shareholder may be represented at the Company's ordinary or extraordinary meetings by proxy if a valid proxy form is delivered to the Company at least five days prior to the commencement of the ordinary or extraordinary meeting. Voting rights attached to the Company's shares that are exercised by the Company's shareholders' proxies shall be subject to ROC proxy regulations.

Any shareholder who has a personal interest in a matter to be discussed at the Company's shareholders' meeting, the outcome of which may impair the Company's interests, shall not vote or exercise voting rights on behalf of another shareholder on such matter.

Register of Shareholders and Record Dates

President Securities Co. Ltd. is the Company's share registrar and maintains the Company's share register at its offices at B1F. 8, Tong Hsing Road, Taipei, Taiwan, and enters transfers of the Company's shares in the Company's share register upon presentation of, among other documents, certificates in respect of the shares transferred.

Under the ROC Company Law the Company may, by giving advance public notice, set a record date and close the Company's share register for a specified period (60 days, 30 days and 5 days, respectively, immediately before each ordinary meeting of shareholders, extraordinary meeting of shareholders and the relevant record date) in order for the Company to determine the shareholders who are entitled to certain rights pertaining to the shares.

Other Rights of Shareholders

Under the ROC Company Law, dissenting shareholders are entitled to appraisal rights in certain major corporate actions such as a proposed amalgamation by the company. A dissenting shareholder may request the company to redeem all of the shares owned by the shareholder at a fair price determined by mutual agreement or determined by a court order if an agreement cannot be reached. Shareholders may exercise their appraisal rights by serving written notice on the company prior to the related shareholders' meeting and/or by raising and registering an objection at the shareholders' meeting. In addition to appraisal rights,

shareholders have the right to sue for the annulment of any resolution adopted at a shareholders' meeting where the procedures were legally defective. One or more shareholders who have held more than 3% of the issued and outstanding shares of a company for more than one year may require a supervisor to bring a derivative action on behalf of the company against a director as a result of the director's unlawful actions or failure to act. In addition, one or more shareholders who have held more than 3% of the issued and outstanding shares of a company for more than one year may require the board of directors to convene an extraordinary shareholders' meeting by sending a written request to the board of directors.

Financial Statements

For a period of at least ten days prior to our annual shareholders' meeting, the Company's annual financial statements, which are prepared in accordance with ROC GAAP, must be available at the Company's principal office in Tainan and the Company's share registrar in Taipei for inspection by the Company's shareholders.

Transfer of Shares

Under the ROC Company Law, the transfer of shares is effected by endorsement and delivery of the related share certificates. However, in order to exercise his shareholder's rights, a transferee of the Company's shares must have his name and address registered on the Company's share register. The Company's shareholders are also required to file their respective specimen seals with the Company. The settlement of trading of shares on the TSE is carried out on the book-entry system maintained by Taiwan Securities Central Depository Co., Ltd.

Acquisition of Shares by the Company

With minor exceptions, the Company may not acquire its shares under the ROC Company Law.

Under the Securities and Exchange Law, the Company may, by a board resolution adopted by majority consent at a meeting with two-thirds of our Directors present, purchase its shares on the TSE or by a tender offer, in accordance with the procedures prescribed by the ROC SFC, for the following purposes: (i) to transfer shares to its employees; (ii) to convert bonds with warrants, preferred shares with warrants, convertible bonds, convertible preferred shares or certificates of warrants issued by the Company into shares; and (iii) if necessary, to maintain the Company credit and the Company shareholders' equity; provided that the shares so purchased shall be cancelled thereafter.

The Company is not allowed to purchase more than 10% of its total issued and outstanding shares. In addition, the Company may not spend more than the aggregate amount of the retained earnings, the premium from issuing shares and the realised portion of the capital reserve to purchase its shares.

The Company may not pledge or hypothecate any purchased shares. In addition, the Company may not exercise any shareholders' rights attaching to such shares. In the event that the Company purchases its shares on the TSE, its affiliates, Directors, Supervisors, managers and their respective spouses and minor children and/or nominees are prohibited from selling any of its shares during the period in which the Company purchases its shares.

Liquidation Rights

In the event of the Company's liquidation, the assets remaining after payment of all the Company's debts, liquidation expenses, taxes and distribution to holders of preferred shares, if any, will be distributed pro rata to the Company's shareholders in accordance with the ROC Company Law.

Transfer Restrictions

The ROC Securities and Exchange Law (i) requires each director, supervisor, manager or shareholder holding more than 10% of the shares of a public company to report any changes in that person's shareholding to the company; and (ii) limits the number of shares that can be sold or transferred on the TSE or on the GreTai Securities Market ("GTSM") by that person per day. The number of common shares that can be sold or transferred on the TSE and the GTSM by any such person per day is either (i) for a company with no more than 30 million outstanding common shares, 0.2% of the outstanding common shares of the company; for a company with more than 30 million outstanding common shares, the aggregate amount of 0.2% of the 30 million common shares plus 0.1% of the outstanding shares exceeding 30 million common shares; or (ii) 5% of the average trading volume (number of common shares) on the TSE or on the GTSM for the 10 consecutive trading days preceding the reporting day on which day the director, supervisor, manager or a shareholder holding more than 10% of the shares reports the intended share transfer to the ROC SFC.

CAPITALISATION OF TON YI

The following table sets forth Ton Yi's unaudited unconsolidated capitalisation as of September 30, 2003. There has been no other material change in Ton Yi's unconsolidated capitalisation since September 30, 2003, except that 46,041 thousand shares aggregating NT$460.4 million (US$13.6 million) were issued as stock dividend for 2002 on November 11, 2003. The following table should be read in conjunction with Ton Yi's financial statements, including the notes thereto, included elsewhere in this Offering Circular .

	As of September 30, 2003	
	Actual	
	NT$	US$
	(in millions) (unaudited) (unconsolidated)	
Short-term borrowings (including current portion of long-term loans)	1,440.0	42.6
Long-term borrowings:		
Long-term loans	9,110.0	269.7
Stockholders' equity:		
Common stock, NT$10 par value, 1,784,701 thousand shares authorised, 1,534,701 thousand shares issued and outstanding	15,347.0	454.3
Undistributed stock dividends	460.4	13.6
Capital surplus	450.1	13.3
Legal reserve	235.0	7.0
Special reserve	142.5	4.2
Undistributed earnings	468.4	13.9
Translation adjustments	(85.4)	(2.5)
Loss on unrealised pension cost	(39.8)	(1.2)
Total stockholders' equity	16,978.2	502.6
Total capitalisation	26,088.2	772.3

SELECTED FINANCIAL INFORMATION OF THE COMPANY

The following selected financial and other related data should be read in conjunction with the Company's financial statements included elsewhere in this Offering Circular and in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—The Company."

The Company's audited unconsolidated and consolidated financial statements as of and for the years ended December 31, 2000, 2001 and 2002, together with the auditor's reports thereon, are included elsewhere in this Offering Circular. The Company's year-end consolidated financial statements have been audited by PricewaterhouseCoopers, its independent auditors in accordance with auditing standards generally accepted in the ROC for such years.

The Company's unaudited unconsolidated financial statements as of and for the nine months ended September 30, 2002 and 2003 are included elsewhere in this Offering Circular.

The Company's consolidated and unconsolidated financial statements included elsewhere in this Offering Circular have been prepared in accordance with ROC GAAP. Accordingly, they are not intended to represent the Company's financial position and results of operations in accordance with accounting principles and practices that are generally accepted in jurisdictions other than the Republic of China, including the United States. See "Summary of Principal Differences Between ROC GAAP and U.S. GAAP."

The following table shows the Company's unconsolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002 and as of and for the nine months ended September 30, 2002 and 2003.

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	NT	NT	NT	US	NT	NT	US
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
Income statement data:							
Operating revenues							
Gross sales	$ 32,726.6	$ 33,564.2	$ 34,045.3	$1,007.9	$ 27,174. 8	$ 29,840.1	$883.4
Less: Sales returns	(278.6)	(190.6)	(175.5)	(5.2)	(123.3)	(135.7)	(4.0)
Sales allowance	(2,130.2)	(2,151.4)	(2,052.0)	(60.8)	(1,440.7)	(1,770.9)	(52.5)
Net sales	30,317.8	31,222.2	31,817.8	941.9	25,610.8	27,933.5	826.9
Other	1,841.2	2,126.4	3,081.4	91.2	530.5	500.3	14.8
Total operating revenues	32,159.0	33,348.6	34,899.2	1,033.1	26,141.3	28,433.8	841.7
Operating costs							
Total operating costs	(21,125.6)	(22,700.3)	(23,701.8)	(701.7)	(19,270.0)	(21,989.9)	(651.0)
Other	(1,575.1)	(1,868.2)	(2,776.0)	(82.1)	(407.9)	(421.7)	(12.5)
Total operating costs	(22,700.7)	(24,568.5)	(26,477.8)	(783.8)	(19,677.9)	(22,411.6)	(663.5)
Gross profit	9,458.3	8,780.1	8,421.4	249.3	6,463.4	6,022.2	178.2
Operating expenses							
Selling expenses	(6,652.5)	(6,065.6)	(5,660.6)	(167.6)	(4,175.5)	(4,137.8)	(122.5)
Administrative and general expenses	(2,190.5)	(2,266.7)	(1,842.3)	(54.5)	(1,339.2)	(1,428.5)	(42.3)
Research and development expenses	(259.4)	(285.5)	(293.5)	(8.7)	(216.7)	(233.9)	(6.9)
Total operating expenses	(9,102.4)	(8,617.8)	(7,796.4)	(230.8)	(5,731.4)	(5,800.2)	(171.7)
Operating income	355.9	162.3	625.0	18.5	732.0	222.0	6.5

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	NT	NT	NT	US	NT	NT	US
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
Non-operating income							
Interest income	$ 5.9	$ 13.9	$ 1.4	$ 0.0	$ 0.8	$ 1.7	$ 0.1
Investments Income	—	—	—	—	201.0	2,329.4	69.0
Cash dividends	42.3	98.9	112.9	3.3	112.9	90.2	2.7
Gain on disposal of property, plant and equipment	13.6	12.2	13.0	0.4	8.4	9.7	0.3
Gain on sale of investments	3,685.1	4,952.9	2,930.4	86.7	42.5	179.8	5.3
Gain on foreign exchange, net	—	—	—	—	—	18.8	0.6
Rental income	247.3	490.2	404.1	12.0	267.2	251.3	7.4
Gain on market value recovery of short-term investments	3.6	—	—	—	5.1	—	—
Other	863.0	1,040.9	898.3	26.7	689.0	661.6	19.5
Total non-operating income	4,860.8	6,609.0	4,360.1	129.1	1,326.9	3,542.5	104.9
Non-operating expenses							
Interest expenses	(994.7)	(1,215.4)	(931.4)	(27.6)	(729.5)	(373.1)	(11.1)
Investments loss	(235.4)	(1,664.4)	(1,523.2)	(45.1)	—	—	—
Loss on disposal of property, plant and equipment	(22.0)	(21.4)	(36.6)	(1.1)	(33.6)	(4.8)	(0.1)
Loss on foreign exchanges, net	(137.9)	(16.1)	(45.1)	(1.3)	(53.1)	—	—
Finance charges	(6.2)	(14.0)	(9.4)	(0.3)	(6.6)	(17.9)	(0.5)
Loss on temporary production stoppage	(66.3)	(41.1)	(101.9)	(3.0)	(67.7)	(69.0)	(2.0)
Others	(504.5)	(758.0)	(637.7)	(18.9)	(423.1)	(386.4)	(11.5)
Total other expenses	(1,967.0)	(3,730.4)	(3,285.3)	(97.3)	(1,313.6)	(851.2)	(25.2)
Income before income taxes and cumulative effect of changes in accounting principles	3,249.7	3,040.9	1,699.8	50.3	745.3	2,913.3	86.2
Cumulative effect of changes in accounting principles, less applicable income tax	—	—	(7.8)	(0.2)	(7.8)	—	—
Income tax (benefit) expenses	135.5	(27.1)	(183.2)	(5.4)	(172.3)	(42.0)	(1.2)
Net income	$ 3,385.2	$ 3,013.8	$ 1,508.8	$ 44.7	$ 565.2	2,871.3	85.0
Balance sheet data:							
Current assets	$ 6,937.6	$ 9,516.3	$ 7,428.6	$ 219.9	$ 8,004.7	$ 9,338.4	$ 276.4
Long-term investments	46,642.6	45,777.7	45,277.1	1,340.4	47,557.0	48,146.9	1,425.3
Property, plant and equipment, net	14,955.4	14,528.1	13,999.7	414.4	13,843.2	14,417.1	426.8
Intangible assets	—	413.8	377.0	11.2	417.3	377.0	11.2
Other assets	2,275.7	1,964.3	1,601.8	47.4	1,613.4	1,355.9	40.1
Total assets	70,811.3	72,200.2	68,684.2	2,033.3	71,435.6	73,635.3	2,179.8
Current liabilities	6,250.8	6,151.5	6,171.5	182.7	5,610.1	5,021.4	148.7
Long-term liabilities	22,052.0	21,840.3	19,058.7	564.2	23,455.5	23,913.9	707.9
Other reserves	1,291.9	1,291.8	1,291.8	38.2	1,291.8	1,291.8	38.2
Other liabilities	154.0	596.3	885.4	26.6	697.8	1,157.6	34.3
Total liabilities	$29,748.7	$29,879.9	$27,407.4	$ 811.7	$31,055.2	$31,384.7	$ 929.1

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	NT	NT	NT	US	NT	NT	US
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
Other data:							
Cash flow							
Cash provided by operating activities	$ 2,003.5	$ 1,994.0	$ 2,339.1	$ 69.2	$ 2,015.3	$2,519.4	$74.6
Cash (used in) provided by investing activities	(7,619.6)	1,291.0	1,332.4	39.4	(1,946.9)	(3,314.0)	(98.1)
Cash provided by (used in) financing activities	5,618.6	(3,294.7)	(3,659.6)	(108.3)	344.8	1,945.2	57.6
Net increase/(decrease) in cash and cash equivalents	0.7	(4.2)	22.8	0.7	402.4	1,150.3	34.1
Gross profit margin	29.4%	26.3%	24.1%	24.1%	24.7%	21.2%	21.2%
Operating profit margin	1.1%	0.5%	1.8%	1.8%	2.8%	0.8%	0.8%
Net margin	10.5%	9.0%	4.3%	4.3%	2.2%	10.1%	10.1%

The following table shows the Company's consolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002.

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	NT	NT	NT	US
	(in millions, except percentages and per share data) (consolidated) (audited)			
Income statement data:				
Operating revenues				
Gross sales	$ 52,606.8	$ 58,097.1	$ 60,775.9	$ 1,799.2
Less:				
Sales returns	(482.9)	(380.3)	(351.3)	(10.4)
Sales allowance	(2,585.7)	(2,794.4)	(3,066.1)	(90.8)
Net sales	49,538.2	54,922.4	57,358.5	1,698.0
Other	2,038.2	2,443.2	3,534.8	104.6
Total operating revenues	51,576.4	57,365.6	60,893.3	1,802.6
Operating costs				
Cost of goods sold	(36,190.0)	(41,427.2)	(42,099.7)	(1,246.3)
Other	(1,575.0)	(1,868.2)	(3,240.6)	(95.9)
Total operating costs	(37,765.0)	(43,295.4)	(45,340.3)	(1,342.2)
Gross profit	13,811.4	14,070.2	15,553.0	460.4
Operating expenses				
Selling expenses	(9,588.9)	(10,089.0)	(11,191.2)	(331.3)
Administrative and general expenses	(2,968.2)	(3,364.5)	(3,275.8)	(97.0)
Research and development expenses	(259.5)	(285.5)	(293.7)	(8.7)
Total operating expenses	(12,816.6)	(13,739.0)	(14,760.7)	(437.0)
Operating income	994.8	331.2	792.3	23.4
Non-operation income				
Interest income	79.5	74.8	66.7	2.0
Investments income	215.2	130.9	126.1	3.7
Gain on sale of investments	4,594.2	4,655.7	2,203.0	65.2
Rental income	216.7	463.4	377.2	11.2
Others	1,472.5	1,594.5	2,445.3	72.4
Total non-operating income	6,578.1	6,919.3	5,218.3	154.5
Non-operating expenses				
Interest expenses	(1,839.5)	(2,222.3)	(1,740.6)	(51.5)
Investments loss	(1,817.2)	(1,068.0)	(1,764.1)	(52.2)
Others	(828.2)	(1,091.5)	(1,108.1)	(32.9)
Total non-operating expenses	(4,484.9)	(4,381.8)	(4,612.8)	(136.6)
Income before income taxes, cumulative effect of changes in accounting principle and minority interest loss	3,088.0	2,868.7	1,397.8	41.3
Income tax benefit (expenses)	74.2	(95.8)	(271.8)	(8.0)
Net income before cumulative effect of changes in accounting principle and minority interests loss	3,162.2	2,772.9	1,126.0	33.3
Cumulative effect of changes in accounting principle	—	—	(7.8)	(0.2)
Minority interest loss	223.0	240.9	390.6	11.6
Net income	$ 3,385.2	$ 3,013.8	$ 1,508.8	$ 44.7
EPS (in NT$)	$ 1.05	$ 0.88	$ 0.45	$ —

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	NT	NT	NT	US
	(in millions, except percentages and per share data) (consolidated) (audited)			
Balance sheet data:				
Current assets	$ 15,664.7	$ 21,010.7	$ 17,956.5	$ 531.6
Long-term investments	56,492.0	58,643.2	58,135.6	1,721.0
Property, plant and equipment, net	22,600.6	23,708.9	23,723.6	702.3
Intangible assets	746.5	1,211.7	1,200.9	35.6
Other assets	2,993.8	2,769.9	2,596.2	76.8
Total assets	98,497.6	107,344.4	103,612.8	3,067.3
Current liabilities	23,109.2	24,216.2	24,368.4	721.4
Long-term liabilities	27,371.3	33,042.6	29,310.7	867.7
Other reserves	1,291.9	1,291.8	1,291.8	38.2
Other liabilities	7,222.9	7,400.4	7,365.1	218.1
Total liabilities	$ 58,995.3	$ 65,951.0	$ 62,336.0	$1,845.4
Other data:				
Cash flow				
Cash provided by operating activities	$ 4,175.1	$ 3,455.6	$ 1,439.3	$ 42.6
Cash (used in) provided by investing activities	(14,984.2)	(6,187.2)	761.6	22.5
Cash provided by (used in) financing activities	11,160.5	2,954.5	(2,743.1)	(81.2)
Net increase (decrease) in cash and cash equivalents	349.6	228.3	(531.4)	(15.7)
Gross profit margin	26.8%	24.5%	25.5%	25.5%
Operating profit margin	1.9%	0.6%	1.3%	1.3%
Net margin	6.6%	5.3%	2.5%	2.5%

SELECTED FINANCIAL INFORMATION OF TON YI

The following selected financial and other related data should be read in conjunction with the financial statements of Ton Yi included elsewhere in this Offering Circular and in the section entitled "Information on Results of Operations and Financial Condition of Ton Yi.".

Ton Yi's audited unconsolidated and consolidated financial statements as of and for the years ended December 31, 2000, 2001 and 2002, together with the auditors' reports thereon, are included elsewhere in this Offering Circular. Ton Yi's year-end consolidated financial statements have been audited by KPMG Certified Public Accountants, Ton Yi's independent auditors in accordance with generally accepted auditing standards in the ROC for such years.

Ton Yi's unaudited unconsolidated financial statements as of and for the nine months ended September 30, 2002 and 2003 are included elsewhere in this Offering Circular.

Ton Yi's consolidated and unconsolidated financial statements included elsewhere in this Offering Circular have been prepared in accordance with ROC GAAP. Accordingly, they are not intended to represent Ton Yi's financial position and results of operations in accordance with accounting principles and practices that are generally accepted in jurisdictions other than the Republic of China, including the United States. See "Summary of Principal Differences Between ROC GAAP and U.S. GAAP."

The following table shows Ton Yi's unconsolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002 and as of and for the nine months ended September 30, 2002 and 2003.

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	NT	NT	NT	US	NT	NT	US
	(in millions, except percentages and per share data) (unconsolidated)						
	(audited)				(unaudited)		
Statement of operations data:							
Sales	$12,489.5	$12,670.6	$14,104.1	$417.5	$10,205.1	$12,605.4	$373.1
Less: sales returns and allowance	41.6	25.9	8.9	0.2	5.9	17.0	0.5
Total sales	12,447.9	12,644.7	14,095.2	417.3	10,199.2	12,588.4	372.6
Total operating costs	10,020.0	10,743.7	12,169.2	360.3	8,774.0	10,881.1	322.1
Gross profit	2,427.9	1,901.0	1,926.0	57.0	1,425.2	1,707.3	50.5
Realised gain on inter-affiliate accounts	141.4	124.5	150.7	4.5	150.7	94.4	2.8
Unrealised gain on inter-affiliate accounts	124.6	150.7	94.4	2.8	133.0	118.3	3.5
Realised gross profit	2,444.7	1,874.8	1,982.3	58.7	1,442.9	1,683.4	49.8
Selling expenses	691.0	776.6	812.1	24.1	581.9	557.5	16.5
Administrative and general expenses	256.0	243.6	229.9	6.8	164.1	172.2	5.1
Total operating expenses	947.0	1,020.2	1,042.0	30.9	746.0	729.7	21.6
Operating income	1,497.7	854.6	940.3	27.8	696.9	953.7	28.2
Interest income	11.3	7.8	1.6	—	1.1	0.3	—
Income from investments, net	—	—	61.4	1.8	—	44.6	1.3
Gain on disposal of property, plant and equipment, net	5.1	0.3	—	—	—	1.8	—
Gain on sale of investments, net	601.8	0.3	0.3	—	—	—	—
Foreign exchange gain, net	240.8	364.9	—	—	—	—	—
Gain on inventory value recoveries	—	21.0	—	—	—	—	—
Other	39.8	36.0	69.9	2.1	40.6	32.3	1.0
Total non-operation income	898.8	430.3	133.2	3.9	41.7	79.0	2.3

	As of and for the Years Ended December 31,				As of and for the Nine Months Ended September 30,		
	2000	2001	2002		2002	2003	
	NT	NT	NT	US	NT	NT	US
	(in millions, except percentages and per share data) (audited)				(unconsolidated) (unaudited)		
Interest expenses, net of capitalised interest of NT$7.0 million in 2000, NT$31.5 million in 2001, NT$0.4 million in 2002, NT$0.4 million for the nine months ended September 30, 2002 and NT$0.3 million for the nine months ended September 30, 2003	$ 719.7	$ 773.0	$ 677.1	$ 20.0	$ 517.4	$ 392.5	$ 11.6
Loss from investments, net	1,100.1	768.2	—	—	116.4	—	—
Loss on disposal of property, plant and equipment, net	0.5	0.3	0.8	—	0.8	0.2	—
Foreign exchange loss, net	—	—	44.2	1.3	24.9	66.0	2.0
Loss on inventory valuation	17.8	—	—	—	—	—	—
Other	3.2	39.9	86.8	2.6	2.0	11.8	0.3
Total non-operation expenses	1,841.3	1,581.4	808.9	23.9	661.5	470.5	13.9
Income (loss) before income tax	555.2	(296.5)	264.6	7.8	77.1	562.2	16.6
Income tax expense	(163.8)	(95.8)	(101.2)	(3.0)	(66.0)	(143.5)	(4.2)
Net income (loss)	$ 391.4	$ (392.3)	$ 163.4	$ 4.8	$ 11.1	$ 418.7	$ 12.4
Balance sheet data:							
Current assets	$ 5,077.3	$ 3,931.2	$ 3,405.8	$100.8	$ 5,304.7	$ 4,804.4	$142.2
Long-term investments	926.8	966.5	963.8	28.5	961.2	990.0	29.3
Property, plant and equipment, net	27,656.0	28,105.5	26,854.6	795.0	27,190.8	25,881.5	766.2
Intangible assets	—	57.0	50.6	1.5	57.0	50.7	1.5
Other assets	1,392.0	1,126.9	1,271.9	37.7	1,272.9	1,370.3	40.6
Total assets	35,052.1	34,187.1	32,546.7	963.5	34,786.6	33,096.9	979.8
Current liabilities	5,048.6	6,141.6	5,679.9	168.2	8,740.4	5,675.5	168.0
Long-term liabilities	11,388.3	10,579.9	9,391.4	278.0	8,576.6	9,543.5	282.5
Other liabilities	1,393.8	970.5	933.2	27.6	1,092.1	899.7	26.7
Total liabilities	$17,830.7	$17,692.0	$16,004.5	$473.8	$18,409.1	$16,118.7	$477.2
Other data:							
Cash flow							
Cash provided by operating activities	$ 1,890.5	$ 2,142.3	$ 2,144.1	$ 63.5	$448.1	$185.9	$5.5
Cash provided by (used in) investing activities	(1,865.5)	(2,921.1)	4.3	0.1	(542.3)	(255.4)	(7.6)
Cash provided by (used in) financing activities	184.7	499.3	(2,161.0)	(64.0)	118.8	98.8	2.9
Net increase (decrease) in cash and cash equivalents	205.6	(279.4)	(12.7)	(0.4)	24.8	29.3	1.0
Realised gross profit margin	19.6%	14.8%	14.1%	14.1%	14.1%	13.4%	13.4%
Operating profit margin	12.0%	6.8%	6.7%	6.7%	6.8%	7.6%	7.6%
Net margin	3.1%	(3.1)%	1.2%	1.2%	0.1%	3.3%	3.3%

The following table shows Ton Yi's consolidated financial and other related data as of and for the years ended December 31, 2000, 2001 and 2002.

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	NT	NT	NT	US
	(in millions, except percentages and per share data) (consolidated) (audited)			
Income statement data:				
Sales	$13,702.4	$13,740.7	$16,260.1	$481.3
Less: sales returns and allowance	45.3	100.5	34.5	1.0
Total sales	13,657.1	13,640.2	16,225.6	480.3
Total operating costs	11,016.0	11,835.4	13,651.1	404.1
Gross profit	2,641.1	1,804.8	2,574.5	76.2
Realised gain on inter-affiliate accounts	11.2	12.1	10.9	0.3
Unrealised gain on inter-affiliate accounts	12.1	10.9	10.5	0.3
Realised gross profit	2,640.2	1,806.0	2,574.9	76.2
Selling expenses	846.0	942.4	992.2	29.4
Administrative and general expenses	375.4	352.8	342.6	10.1
Total operating expenses	1,221.4	1,295.2	1,334.8	39.5
Operating income	1,418.8	510.8	1,240.1	36.7
Interest income	53.2	129.6	52.4	1.6
Income from investments, net	—	15.5	9.7	0.3
Gain on disposal of property, plant and equipment, net	4.5	—	—	—
Gain on sale of investments, net	601.8	0.3	0.3	—
Foreign exchange gain, net	121.7	387.8	4.8	0.1
Gain on inventory value recoveries	—	52.3	27.4	0.8
Other	62.0	57.2	204.4	6.1
Total non-operation income	843.2	642.7	299.0	8.9
Interest expenses, net of capitalised interest of NT$7.0 million in 2000, NT$31.5 million in 2001, NT$0.4 million in 2002, NT$0.4 million for the nine months ended September 30, 2002 and NT$0.3 million for the nine months ended September 30, 2003	1,239.2	1,470.1	1,128.4	33.4
Loss from investments, net	373.4	—	—	—
Loss on disposal of property, plant and equipment, net	—	1.4	4.3	0.2
Loss on inventory valuation	84.1	—	—	—
Other	74.3	69.8	118.7	3.5
Total non-operation expenses	1,771.0	1,541.3	1,251.4	37.1
Income (loss) before income tax	491.0	(387.8)	287.7	8.5
Income tax expense	(163.8)	(96.3)	(101.2)	(3.0)
Loss (income) for minority interest	64.2	91.8	(23.1)	(0.7)
Net income (loss)	$ 391.4	$ (392.3)	$ 163.4	$ 4.8

	As of and for the Years Ended December 31,			
	2000	2001	2002	
	NT	NT	NT	US
	(in millions, except percentages and per share data) (consolidated) (audited)			
Balance sheet data:				
Current assets	$ 7,122.0	$ 5,449.9	$ 4,846.9	$ 143.5
Long-term investments	926.8	966.4	963.8	28.5
Property, plant and equipment, net	35,093.1	35,691.7	34,110.1	1,009.8
Intangible assets	97.0	157.1	147.8	4.4
Other assets	2,099.3	1,730.0	1,686.3	49.9
Total assets	45,338.2	43,995.1	41,754.9	1,236.1
Current liabilities	10,447.4	12,013.2	12,007.4	355.5
Long-term liabilities	16,885.2	14,610.7	12,495.7	369.9
Other liabilities	784.2	876.1	709.6	21.0
Total liabilities	$28,116.8	$27,500.0	$25,212.7	$ 746.4
Other data:				
Cash flow				
Cash provided by operating activities	1,529.0	1,846.8	2,850.1	84.4
Cash provided by (used in) investing activities	(2,748.4)	(1,991.8)	64.9	1.9
Cash provided by (used in) financing activities	1,513.4	(128.6)	(2,728.8)	(80.8)
Net increase (decrease) in cash and cash equivalents	221.7	(362.2)	185.4	5.5
Realised gross profit margin	19.3%	13.2%	15.9%	15.9%
Operating profit margin	10.4%	3.7%	7.6%	7.6%
Net margin	2.9%	(2.9)%	1.0%	1.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion in conjunction with the Company's financial statements and the notes to those statements included elsewhere in this Offering Circular. The Company prepares its financial statements in accordance with ROC GAAP, which differs in certain material respects from U.S. GAAP. See "Summary of Principal Differences Between ROC GAAP and U.S. GAAP."

General

The Company is one of the largest ROC-based conglomerate with businesses in food, provisions, distribution, construction, electronics, finance, leisure and entertainment. It operates its predominant businesses of consumer foods and provisions directly in Taiwan and through offshore wholly-owned subsidiaries, such as Cayman President Holdings, Ltd., and Kai Yu Investment Co., Ltd., through which it operates its food and provisions businesses mainly in the PRC and Southeast Asia. The Company maintains its leading position in the food industry in both Taiwan and the PRC by developing superior brand portfolio of food and beverage products. Within many of the Company's food product lines, such as instant noodles, soy sauce, tea beverages and certain dairy products such as drinking yoghurt and pudding, the Company holds the number one market share in the Taiwan market. In the PRC market, the Company is a leader in certain beverages including ready-to-drink tea and juices, and is among the market leaders in the growing PRC consumer market for instant noodles.

In addition to food and provisions, the Company's other business can be divided into the following four categories as of September 30, 2003: (1) retail and distribution, which it operates primarily through the President Chain Store Corp., in which the Company holds 45.2%. The Company's most visible investments in this category include the 7-Eleven convenient stores in Taiwan, Starbucks Coffee in Taiwan and Shanghai and Presicarre Corp., which operates chain hypermarkets in Taiwan; (2) trade, which it operates primarily through Nanlien International Corp., a 100%-held subsidiary through which the Company operates its import and export business for brands such as Budweiser beer by Anheuser-Busch Inc., and Maxwell House Coffee by Kraft Foods International; (3) finance, which it operates through several different companies, including Grand Bills Finance Corp. and President Securities; and (4) investments, which it operates primarily through President International Development Corp., a 58.5%-held subsidiary through which the Company invests in various industries such as shopping malls, biotechnology, telecommunications and petrochemicals.

Strategic and Other Investments

The Company is the holding company for the Uni-President Group's major investments. As of December 31, 2000, 2001 and 2002 the Company's long-term investments accounted for 65.9%, 63.4% and 65.9%, respectively, of the Company's unconsolidated total asset. The Company's long-term investments decreased from NT$46,642.6 million as of December 31, 2000, to NT$45,777.7 million as of December 31, 2001, to NT$45,277.1 million (US$1,340.4 million) as of December 31, 2002 and increased to NT$48,146.9 million (US$1,425.3 million) as of September 30, 2003, on an unconsolidated basis. The major long-term investments of the Company focus on the food-related sectors, including upstream integration (i.e. packaging and food manufacturing business), downstream integration (i.e. distribution channels) and international expansion, primarily in the PRC and Southeast Asia. The general steps the Company has taken to achieve its long-term investment strategy include (i) restructuring, streamlining or consolidating core business components; (ii) improving the efficiencies of

production and reducing inventories at its production facilities and (iii) more efficiently utilising, sharing and allocating resources and technologies within the Uni-President Group. Besides food-related business, the Company also invested in shopping mall development, financial institutions and high-tech and biotechnology industries in order to further expand its revenue sources. The Company's major investments, including Cayman President Holdings, President Chain Store Corp., or President Chain Store, Presicarre Corp., Nanlien International, Ton Yi Industrial Corp., or Ton Yi, President International, Kai Yu Investment Co., Ltd., or Kai Yu Investment, President Fair Development Corp., or President Fair Development, and President Securities Corp., or President Securities, accounted for approximately 66.1% of total long-term investments and approximately 43.2% of its total assets as of September 30, 2003, on an unconsolidated basis.

Consolidation

Under ROC GAAP, the Company is required to consolidate the financial results of any subsidiary whose total assets or net operating revenues exceed 10% of its unconsolidated total assets or net operating revenues, as the case may be, for the Company's year-end financial statements. In addition, the ROC SFC requires the Company to consolidate, for its year-end financial statements, the financial statements of each subsidiary whose total assets or net operating revenues exceeded 3% of its unconsolidated total assets or net operating revenues, if the total assets or net operating revenues of all such unconsolidated subsidiaries exceeds 30% of the Company's unconsolidated total assets or net operating revenues, as the case may be. See "Summary of Principal Differences Between ROC GAAP and U.S. GAAP—ROC GAAP—Consolidation." For the years ended December 31, 2000, 2001 and 2002, the Company has consolidated Nanlien International Corp., or Nanlien International, President International Development Corp., or President International, and Cayman President Holdings, Ltd., or Cayman President Holdings. Nanlien International engages in the imports of a wide variety of consumer goods. Its trading activities focus on importing agricultural and food related products from the United States. Nanlien is also an exclusive agent for many leading international brands in Taiwan, including Budweiser and Michelob brand beers, Tropicana fruit juices, Maxwell House brand coffee and Ballantine's whisky. President International develops and manages shopping malls. Cayman President Holdings is the company through which the Company holds its PRC and Southeast Asian subsidiaries. The Company's PRC subsidiaries mainly engage in the production of instant noodles, beverages and provisions. See "—Strategic and Other Investments."

Consistent with ROC GAAP, the Company recognised in its statements of income all the gains and losses generated by its unconsolidated subsidiaries and joint ventures, as well as the Company's other investments, as investment income and investment loss. Under ROC GAAP, unrealised profits and losses are eliminated even though the sales are not. Under U.S. GAAP, however, some or all of such revenues would not be treated as net operating revenues.

Unless otherwise indicated, all the discussions on the financial conditions and results of operations for 2000, 2001 and 2002 are made on a consolidated basis, and all the discussions on the financial conditions and results of operations for the nine-month periods ended September 30, 2002 and 2003 are made on an unconsolidated basis.

Consolidated Net Operating Revenues

In addition to the Company's non-operating income discussed above, the Company's net operating income constituted 29.4%, 11.0% and 52.5% of its consolidated net income for 2000,

2001 and 2002, respectively. The Company generates operating income from operating revenues mostly derived from its food and provisions businesses and other miscellaneous operations involving certain trades and investment developments. The following table sets forth the Company's net operating revenues and the percentages for the specified categories for the periods indicated, without any eliminations or adjustments for inter-company sales:

	Year Ended December 31,						Nine Months Ended September 30,			
	2000		2001		2002		2002		2003	
	NT$	%	NT$	%	NT$	%	NT$	%	NT$	%
	(Audited)(Consolidated)						(Unaudited)(Unconsolidated)			
	(in millions, except %)									
Provisions	9,988.7	19.4	11,322.9	19.7	13,073.1	21.4	7,248.9	27.7	9,230.4	32.5
Food products ...	38,114.0	73.9	41,032.5	71.5	46,861.1	77.0	18,892.4	72.3	19,203.4	67.5
Others	5,926.2	11.5	7,258.6	12.7	3,880.6	6.4	—	—	—	—
Eliminations and adjustments	(2,452.5)	(4.8)	(2,248.4)	(3.9)	(2,921.5)	(4.8)	—	—	—	—
Total net operating revenues ..	**51,576.4**	**100.0**	**57,365.6**	**100.0**	**60,893.3**	**100.0**	**26,141.3**	**100.0**	**28,433.8**	**100.0**

The Company's net operating revenues are affected by various factors including volume, price, currency, acquisitions, divestitures and product mix. Product mix refers to the change in relative percentage of the Company's volume comprising products with higher margins versus lower margins. Favourable product mix occurs when the Company's volume includes more products that generate higher margins and unfavourable product mix occurs when its volume includes more products that generate lower margins. The Company's net operating revenues mainly represent its sales revenues less its sales return and allowances for the accounting period. The Company generally recognises net operating revenues of its products upon the shipment of the products. The Company's total net operating revenues for 2000, 2001 and 2002 were NT$51,576.4 million, NT$57,365.6 million and NT$60,893.3 million (US$1,802.6 million), respectively. The Company's total net operating revenues for the nine months ended September 30, 2002 and 2003 were NT$26,141.3 million and NT$28,433.8 million (US$841.7 million), respectively, on an unconsolidated basis.

Consolidated Net Non-operating Income

For 2000, 2001 and 2002, most of the Company's net income is derived from its non-operating income, the major sources of which is its income from disposal of investment and investment income accounted for under the equity method. Each of the Company's foods, provisions, retail and distribution, trade, finance and investment businesses run by the Company's unconsolidated subsidiaries and investees accounted for under the equity method contributes to its consolidated net non-operating income, which constituted 61.8%, 84.2% and 40.1% of its consolidated net income for 2000, 2001 and 2002, respectively. Some of these investment incomes are recurring, reflecting the profitability of the Company's various businesses, while others are non-recurring, reflecting certain asset dispositions as a result of its changed business strategies. For 2000, 2001 and 2002, the recurring investment losses under the equity method of the Company were NT$1,001.4 million, NT$562.1 million and NT$1,704.3 million (US$50.5 million), respectively. A significant contributing factor to the losses sustained during this period is due to the amortisation of the difference between the acquisition cost and the net book value of the investees. For 2000, 2001 and 2002, the non-recurring income from the disposal of investments were NT$4,594.2 million, NT$4,655.7 million and NT$2,203.0 million

(US$65.2 million), respectively. In 2001, the Company's gains on the disposal of its investments were attributable primarily to the Company's disposal of investments in Presicarre and President Chain Store of NT$4,522.2 million and in 2002, its gains on the disposal of investments were mainly from the Company's disposal of its investments in Presicarre of NT$2,881.6 million (US$85.3 million). Most of the Company's equity investment became profitable in 2003. For the nine months ended September 30, 2002 and 2003, the Company's investment income under the equity method were NT$201.0 million and NT$2,329.4 million (US$69.0 million), respectively, on an unconsolidated basis.

Total Operating Costs

The Company's total operating costs principally comprises utility cost, direct labour cost, raw material cost and production costs, including depreciation of production machinery and equipment. The Company generally depreciates the machinery and equipment used in processing its products over seven to ten years; such depreciation expense represented 3.6%, 3.7% and 3.8% of its total operating costs in 2000, 2001 and 2002, respectively, and 3.4% and 3.0% for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis.

Gross Margin

The Company's gross margin varies significantly from year to year due to the nature of the food industry with its changing market demands, level of competition and expanding product mixes. The general trend from late 2002 to September 30, 2003 shows that the Company's gross margin has decreased, primarily as a result of more intense competition in Asia. The Company expects this trend of increasing competition to continue, partly as a result of Taiwan and PRC's entry into the World Trade Organisation, or the WTO. For 2000, 2001 and 2002, it had gross margins of 26.8%, 24.5% and 25.5%, respectively. For the nine months ended September 30, 2002 and 2003, it had gross margins of 24.7% and 21.2%, respectively, on an unconsolidated basis.

For discussion of the Company's investment income and losses from the Company's equity investments and income from the disposal of its investments, please see "—Consolidated Net Non-Operating Income."

Results of Operations

The following tables set out certain Company financial data as a percentage of net operating revenues for the periods indicated.

	Year Ended December 31,		
	2000	2001	2002
	(Audited)	(Consolidated)	
Net operating revenues	100.0	100.0	100.0
Total operating costs	73.2	75.5	74.5
Gross profit	26.8	24.5	25.5
Selling	18.6	17.6	18.4
Administrative	5.8	5.9	5.4
Research and development	0.4	0.4	0.4
Operating expense	24.8	23.9	24.2
Operating income	2.0	0.6	1.3
Net non-operating income (loss)	4.1	4.4	1.0
Income before income tax and minority interests loss	6.1	5.0	2.3
Income tax benefit (expense)	0.1	(0.2)	(0.4)
Income before minority interests loss	6.2	4.8	1.9
Minority interests loss	0.4	0.5	0.6
Net income	6.6	5.3	2.5

	Nine months Ended September 30,	
	2002	2003
	(Unaudited) (Unconsolidated)	
Net operating revenues	100.0	100.0
Total operating costs	75.3	78.8
Gross profit	24.7	21.2
Selling	16.0	14.6
Administrative	5.1	5.0
Research and development	0.8	0.8
Operating expense	21.9	20.4
Operating income	2.8	0.8
Net non-operating income (loss)	0.1	9.4
Income before income tax	2.9	10.2
Income tax benefit (expense)	(0.7)	(0.1)
Net income	2.2	10.1

For the Nine Months Ended September 30, 2003 and September 30, 2002 (Unconsolidated)

Net Operating Revenues

Net operating revenues slightly increased by 8.8% to NT$28,433.8 million (US$841.7 million) for the nine months ended September 30, 2003 from NT$26,141.3 million for the nine months ended September 30, 2002, principally as a result of increase in the sales volume of the Company provisions, and to a lesser extent, the increase in the sales volume of certain of its food products. The Company's food product sales increased by 1.6% from NT$18,892.4 million for the nine months ended September 30, 2002 to NT$19,203.4 million (US$568.5 million) for the nine months ended September 30, 2003 due to an expansion of product offerings in its beverage category. In addition, the net operating revenues attributable to the Company's provisions increased by 27.3% to NT$9,230.4 million (US$273.2 million) in the nine months ended September 30, 2003 from NT$7,248.9 million for the nine months ended September 30, 2002, primarily due to an increase in the sales volume of maize and soy beans.

Total Operating Costs

Total operating costs increased by 13.9% to NT$22,411.6 million (US$663.5 million), which constituted 78.8% of the Company's net operating revenues, for the nine months ended September 30, 2003 from NT$19,677.9 million, which constituted 75.3% of the Company's net operating revenues, for the nine months ended September 30, 2002. The increases in total operating costs was primarily attributable to increases in products sales and costs of certain commodities and raw materials.

Gross Profit and Gross Margin

Gross profit decreased by 6.8% to NT$6,022.2 million (US$178.2 million) for the nine months ended September 30, 2003 from NT$6,463.4 million for the nine months ended September 30, 2002. The Company's gross margin decreased from 24.7% for the nine months ended September 30, 2002 to 21.2% for the nine months ended September 30, 2003, primarily due to increased competitions for certain of the Company's food products resulting in price discounts and increased operating costs. In addition, the gross margin decreased since most of the increases in revenues is derived from increases in the sales volume of products with lower gross margins thereby reducing the overall gross margin of the Company's products.

Operating Expenses

Selling expenses decreased by 0.9% to NT$4,137.8 million (US$122.5 million), or 14.6% of the Company's net operating revenues, for the nine months ended September 30, 2003, from NT$4,175.5 million, or 16.0% of the Company's net operating revenues, for the nine months ended September 30, 2002.

Administrative expenses increased by 6.7% to NT$1,428.5 million (US$42.3 million) for the nine months ended September 30, 2003 from NT$1,339.2 million for the nine months ended September 30, 2002. The increase was largely attributable to increase in the accrual of bonus compensation for the Company's employee.

For the nine months ended September 30, 2003, research and development expenses were NT$233.9 million (US$6.9 million), which represented a 7.9% increase compared with NT$216.7 million for the nine months ended September 30, 2002. The slight increase was primarily due to an increase in the personnel expenses for research and development.

Operating Income and Operating Margin

As a result of the foregoing, the Company generated operating income of NT$222.0 million (US$6.5 million) for the nine months ended September 30, 2003, as compared to an operating income of NT$732.0 million for the nine months ended September 30, 2002. The Company's operating margin was 0.8% in the nine months ended September 30, 2003 compared with 2.8% in the nine months ended September 30, 2002, principally as a result of a decrease in the gross margin.

Net Non-operating Income

Net non-operating income increased to NT$2,691.3 million (US$79.7 million) for the nine months ended September 30, 2003 from NT$13.3 million for the nine months ended September 30, 2002. This increase was largely attributable to an increase in investment income accounted for under the equity method, as previously discussed, and decrease in interest expense to NT$373.1 million (US$11.0 million) for the nine months ended September 30, 2003 from NT$729.5 million for the nine months ended September 30, 2002.

Net Income

As a result of the foregoing, net income for the nine months ended September 30, 2003 increased by 408% to NT$2,871.3 million (US$85.0 million) from NT$565.2 million for the nine months ended September 30, 2002.

Years Ended December 31, 2002 and December 31, 2001

Net Operating Revenues

Net operating revenues increased by 6.1% to NT$60,893.3 million (US$1,802.6 million) in 2002 from NT$57,365.6 million in 2001, principally as a result of an increase in the sales of the Company's food products between these two years. The Company's food product sales, without any eliminations or adjustments for inter-company sales; increased by 14.2% from NT$41,032.5 million in 2001 to NT$46,861.1 million (US$1,387.2 million) in 2002 due to increase in sales of juices and tea beverages in the PRC. The net operating revenues attributable to the Company's provisions, without any eliminations or adjustments for inter-company sales; increased by 15.5% to NT$13,073.1 million (US$387.0 million), in 2002 from NT$11,322.9 million in 2001. This increase was primarily due to increases in the sales volume of foodstuffs in Taiwan and animal and aquatic feeds in Vietnam.

Total Operating Costs

Total operating costs increased by 4.7% to NT$45,340.3 million (US$1,342.2 million), which constituted 74.5% of the Company's net operating revenues, in 2002 from NT$43,295.4 million, which constituted 75.5% of its net operating revenues, in 2001. The increase in total operating costs was primarily attributable to increases in sales volume of products discussed above.

Gross Profit and Gross Margin

Gross profit increased by 10.5% to NT$15,553.0 million (US$460.4 million) in 2002 from NT$14,070.2 million in 2001. The Company's gross margin increased from 24.5% in 2001 to 25.5% in 2002 because of the significant growth in the sales of the beverage products yielding higher gross margins.

Operating Expenses

Selling expense increased by 10.9% to NT$11,191.2 million (US$331.3 million), or 18.4% of net operating revenues, in 2002 from NT$10,089.0 million, or 17.6% of net operating revenues, in 2001, partially as a result of an increase in advertising and promotional expenses in connection with steep competition of instant noodles and beverages in the PRC market.

Administrative expenses decreased by 2.6% to NT$3,275.8 million (US$97.0 million) in 2002 from NT$3,364.5 million in 2001. The decrease was attributable to decrease in the accrual of bonus for the Company's employees.

In 2002, research and development expenses were NT$293.7 million (US$8.7 million), which represent a 2.8% increase compared with NT$285.5 million in 2001.

Operating Income and Operating Margin

As a result of the foregoing, the Company had operating income of NT$792.3 million (US$23.4 million) in 2002, an increase of 139.2% over its operating income of NT$331.2 million in 2001 primarily because of increases in gross profit which exceeded corresponding increases in operating expenses between these two periods. Operating margin increased to 1.3% in 2002 compared with 0.6% in 2001.

Net Non-operating Income

The Company generated a net non-operating income of NT$605.5 million (US$17.9 million) in 2002, as compared to a net non-operating income of NT$2,537.5 million in 2001. This significant decrease was largely attributable to a significant decrease in gains on sale of investments which dropped 52.7% to NT$2,203.0 million in 2002 from NT$4,655.7 million in 2001, partially offset by a reversal of short-term decline in market value of NT$1,051.1 million in 2002.

Net Income

As a result of the foregoing, the Company generated net income in 2002 in the amount of NT$1,508.8 million (US$44.7 million) as compared to a net income of NT$3,013.8 million in 2001 or a decrease of 49.9%.

Years Ended December 31, 2001 and December 31, 2000

Net Operating Revenues

Net operating revenues increased by 11.2% to NT$57,365.6 million in 2001 from NT$51,576.4 million in 2000, as a result of a greater volume of sales in 2001. The Company's food-related product sales, without any eliminations or adjustments for inter-company sales, increased by 7.7% from NT$38,114.0 million in 2000 to NT$41,032.5 million in 2001 due to beverage sales in the PRC. The net operating revenues attributable to the Company's provisions, without any eliminations or adjustments for inter-company sales, increased by 13.4% to NT$11,322.9 million in 2001 from NT$9,988.7 million in 2000. This increase was primarily due to increases in the sales of animal and aquatic feeds and edible oil in Taiwan, as well as an increase in commission fees due to an increase in the sales of liquor products for which the Company acts as the sales agent in Taiwan.

Total Operating Costs

Total operating costs increased by 14.6% to NT$43,295.4 million, which constituted 75.5% of the Company's net operating revenues, in 2001 from NT$37,765.0 million, which constituted

73.2% of its net operating revenues, in 2000. The increase in total operating costs was primarily attributable to increases in the sales volume of both food and provisions in Taiwan and beverages in the PRC.

Gross Profit and Gross Margin

Gross profit increased by 1.9% to NT$14,070.2 million in 2001 from NT$13,811.4 million in 2000. The Company's gross margin decreased from 26.8% in 2000 to 24.5% in 2001, primarily due to the restructuring of certain vending machine and other sales channels to unconsolidated subsidiaries. The restructuring caused the shifting of gross margin from total operating costs increases from sales volume when the net operating revenues did not significantly increase. However, the income from the sale of these products is reflected in the increase in investment income from these unconsolidated subsidiaries.

Operating Expenses

Selling expenses increased by 5.2% to NT$10,089.0 million, or 17.6% of net operating revenues, in 2001, from NT$9,588.9 million, or 18.6% of net operating revenues, in 2000, primarily as a result of an increase in advertising and promotion in the PRC, which was offset by a decrease in selling expenses incurred in Taiwan as a result of the restructuring.

Administrative expenses increased by 13.4% to NT$3,364.5 million in 2001 from NT$2,968.2 million in 2000. The increase was largely attributable to the Company's expansion of its PRC operations.

In 2001, research and development expenses were NT$285.5 million, which represents a 10.0% increase compared with NT$259.4 million in 2000. The increase was primarily due to an increase in expenses incurred in connection with certain transfer of technologies and know-how.

Operating Income and Operating Margin

As a result of the foregoing, operating income decreased by 66.7% to NT$331.2 million in 2001 from NT$994.8 million in 2000. Operating margin decreased to 0.6% in 2001 compared with 1.9% in 2000, principally as a result of an increase in operating expense which exceeded the increase in gross profit.

Net Non-operating Income

Net non-operating income increased to NT$2,537.5 million in 2001 from NT$2,093.2 million in 2000. This increase was largely attributable to a decrease in income loss from investments accounted for under the equity method.

Net Income

As a result of the foregoing, net income in 2001 decreased by 11.0% to NT$3,013.8 million from NT$3,385.2 million in 2000.

Inventories and Receivables

Inventories and receivables are two principal components of the Company's current assets and require a significant amount of working capital, particularly during periods when net

operating revenues increase. Accordingly, control of inventories and receivables are key aspects of the Company's operations. The following tables summarise the Company's inventory and receivables positions at the dates, and for the periods, indicated:

	Year Ended, and as of, December 31		
	2000	2001	2002
	Amount	Amount	Amount
	(Audited Consolidated) (amounts in millions)		
Inventories			
Merchandise	NT$1,649.9	NT$ 695.3	NT$976.9
Raw materials	1,188.2	1,337.8	1,549.9
Raw material in transit	322.8	438.6	596.5
Supplies	490.4	472.5	386.3
Work in process	161.7	213.3	167.9
Livestock in process	107.2	82.2	12.5
Finished goods	1,184.0	1,098.9	1,014.8
Livestock	151.3	85.5	25.5
Less:			
Allowance for decline in value of livestock	(49.6)	(40.1)	(11.8)
By-products	0.1	0.5	0.9
Subtotal	5,206.0	4,384.5	4,719.4
Less:			
Allowance for inventory value decline and obsolescence	(124.1)	(250.8)	(255.3)
Total	5,081.9	4,133.7	4,464.1
Turnover rate[1]	7.2	9.0	10.0
Average days[2]	50.7	40.6	36.5
Receivables			
Notes receivable	979.7	972.0	1,045.1
Less:			
Allowance for doubtful accounts	(23.3)	(76.2)	(81.8)
Accounts receivable from third parties	1,580.5	1,717.7	2,243.9
Less:			
Allowance for doubtful accounts	(178.5)	(179.1)	(235.4)
Accounts receivable from third parties	1,919.9	2,173.2	2,763.1
Long-term notes and accounts receivables	35.6	46.3	2.9
Less:			
Allowance for doubtful accounts	(28.7)	(33.1)	(2.2)
Total	4,285.2	4,620.8	5,735.6
Turnover rate[1]	11.9	12.2	11.1
Average days[2]	30.7	30.0	32.9

(1) Turnover rate of receivables is derived by dividing net operating revenues by the arithmetic mean of the opening and closing balances of receivables—excluding allowance for bad debts—for the relevant period. Turnover rate of inventories is derived by dividing total operating costs by the arithmetic mean of the opening and closing balances of inventory—excluding allowance for inventory value decline and obsolescence—for the relevant period.

(2) Average days of receivables are derived by dividing 365 days by the turnover rate of receivables. Average days of inventory are derived by dividing 365 days by the turnover rate of inventories.

	Nine Months Ended, and as of, September 30,	
	2002	2003
	Amount	Amount
	(Unaudited Unconsolidated)(amounts in millions)	
Inventories		
Merchandise	162.7	193.9
Raw materials	682.9	790.6
Raw material in transit	554.3	398.2
Supplies	144.8	152.3
Work in process	112.7	176.4
Livestock in process	14.3	11.8
Finished goods	559.1	568.6
Livestock	23.1	24.6
Less:		
Allowance for decline in value of livestock	(11.3)	(13.4)
By-products	0.2	0.5
Subtotal	2,242.8	2,303.5
Less:		
Allowance for inventory value decline and obsolescence	(2.5)	(1.4)
Total	2,240.3	2,302.1
Turnover rate(1)	8.4	9.4
Average days(2)	32.5	29.0
Receivables		
Notes receivable	819.2	867.2
Less:		
Allowance for doubtful accounts	(66.5)	(85.7)
Accounts receivable from third parties	1,159.2	1,404.6
Less:		
Allowance for doubtful accounts	(116.4)	(149.4)
Long-term notes and accounts receivables		
Less:		
Allowance for doubtful accounts		
Accounts received from related parties	2,646.9	2,963.4
Long-term notes and accounts receivables	4.4	1.6
Less:		
Allowance for doubtful accounts	(3.8)	(1.3)
Total	4,443.0	5,000.4
Turnover rate(1)	6.4	6.0
Average days(2)	42.7	45.5

(1) Turnover rate of receivables is derived by dividing net operating revenues by the arithmetic mean of the opening and closing balances of receivables—excluding allowance for bad debts—for the relevant period. Turnover rate of inventories is derived by dividing total operating costs by the arithmetic mean of the opening and closing balances of inventory—excluding allowance for inventory value decline and obsolescence—for the relevant period.

(2) Average days of receivables are derived by dividing 273 days by the turnover rate of receivables. Average days of inventory are derived by dividing 273 days by the turnover rate of inventories.

The Company's average inventory turnover days decreased from 50.7 days in 2000 to 40.6 days in 2001 and to 36.5 days in 2002. The Company's average inventory turnover days decreased from 32.5 to 29.0 days for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis. The decrease in the average inventory turnover days

from 2000 to September 30, 2003, on both consolidated and unconsolidated basis, was primarily due to an increase in sales volume of inventory and the Company's continuing efforts to control inventory level.

Bad debt expense accounted for 0.2%, 0.2% and 0.2%, respectively, of the Company's consolidated net operating revenues for 2000, 2001 and 2002 and 0.2% and 0.1%, respectively, of the Company's unconsolidated net operating revenues for the nine months ended September 30, 2002 and 2003.

Liquidity and Capital Resources

Capital Expenditures and Long-term Investments. Since early 2000, the Company has experienced increases in both its capital resources and its capital expenditures and long-term investments. The Company's principal cash requirements included financing of its working capital, capital expenditures related to the expansion of its production capacities, investments in subsidiaries and affiliates, and servicing of its indebtedness. During this period, the Company has met a significant portion of its cash requirements with cash generated from operation, bank borrowings and other available lines of credit, principally long-term NT dollar bank borrowings and secured corporate bonds.

Cash used in the Company's capital expenditures for 2000, 2001 and 2002 totalled NT$4,556.4 million, NT$4,109.1 million and NT$3,136.5 million (US$92.9 million), respectively. Cash used in the Company's capital expenditures for the nine months ended September 30, 2002 and 2003 totalled NT$753.8 million and NT$1,425.1 million (US$42.2 million), respectively, on an unconsolidated basis. The Company incurred these expenditures to purchase equipment and land and buildings. The Company has budgeted capital expenditures and long-term investments for 2003 of approximately NT$4,473.2 million (US$132.4 million), primarily in connection with plant expansions and equipment purchases for its production facilities in Taiwan, PRC and Southeast Asia and NT$1,724.3 million (US$51.0 million) for long-term investments. Cash used in the Company's long-term investments totalled NT$20,229.2 million, NT$4,378.7 million and NT$6,384.2 million (US$189.0 million), respectively, in 2000, 2001 and 2002 and, NT$4,307.1 million and NT$2,509.5 million (US$74.3 million), respectively, on an unconsolidated basis, for the nine months ended September 30, 2002 and 2003, primarily in connection with equity investments in the Company's subsidiaries. See "—Strategic and Other Investments" for a discussion of the increased long-term investments.

The Company's net cash are provided by and used in operating, investing and financing activities. The Company had combined net cash from its operating, investing and financing activities and effect of exchange rate changes on foreign currency holdings of approximately NT$349.6 million, NT$228.3 million and NT$(531.4) million (US$(15.7) million) for 2000, 2001 and 2002, respectively, and of NT$4,02.4 million and NT$1,150.3 million (US$34.1 million) for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis.

Operating Activities. Net cash provided by the Company's operating activities totalled approximately NT$4,175.1 million, NT$3,455.6 million and NT$1,439.3 million (US$42.6 million) for 2000, 2001 and 2002, respectively, and approximately NT$2,015.3 million and NT$2,519.4 million (US$74.6 million) for the nine months ended September 30, 2002 and 2003, on an unconsolidated basis. Partly as a result of the decrease of NT$371.4 million in net income from 2000 to 2001, net cash provided by the Company's operating activities decreased by NT$719.5 million from 2000 to 2001 also owing to increases in the net changes of its gain on sale of long-term investments. Net cash provided by the Company's operating activities decreased by NT$2,016.3 million (US$59.7 million) from 2001 to 2002 primarily due to a decrease in its net

income in 2002. Net cash provided by its operating activities increased by NT$504.1 million (US$14.9 million) from September 30, 2002 to September 30, 2003, on an unconsolidated basis, primarily due to an increase in net income.

Investing Activities. Net cash provided by (used in) the Company's investing activities totalled approximately NT$(14,984.2) million, NT$(6,187.2) million and NT$761.6 million (US$22.5 million) for 2000, 2001 and 2002, respectively, and approximately NT$(1,946.9) million and NT$(3,314.0) million (US$(98.1) million) for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis. Net cash used in the Company's investing activities decreased by NT$8,797.0 million from 2000 to 2001 primarily due to a decrease in the cash outflow for its long-term investments. Net cash used in the Company's investing activities decreased by NT$6,948.8 million (US$205.7 million) from 2001 to 2002 primarily due to a decrease in cash used in short-term investments in 2002. Net cash used in the Company's investing activities increased by NT$1,367.1 million (US$40.5 million) from September 30, 2002 to September 30, 2003, on an unconsolidated basis, primarily due to a decrease in the Company's proceeds from its disposal of long-term investments and an increase in cash used in the acquisition of property, plant and equipment.

Financing Activities. Net cash provided by (used in) the Company's financing activities totalled approximately NT$11,160.5 million, NT$2,954.5 million and NT$(2,743.1) million (US$(81.2) million) for 2000, 2001 and 2002, respectively, and approximately NT$344.8 million and NT$1,945.2 million (US$57.6 million) for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis. Net cash provided by the Company's financing activities decreased by NT$8,206.0 million from 2000 to 2001 primarily due to a decrease in the Company's short-term loans and commercial paper payable. Net cash provided by the Company's financing activities decreased by NT$5,697.6 million from 2001 to 2002 primarily due to its repayment of certain long-term borrowings and payment of cash dividends. Net cash provided by the Company's financing activities increased by NT$1,600.4 million from September 30, 2002 to September 30, 2003, on an unconsolidated basis, primarily due to the issuance of its domestic corporate bonds in 2003.

Short-term Borrowings. The Company's short-term borrowings include short-term loans and commercial paper payable. The Company's short-term borrowings amounted to NT$14,916.3 million, NT$13,877.8 million and NT$13,717.3 million (US$406.1 million) as of December 31, 2002, 2001 and 2000, respectively, and NT$2,234.3 million and NT$1,527.5 million (US$45.2 million) as of September 30, 2002 and 2003, respectively, on an unconsolidated basis. Most of the Company's short-term borrowings are unsecured. Approximately 54.6% of its short-term borrowings as of December 31, 2002 were denominated in U.S. dollars. The interest rate for borrowings under these facilities ranged from 0.5% to 4.8% as of December 31, 2002.

Long-term Borrowings. In 2003, the Company issued corporate bonds totalling NT$1,800 million, NT$1,300 million, NT$300 million, all of which were outstanding as of September 30, 2003. From time to time, it has borrowed long-term bank loans. As of September 30, 2003, it had NT$20,343.2 million in outstanding long-term bank loans, on an unconsolidated basis. For the nine months ended September 30, 2003, the Company repaid NT$1,050.1 million of its long-term bank loans. Some of the Company's long-term borrowings are secured by short- and long-term investments, land, building, machinery and equipment. The rates of interest for our long-term borrowing as of December 31, 2000 was 3.0% to 7.7%, as of December 31, 2001 was 2.5% to 6.7% and as of December 31, 2002 was 1.4% to 8.0%.

From time to time, the Company also provides guarantees as financial support for the operations of its affiliates and subsidiaries. See Note 5 to the consolidated financial statements, included in this Offering Circular.

The Company believes that its existing cash, cash equivalents and short-term investments, together with cash generated by operations, available borrowing capacity and this offering, will provide sufficient funds to meet the Company's operating and capital requirements and cash dividends, if applicable, over the next twelve months. Thereafter, if cash flow from operations is inadequate to fund growth, the Company may issue additional debt or equity securities or obtain other additional credit facilities. The Company cannot assure the investors that additional financing, if needed, will be available to the Company or, if available, that such financing can be obtained on terms acceptable to the Company.

Foreign Exchange Exposure

A large portion of the Company's consolidated net operating revenues are denominated in NT dollars, while a portion of its consolidated costs, mainly for purchases of equipment and raw materials, are denominated in foreign currencies. The Company's primary foreign currency expenditures are for purchases of equipment and raw materials. The Company's principal foreign exchange exposure is to the NT dollar/Japanese yen, NT dollar/U.S. dollar, and U.S. dollar/Japanese yen exchange rates. In recent years, and particularly during 2001 and 2002, the NT dollar has depreciated against both the U.S. dollar and the Japanese yen. In 2000, the Company recognised a net loss of NT$7.0 million. In 2001 and 2002, it incurred or recognised a net gain (loss) of NT$70.0 million and NT$(93.8) million (US$(2.8) million), respectively, and for the nine months ended September 30, 2002 and 2003, the Company incurred a net foreign exchange loss of NT$53.1 million and recognised a net foreign exchange gain of NT$18.8 million (US$0.6 million), respectively, on an unconsolidated basis.

Certain of the Company's subsidiaries have entered into a number of forward and other derivative contracts to hedge against NT dollar/Japanese yen, NT dollar/U.S. dollar and U.S. dollar/Japanese yen volatility. See Note 10 to the consolidated financial statements, included in this Offering Circular for a list of these outstanding derivative transactions as of September 30, 2003. None of these contracts had tenures exceeding two years.

Taxation

The Company

The Company benefits from certain tax incentives generally available to ROC companies, including tax credits up to 30% of certain research and development and employee training expenses, credits of 13% for investment in food processing equipment and credits ranging from 5% to 10% for investment in technology. The Company's tax savings from such programs were approximately NT$79.5 million, NT$181.7 million and NT$354.8 million (US$10.5 million) for 2000, 2001 and 2002, respectively, and NT$251.5 million and NT$763.9 million (US$22.6 million) for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis.

Principally as a result of these factors, the effective rates of income tax benefit (expense) were 2.4%, 3.3% and (19.4)% in 2000, 2001 and 2002, respectively, and (23.1)% and (1.4)% for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis.

The Company had unused investment tax credits of NT$355.4 million (US$10.5 million) as of December 31, 2002, which are valid for use until December 31, 2005, and of NT$423.1 million (US$12.5 million) as of September 30, 2003, which are valid for use until December 31, 2007. The Company anticipates that its unused balance of income tax credit will increase in 2003 as a

result of the Company's purchase of new machinery and equipment. The Company expects to be able to apply substantially all of its unused tax credit prior to its expiration date to reduce the Company's tax obligations.

In 1997 the ROC Legislative Yuan passed an amendment to the ROC Income Tax Law to integrate corporate income tax and shareholder dividend tax. Under this amendment, all retained earnings generated from January 1, 1998 and not distributed to shareholders as dividends for the year in which the retained earnings were generated will be assessed a 10% tax. If the Company subsequently distributes any undistributed retained earnings to its shareholders, its shareholders will be entitled to offset their proportionate shares of the assessed tax paid by the Company against their dividend income tax. See "Taxation—ROC Taxation—Tax Reform." As a result, if the Company does not distribute all of its annual retained earnings as dividends in the future, its effective tax rate will exceed the ROC corporate income tax rate.

The Company's Consolidated Subsidiaries

Nanlien International Corp. Nanlien International's tax expenses, pursuant to ROC tax rules, were approximately NT$37.4 million, NT$15.7 million and NT$46.7 million (US$1.4 million), respectively, for 2000, 2001 and 2002.

President International Development Corp. President International's tax expenses, pursuant to ROC tax rules, were approximately NT$12.9 million, NT$2.5 million and NT$0.1 million (US$0.003 million), respectively, for 2000, 2001 and 2002.

Cayman President Holdings, Ltd. Cayman President Holdings' tax expenses, pursuant to the tax rules of the Cayman Islands, the PRC and other jurisdictions where its consolidated subsidiaries are located, were approximately NT$10.9 million, NT$50.5 million and NT$41.8 million (US$1.2 million), respectively, for 2000, 2001 and 2002.

INFORMATION ON RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF TON YI

The following discussion should be read in conjunction with "Selected Financial Information and Operating Data" and Ton Yi's audited consolidated and unconsolidated financial statements as of and for the years ended December 31, 2000, 2001 and 2002, and Ton Yi's unaudited unconsolidated financial statements as of and for the nine months ended September 30, 2002 and 2003, including the notes thereto, included elsewhere in this Offering Circular.

Overview

Ton Yi derives substantially all of its revenues and income from sales of tinplates, cold rolled coils, tin mill black plates, or TMBPs, cans and other related steel products. Profitability from such sales is affected by the following principal factors:

- world and regional prices for finished steel products, which will in turn depend upon overall worldwide and regional supply and demand for such products;
- prices of raw materials;
- labour costs;
- changes in depreciation expenses;
- competition in the ROC and elsewhere where Ton Yi's products are sold; and
- the prevailing exchange rate of the NT dollar.

Cyclicality of the Steel Industry

The world and regional steel industry is cyclical in nature and at times has been characterised by substantial excess capacity in many markets. Excess capacity could result in lower world market prices for steel products and declines in international steel prices could result in lower prices for steel products in Taiwan.

Ton Yi's results of operations are directly affected by market prices for its steel products in the Asian region, particularly the PRC and Japan. Prices for such products are influenced by a number of factors, the most significant of which is supply and demand for steel. In 2000 and 2001, average realised sales prices for Ton Yi's steel products were greatly depressed, reflecting the economic slowdown in the United States and the Asian region and the decreased demand relative to steel production. Commencing February 2002, there has been a rebound in the prices of steel products in the Asian region, primarily due to the effect of decreased production volumes by the major steel producing countries, the increase in demand of steel products by customers in the PRC and Taiwan due to accelerated construction of infrastructure projects in these locations, and the increased demand for Ton Yi's products due to the construction of certain major projects and increased demand for export of various end-use products that require steel in production.

Trade Restrictions

Tariffs in the ROC are applicable to imports of steel products. The average of the tariff rates applicable to imports of finished steel products of the types produced by Ton Yi was 10.0%, 10.0% and 9.0% for the years ended December 31, 2000, 2001 and 2002, respectively. The current ROC import tariff for finished steel products is 4.5%. As a result of the entry of the ROC into the WTO, ROC import tariffs of finished steel products will be reduced to zero with effect on January 1, 2004. Such tariff elimination may make imported finished steel products more cost competitive in the domestic market, including products from Japanese steel manufacturers.

In August 2003, the ROC government lifted a ban on importing steel products form the PRC and permitted the import into Taiwan of 173 items of steel products, including cold rolled coils, which Ton Yi also produces. As a result, Ton Yi may in the future be subject to further competition from PRC steel manufacturers in its domestic market.

Also in August 2003, China announced an anti-dumping measure to be imposed on ROC cold coil manufacturers including Ton Yi. The 6% anti-dumping duty to be imposed on Ton Yi is the lowest among all ROC steel manufacturers. The parties are still in the process of appealing this imposition through diplomatic talks. No effective dates of this duty have been announced.

In 2001, the United States imposed a Section 201 measure which imposed a tariff on all imports of tinplate products into the United States. The tariff was 30% for 2002, 24% for 2003 and will be 18% for 2004. Section 201 has been challenged through the appellate functions within the WTO. It is uncertain at this point whether the United States government will lift this tariff as a result of the WTO ruling. Ton Yi is currently not exporting into the United States. Prior to the imposition of Section 201, the United States constituted more than 10% of Ton Yi's total tinplate exports.

In 1999, Indonesia instituted an anti-dumping duty on all imports of tinplates, ranging from 9% to 68%. The duty is 41% for all ROC steel manufacturers including Ton Yi. As a result, Ton Yi is currently not exporting into Indonesia. The duty will be effective for a duration of five years. It is unclear whether the Indonesian government plans to renew this duty upon its expiration in 2004. Prior to the imposition of this anti-dumping duty, Indonesia constituted approximately 10% of Ton Yi's total tinplate exports.

Net Operating Revenues

Ton Yi's total operating income constituted 3%, (1)% and 1% of its consolidated net income (loss) for 2000, 2001 and 2002, respectively. Ton Yi generates operating income from operating revenues mostly derived from its core business of productions of tinplates, cold rolled coils, TMBPs and cans. The following table sets forth Ton Yi's net operating revenues and the percentages for the specified categories for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2000	2001	2002	2002	2003
	(consolidated) (audited)			(unconsolidated) (unaudited)	
	(in millions)				
Taiwan Domestic					
Tinplates	1,653.6	1,537.9	1,728.7	1,310.7	1,461.4
Cold rolled coils/TMBPs	909.3	792.2	1,510.5	921.3	1,441.7
Cans	687.5	917.5	666.8	501.0	492.2
China Domestic[1]					
Tinplates	3,987.5	3,584.3	4,842.2	—[3]	—[3]
Cans	732.6	714.9	752.5	—[3]	—[3]
Taiwan Exports					
Tinplates/cold rolled coils/TMBPs/ cans	5,686.6[2]	6,093.4[2]	6,724.9[2]	7,466.2[3]	9,193.1[3]

(1) All of the tinplates and cans are manufactured using TMBPs produced by Ton Yi in Taiwan. On a consolidated basis, the revenues are reflected through the end products of tinplates and cans domestically produced in China, rather than through TMBPs exported from Taiwan.

(2) On a consolidated basis, Taiwan exports of tinplates, cold rolled coils and TMBPs are to non-subsidiary companies predominantly in China and Southeast Asia. Most of Ton Yi's cold rolled coils and TMPBs are exported to China as raw materials for galvanised steel and tinplate production. The top five countries in Southeast Asia to which Ton Yi exports its products are Thailand, Vietnam, the Philippines, Indonesia and Malaysia.

(3) Net operating revenues from tinplates and can products produced and sold in China by Ton Yi's subsidiaries are not included in Ton Yi's unconsolidated financial statements. However, cold rolled coils and TMBPs sold to Ton Yi's subsidiaries in China as raw materials for the production of such tinplates and can products are reflected as exports from Taiwan, as these sales are not eliminated for inter-company sales in Ton Yi's unconsolidated financial statements.

Ton Yi's net operating revenues are affected by various factors including volume, price, currency, acquisitions, divestitures and product mix. Product mix refers to the change in relative percentages of Ton Yi's volume comprising products with higher margins per kilogram versus lower margins. A favourable product mix occurs when Ton Yi's volume includes more products that generate higher margins and unfavourable product mix occurs when its volume includes more products that generate lower margins. Ton Yi's net operating revenues represent its sales revenues less its sales return and allowances for the accounting period. Ton Yi generally recognises net operating revenues of its products upon the shipment of the products. Ton Yi's net operating revenues for 2000, 2001 and 2002 were NT$13,657.1 million, NT$13,640.2 million and NT$16,225.6 million (US$480.3 million), respectively. Ton Yi's net operating revenues for the nine months ended September 30, 2002 and 2003 were NT$10,199.2 million and NT$12,588.4 million (US$372.7 million), respectively, on an unconsolidated basis. Ton Yi's costs of goods sold consist of raw material costs, labour costs and manufacturing costs.

Costs of Goods Sold

The major components of Ton Yi's costs of goods sold and costs and operating expenses are raw materials and consumables, including freight costs for its raw materials (most of which

are imported), labour and depreciation. The principal raw materials used by Ton Yi are hot coils, also known as hot rolls. Hot coils are imported principally from Japan. Ton Yi has not entered into any long term contract with any steel manufacturers for its supply of raw materials. Instead, prices of Ton Yi's raw material are negotiated on a quarterly basis and governed by industry and market practices. Changes in Ton Yi's costs of raw materials and consumables principally reflect changes in the prices of raw materials and consumables used in steel production. Changes in Ton Yi's labour costs as a percentage of total revenues in recent periods principally reflected changes in the average number of production employees employed in the steel business and changes in amounts of bonuses paid to its employees reflecting changes in profitability.

Consolidation

Under ROC GAAP, Ton Yi is required to consolidate the financial results of any subsidiary whose total assets or net operating revenues exceed 10% of its unconsolidated total assets or net operating revenues, as the case may be, for Ton Yi's year-end financial statements. In addition, the ROC SFC requires Ton Yi to consolidate, for its year-end financial statements, the financial statements of each subsidiary whose total assets or net operating revenues exceeded 3% of its unconsolidated total assets or net operating revenues, if the total assets or net operating revenues of all such unconsolidated subsidiaries exceeds 30% of Ton Yi's unconsolidated total assets or net operating revenues, as the case may be. For the years ended December 31, 2000, 2001 and 2002, Ton Yi has consolidated Cayman Ton Yi Industrial Holdings Ltd., which is primarily a direct or indirect holding company for Ton Yi's operations in the PRC, through its four PRC operating subsidiaries Jiangsu Ton Yi Tinplate Co., Ltd., Fujian Ton Yi Tinplate Co., Ltd., Chendu Ton Yi Industrial Packaging Co., Ltd. and Wuxi Ton Yi Industrial Packaging Co., Ltd., the prior two engaged in the production of tinplates and the latter two engaged in the production of cans.

Consistent with ROC GAAP, Ton Yi recognised in its statements of income all the gains and losses generated by its unconsolidated subsidiaries and joint ventures, as well as Ton YI's other investments, as investment income and investment loss.

Unless otherwise indicated, all the discussions on the financial conditions and results of operations for 2000, 2001 and 2002 are made on a consolidated basis, and all the discussions on the financial conditions and results of operations for the nine-month periods ended September 30, 2002 and 2003 are made on an unconsolidated basis.

Results of Operations

The following tables set out certain Company financial data as a percentage of net operating revenues for the periods indicated.

	Year Ended December 31,		
	2000	2001	2002
	(Audited)	(Consolidated)	
	(in millions)		
Net operating revenues	13,657.1	13,640.2	16,225.6
Costs of goods sold	11,016.0	11,835.4	13,651.1
Gross profit[1]	2,641.1	1,804.8	2,574.5
Operating expense			
Selling	846.0	942.4	992.2
Administrative	375.4	352.8	342.6
Operating income	1,418.8	510.8	1,240.1
Net non-operating income (loss)	(927.8)	(898.6)	(952.4)
Income before income tax	491.0	(387.8)	287.7
Income tax expense	(163.8)	(96.3)	(101.2)
Net income (loss)	391.4	(392.3)	163.4

(1) Gross profit is derived by subtracting costs of goods sold from net operating revenues.

	Nine Months Ended September 30,	
	2002	2003
	(Unaudited)	(Unconsolidated)
	(in millions)	
Net operating revenues	10,199.2	12,588.4
Costs of goods sold	8,774.0	10,881.1
Gross profit[1]	1,425.2	1,707.3
Operating expense		
Selling	581.9	557.5
Administrative	164.1	172.2
Operating income	696.9	953.7
Net non-operating income (loss)	(619.8)	(391.5)
Income before income tax	77.1	562.2
Income tax expense	(66.0)	(143.5)
Net income	11.1	418.7

(1) Gross profit is derived by subtracting costs of goods sold from net operating revenues.

For the Nine Months Ended September 30, 2003 and September 30, 2002 (Unconsolidated)

Net Operating Revenues

Net operating revenues increased by 23.4% to NT$12,588.4 million (US$372.7 million) for the nine months ended September 30, 2003 from NT$10,199.2 million for the nine months ended September 30, 2002, principally as a result of increases in the sales volume and in the selling prices of tinplates, cold rolled coils and TMBPs.

Costs of Goods Sold

Costs of goods sold increased by 24.0% to NT$10,881.1 million (US$322.1 million), which constituted 86.4% of Ton Yi's net operating revenues, for the nine months ended September 30, 2003 from NT$8,774.0 million, which constituted 86.0% of Ton Yi's net operating revenues, for the nine months ended September 30, 2002. The increase in costs of goods sold was primarily attributable to an increase in the costs of raw materials and an increase in sales volume.

Gross Profit and Gross Margin

Gross profit increased by 19.8% to NT$1,707.3 million (US$50.5 million) for the nine months ended September 30, 2003 from NT$1,425.2 million for the nine months ended September 30, 2002 primarily due to the increase in the sales volume of all our core products. Ton Yi's gross margin slightly decreased from 13.97% for the nine months ended September 30, 2002 to 13.56% for the nine months ended September 30, 2003, primarily due to a more significant increase in the costs of raw materials than the increase in the selling prices of our products.

Operating Expenses

Selling expenses slightly decreased by 4.2% to NT$557.5 million (US$16.5 million), or 4.4% of Ton Yi's net operating revenues, for the nine months ended September 30, 2003, from NT$581.9 million, or 5.7% of Ton Yi's net operating revenues, for the nine months ended September 30, 2002.

Administrative expenses slightly increased by 4.9% to NT$172.2 million (US$5.1 million) for the nine months ended September 30, 2003 from NT$164.1 million for the nine months ended September 30, 2002.

Operating Income

As a result of the foregoing, Ton Yi generated operating income of NT$953.7 million (US$28.2 million) for the nine months ended September 30, 2003, as compared to an operating income of NT$696.9 million for the nine months ended September 30, 2002.

Net Income

Net income for the nine months ended September 30, 2003 increased to NT$418.7 million (US$12.4 million) from NT$11.1 million for the nine months ended September 30, 2002 primarily as a result of increase in the gross profit, decrease in our interest expenses and income from our equity investments, for the nine months ended September 30, 2003, which sustained significant losses for the same period in 2002.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Net Operating Revenues

Net operating revenues increased by 19.0% to NT$16,225.6 million (US$480.3 million) in 2002 from NT$13,640.2 million in 2001, principally as a result of an increase in the sales volume of tinplates, cold rolled coils and TMBPs.

Costs of Goods Sold

Costs of goods sold increased by 15.3% to NT$13,651.1 million (US$404.1 million), which constituted 84.1% of Ton Yi's net operating revenues, in 2002, from NT$11,835.4 million, which

constituted 86.8% of Ton Yi's net operating revenues, in 2001. The increase in costs of goods sold was primarily attributable to the increase in sales volume and a gradual increase in the cost of raw materials.

Gross Profit and Gross Margin

Gross profit increased by 42.7% to NT$2.574.5 million (US$76.2 million) in 2002 from NT$1,804.8 million in 2001 primarily due to the increase in net operating revenues. Ton Yi's gross margin increased from 13.23% in 2001 to 15.87% in 2002, primarily due to a more significant increase in the net operating revenues than the increase in the costs of goods sold.

Operating Expenses

Selling expenses increased by 5.3% to NT$992.2 million (US$29.4 million), or 6.1% of Ton Yi's net operating revenues, in 2002, from NT$942.4 million, or 6.9% of Ton Yi's net operating revenues, in 2001, primarily as a result of increased commission expenses from the expansion of Ton Yi's businesses.

Administrative expenses slightly decreased by 2.9% to NT$342.6 million (US$10.1 million) in 2002 from NT$352.8 million in 2001.

Operating Income

Ton Yi generated operating income of NT$1,240.1 million (US$36.7 million) in 2002, as compared to an operating income of NT$510.8 million in 2001, primarily as a result of an increase in gross profits.

Net Income (Loss)

Net income in 2002 increased to NT$163.4 million (US$4.8 million) from a net loss of NT$(392.3) million in 2001 as a result of an increase in operating income and a decrease in interest expenses slightly offset by a decrease in foreign exchange gains.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Net Operating Revenues

Net operating revenues slightly decreased by 0.1% to NT$13,640.2 million in 2001 from NT$13,657.1 million in 2000, principally as a result of a decrease in the selling prices of our tinplates, cold rolled coils and TMBP products due to market competition and despite an increase in the sales volume of these products.

Costs of Goods Sold

Costs of goods sold increased by 7.4% to NT$11,835.4 million, which constituted 86.8% of Ton Yi's net operating revenues, in 2001, from NT$11,016.0 million, which constituted 80.7% of Ton Yi's net operating revenues, in 2000. The increase in costs of goods sold was primarily attributable to an increase in sales volume.

Gross Profit and Gross Margin

Gross profit decreased by 31.7% to NT$1,804.8 million in 2001 from NT$2,641.1 million in 2000 primarily as a result of a decrease in the selling prices of our products and an increase in costs of goods sold. Ton Yi's gross margin decreased from 19.34% in 2000 to 13.23% in 2001.

Operating Expenses

Selling expenses increased by 11.4% to NT$942.4 million, or 6.9% of Ton Yi's net operating revenues, in 2001, from NT$846.0 million, or 6.2% of Ton Yi's net operating revenues, in 2000, primarily as a result of increases in the transportation and commission expenses as a result of the increase in sales volume.

Administrative expenses decreased by 6.0% to NT$352.8 million in 2001 from NT$375.4 million in 2000.

Operating Income

Ton Yi generated operating income of NT$510.8 million in 2001, as compared to an operating income of NT$1,418.8 million in 2000, principally as a result of a decrease in gross profit and increase in selling expenses.

Net Income (Loss)

Ton Yi sustained a net loss in 2001 of NT$(392.3) million as compared with a net income of NT$391.4 million in 2000 primarily as a result of decreases in operating income, decreases in gain on sale of investments and increases in foreign exchange gains.

Liquidity and Capital Resources

Since early 2000, Ton Yi has experienced significant increases in both its capital resources and capital expenditures. Ton Yi's principal cash requirements included financing of its working capital, capital expenditures related to the expansion of its production capacities, investments in subsidiaries and affiliates, and servicing of Ton Yi's indebtedness. During this period, Ton Yi has met a significant portion of its cash requirements with cash generated from operation, proceeds from equity offerings in the domestic markets, bank borrowings and other available lines of credit, principally long-term NT dollar bank borrowings.

Liquidity

As of September 30, 2003, Ton Yi had, on an unconsolidated basis, a working capital (defined as current assets less current liabilities) of NT$(871.1) million (US$(25.8) million), of which Ton Yi had cash and cash equivalents of NT$43.8 million (US$1.3 million), notes receivables less doubtful accounts of NT$201.5 million (US$6.0 million), total account receivables less doubtful accounts of NT$1,411.1 million (US$41.8 million) and inventories of NT$2,737.7 million (US$81.0 million). Additionally, Ton Yi had several credit lines with a total available credit of NT$4,538.2 million (US$134.3 million).

As of December 31, 2002, Ton Yi had a working capital (defined as current assets less current liabilities) of NT$(7,160.5) million (US$(212.0) million), of which Ton Yi had cash and cash equivalents of NT$345.9 million (US$10.2 million), notes receivables less doubtful accounts of NT$472.5 million (US$14.0 million), account receivables less doubtful accounts of NT$908.5 million (US$26.9 million) and inventories of NT$2,852.3 million (US$84.4 million). Additionally, Ton Yi had several credit lines with a total available credit of NT$7,514.0 million (US$222.4 million).

Net cash provided by operating activities amounted to NT$185.9 million (US$5.5 million) for the nine months ended September 30, 2003 on an unconsolidated basis. Net cash provided by operating activities amounted to NT$2,850.0 million (US$84.4 million) in 2002, NT$1,846.8

million in 2001 and NT$1,529.0 million in 2000. Changes in net cash from operating activities are primarily due to year-to-year changes in net income.

Net cash used in investing activities decreased by 52.9% to NT$255.4 million (US$7.6 million) for the nine months ended September 30, 2003 from NT$542.3 million for the nine months ended September 30, 2002, on an unconsolidated basis. This decrease was primarily due to the 65.1% decrease in acquisitions of property, plant and equipment, the NT$40 million (US$1.2 million) increase in long-term investments. The net cash decrease in investing activities was also triggered when NT$27.5 million was recorded as a decrease in forward exchange contracts receivable for the nine months ended September 30, 2002 as compared to a NT$78.7 million (US$2.3 million) was recorded as a decrease in forward exchange contracts payable for the nine months ended September 30, 2003. Net cash used in investing activities for each of 2001 and 2000 amounted to NT$(1,991.8) million and NT$(2,748.4) million, respectively, as against net cash provided by investing activities amounted to NT$64.9 million (US$1.9 million) for 2002.

Net cash provided by financing activities decreased by 16.8% to NT$98.8 million (US$2.9 million) for the nine months ended September 30, 2003 from NT$118.8 million for the nine months ended September 30, 2002, on an unconsolidated basis. This decrease was primarily due to reductions in increases in short-term and long-term borrowings which amounted to NT$106.3 million (US$3.1 million) and NT$2,400.1 million (US$71.1 million) for the nine months ended September 30, 2003 from NT$1,518.3 million and NT$598.4 million for the nine months ended September 30, 2002, respectively. Net cash used in financing activities for each of 2002 and 2001 amounted to NT$2,728.8 million (US$80.8 million) and NT$128.6 million, respectively, as against net cash provided by financing activities amounted to NT$1,513.4 million for 2000.

Cash Resources

As of September 30, 2003, Ton Yi had, on an unconsolidated basis, outstanding short-term borrowings of NT$1,440.0 million (US$42.6 million), commercial paper payable of NT$878.8 million (US$26.0 million) and outstanding current portion of long-term borrowings of NT$2,514.3 million (US$74.4 million).

As of December 31, 2002, Ton Yi had outstanding short-term borrowings of NT$5,469.3 million (US$161.9 million), commercial paper payable of NT$867.7 million (US$25.7 million) and outstanding current portion of long-term borrowings of NT$4,452.6 million (US$131.8 million).

In December 1996, Ton Yi issued NT$2,000.0 million in aggregate principal amount of unsecured domestic corporate bonds. Ton Yi has repaid all outstanding principal amount of these bonds as of December 31, 2001. In August 1997, Ton Yi issued NT$3,000 million in aggregate principal amount of unsecured domestic zero coupon convertible bonds. Ton Yi has repaid all outstanding principal amount of these bonds as of December 31, 2001. In August 1998, Ton Yi issued NT$3,000 million in aggregate principal amount of unsecured domestic zero coupon convertible bonds. Ton Yi has repaid all outstanding principal amounts of these bonds as of December 31, 2002. In July 1999, Ton Yi issued NT$1,200 million in aggregate principal amount of secured corporate bonds. These bonds have stated interest rates ranging from 5.85% to 6.14%, based on class of issue, and are scheduled to mature from 2002 through 2004, based on class of issue. As of September 30, 2003, NT$400 million of these bonds were outstanding. Also in July 1999, Ton Yi issued NT$300 million in aggregate principal amount of secured corporate bonds. These bonds have stated interest rates ranging from 5.85% to 6.20%, based on class of issue, and are scheduled to mature from 2002 through 2004, based on class of issue. As of September 30, 2003, NT$100 million of these bonds were outstanding.

As of September 30, 2003, Ton Yi had long-term debt obligations, primarily comprised of bank loans, in the total amount of NT$8,567.5 million and JP¥8,312.2 million, of which NT$1,162.1 million and JP¥2,770.7 million was due in less than one year, NT$5,483.3 million and JP¥5,541.5 million was due between one year and three years and NT$1,922.1 million was due between three to five years, respectively.

As of December 31, 2002, Ton Yi had long-term debt obligations, primarily comprised of bank loans, in the total amount of NT$7,277.2 million, US$141.1 million and JP¥11,600.3 million, of which NT$1,271.4 million, US$51.8 million and JP¥3,288.1 million was due in less than one year, NT$4,548.6 million, US$89.3 million and JP¥5,541.5 million was due between one year and three years and NT$1,457.2 million and JP¥2,770.7 million was due between three to five years, respectively.

Additionally, Ton Yi had the following significant contingent obligations:

- As of September 30, 2003, Ton Yi had letters of credit for purchase of raw materials and equipment in the aggregate amount of NT$792.1 million (US$23.4 million).

- Ton Yi entered into land lease agreements with Taisugar Co., Ltd. for its manufacturing plants. The rental fees were 10% of the annual land value. Additionally, Ton Yi has to pay royalty of two to four times the annual rental fees every 20 years pursuant to these land lease agreements. As of September 30, 2003, the unamortised royalty amounted to NT$25.2 million (US$0.7 million).

- In consideration of significant exchange gain or loss on a long-term Japanese yen loan of Ton Yi for machinery and equipment purchased from a Japanese manufacturer, both parties agreed that the seller is to pay to Ton Yi the difference between amount of the loan converted into NT dollars based on actual exchange rate and a specified rate. As of September 30, 2003, the seller's payable to Ton Yi for the excess of exchange loss amounted to NT$761.6 million (US$22.5 million), and was recorded under non-current other financial assets.

Taxation

Ton Yi's applicable tax rate is the statutory corporate income tax rate of 25%. Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to reverse. The income tax effects due to taxable temporary differences are recognised as deferred income tax liabilities. The income tax effects resulting from deductible temporary differences, net operating loss carryforwards and income tax credits are recognised as deferred income tax assets. The realisation of the deferred tax assets is evaluated, and a valuation allowance is recognised accordingly.

Ton Yi uses the flow-through method to recognise income tax credits, recognising the entire reduction in income tax payables as the income of the year in which the credit arises.

Classification of the deferred tax assets or liabilities as current or non-current is based on the classification of the related assets or liabilities for financial reporting. If not so related, they are classified on the basis of the expected period of realisation.

A tax imputation system was adopted in accordance with the amendment of the ROC Income Tax Law. Under the system, Ton Yi may retain the earnings occurring after

December 31, 1997, by paying 10% surtax on such undistributed earnings, and the surtax is accounted for as income tax expense upon the stockholders' resolution on distribution of earnings.

Ton Yi's effective income tax expense rates were 33%, 25% and 35%, respectively, in 2000, 2001 and 2002.

Interest Rate and Currency Risks

Ton Yi's exposure to financial market risks relates primarily to changes in interest rates and foreign currency exchange rates.

Interest Risk

Since most of Ton Yi's long-term debt obligations have fixed interest rates, Ton Yi has limited exposure to interest rate risks. As of September 30, 2003, Ton Yi had NT$8,569.0 million and JP¥8,312.2 million in principal amount of floating rate debts outstanding.

The table below sets forth the principal amounts and interest rates of Ton Yi's long-term debt.

	Year Ended December 31,			Nine Months Ended September 30,	
	2000	2001	2002	2002	2003
	(in millions except percentages)				
	(consolidated) (audited)			(unconsolidated) (unaudited)	
Floating rate (NT$)	5,036.0	6,971.8	7,277.2	6,733.9	8,567.5
Range of interest rates	5.50%-8.48%	3.25%-7.84%	5.13%-7.10%	5.13%-7.10%	2.73%-6.22%
Floating rate (JP¥)	20,175.4	15,993.8	11,600.3	11,082.9	8,312.2
Range of interest rates	0.7125%-1.6250%	0.6500%-1.3358%	0.6500%-0.8774%	0.8699%-0.8774%	0.8436%-0.8560%
Floating rate (US$)	169.1	161.5	141.1	—	—
Range of interest rates	6.55%-7.95%	2.53%-6.04%	2.33%-3.24%	—	—

Foreign Currency Exchange Rate Risk

Depreciation of the NT dollar may adversely affect the results of Ton Yi's operations because, among other things, it causes an increase in the amount of NT dollars required for Ton Yi to make interest and principal payments on its foreign currency-denominated debt, an increase in NT dollar terms in the costs of imported raw materials and equipment, and an increase in foreign exchange translation losses on liabilities which lowers Ton Yi's earnings for accounting purposes.

Appreciation of the NT dollar, on the other hand, causes Ton Yi's export products to be less competitive by raising Ton Yi's prices in U.S. dollar/Japanese yen terms and reduces net sales in NT dollars from export sales, which are primarily denominated in U.S. dollar/Japanese yen. In addition, imported products will have better price competitiveness when the NT dollar appreciates. However, because of the larger negative effects of the appreciation of the NT dollar, i.e., the reverse of the positive effects caused by the depreciation of the NT dollar, as discussed above, appreciation of the NT dollar generally has a positive impact on Ton Yi's results of operations.

As of September 30, 2003, approximately 86.0% of Ton Yi's cash and accounts receivable were denominated in currencies other than the NT dollar. As of September 30, 2003, all of Ton Yi's letters of credits and long-term borrowings were incurred in connection with machinery and equipment purchased from Japanese manufacturers and denominated in currencies other than the NT dollar. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign currency exchange rates, Ton Yi may utilise natural hedge and foreign exchange contracts from time to time to reduce the impact of foreign currency fluctuations on Ton Yi's results of operations. As of September 30, 2003, Ton Yi had NT$12,847.0 million (US$380.3 million) aggregate principal amount of foreign exchange contracts outstanding.

Off-Balance Sheet Arrangements

Ton Yi has, from time to time, entered into foreign exchange contracts to hedge the foreign currency exposure associated with its existing assets or liabilities denominated in foreign currencies. As of September 30, 2003, Ton Yi had NT$12,847.0 million (US$380.3 million) aggregate principal amount of foreign exchange contracts outstanding. As of September 30, 2003, Ton Yi also had certain commitments to provide guarantees to its subsidiaries and affiliates, such as the guaranty on the borrowings of Cayman Ton Yi Industrial Holdings Limited and Ton Yi's PRC subsidiaries amounting to US$98.1 million.

BUSINESS OF THE COMPANY

General

The Company was founded in Yeong Kong City, Tainan Hsien, Taiwan, R.O.C. in 1967, with 82 employees and an initial capital of NT$32.0 million. Since then, the Company has become the largest food conglomerate in Taiwan through 36 years of expansion of its core businesses. The Company is currently the leading manufacturer and distributor of consumer food products, animal feeds and foodstuffs. It operates more than 20 business divisions and has invested in more than 170 affiliated companies within and outside of Taiwan with a total of 55,084 employees worldwide as of December 31, 2002. As of September 30, 2003, the Company had nine production plants in Taiwan, 30 production plants in the People's Republic of China, or the PRC, and five in the Southeast Asia.

The Company is the flagship company of the Uni-President Group. In addition to the Company's leading market position in Taiwan, it has also expanded its operations abroad, with geographic coverage in North America, the PRC, and Southeast Asia including Vietnam, Indonesia, the Philippines and Thailand. As a result of the Company's international presence, the Uni-President Group is now one of the most international and diversified business groups based in Taiwan. The Company believes that it is one of the most active players in the food-related industry in the greater-China region. In addition, its invested businesses range from provisions, consumption goods, distribution, fast food, construction, electronics, finance, leisure and entertainment as well as biotechnology which makes the Company a multifaceted conglomerate.

As of December 31, 2000, 2001 and 2002, the Company's consolidated assets were NT$98.5 billion, NT$107.3 billion and NT$103.6 billion (US$3.1 billion), respectively, while its consolidated operating revenues for 2000, 2001 and 2002 were NT$51.6 billion, NT$57.4 billion and NT$60.9 billion (US$1.8 billion), with a net income of NT$3.4 billion, NT$3.0 billion and NT$1.5 billion (US$44.4 million), respectively. As of September 30, 2002 and 2003, the Company's unconsolidated assets NT$71.4 billion and NT$73.6 billion (US$2.2 billion), respectively, while its unconsolidated operating revenues for the nine months ended September 30, 2002 and 2003 were NT$26.1 billion and NT$28.4 billion (US$0.8 billion), respectively, with an unconsolidated net income of NT$0.6 billion and NT$2.9 billion (US$85.8 million), respectively.

The Company's shares have been listed on the Taiwan Stock Exchange since December 1987. The Company's global depositary shares have been listed on the Luxembourg Stock Exchange since November 1992. As of the close of business on September 30, 2003, the Company's market capitalisation was approximately NT$39.4 billion (US$1.2 billion).

The Company was incorporated on August 25, 1967 as a company limited by shares organised and existing under the ROC Company Law and other laws of the ROC. The scope of the Company's business is set forth in Article Two of its articles of incorporation. The duration of the Company's incorporation is indeterminate. Its registered office is 301 Chung Cheng Rd., Yeong Kong City, Tainan Hsien 710, Taiwan, ROC. Its Uniform Registry Number is 73251209. Its corporate website is located at *www.unipresident.com*. The information contained in its website is not part of this Offering Circular.

Business Strengths

The Company believes that it is one of Asia's leading food manufacturers and distributors. The Company has also diversified into other growth areas as described below. Overall, it believes it possesses the following competitive advantages:

Leading Market Position. With successful business diversification, extensive distribution channels, state of the art production facilities, leading edge research and development and innovative marketing capabilities, the Company has established a leading position in the food industry in the greater-China region. The Company believes that it is a leading food manufacturer in the greater China region for many of its products. In fact, it is one of the top producers and distributors, and in some cases, the top producer and distributor, of its most significant revenue-generating products such as instant noodles, ready-to-drink tea, juice beverages and dairy products.

Diversification of Business and Investment Income Contribution. In order to complement the Company's core businesses and diversify its investments, it has aggressively expanded into other industries such as food retail and distribution, fast food chains, construction, electronics, finance, leisure and entertainment and biotechnology. However, the Company will continue to evaluate its investment strategies and streamline or downsize certain investments as appropriate. For example, the Company sold its interests in the Grand Commercial Bank to Chinatrust Commercial Bank through a share swap transaction in September 2003.

Stable Financial Structure and Flexible Funding Sources. Being a publicly listed company and a market leader in Taiwan's food industry, the Company has adopted a stable financial strategy to maintain a solid financial structure. Its core business, the food manufacturing and distribution, is relatively unaffected by the overall economic fluctuation in Taiwan's recent past. For instance, despite domestic economic downturn in 2002, the Company's sales grew 4.6% from 2001 on an unconsolidated basis. In addition, over the years, the Company has established good financial management with flexible funding capabilities and resources, including securities offerings, debt issuances and the sale of other financial instruments.

Continuing Growth of International Operations. PRC is the Company's largest focus region outside of Taiwan. The Company established its first PRC manufacturing facility, Xinjang President Enterprises Food Co., in 1992. Its PRC operations have grown to over 30 plants and more than 110 sales offices since then and became profitable beginning 1999. The Company plans to continue to expand its presence in the PRC. In 1999, the Company established a plant in Vietnam, where it built eight production lines for animal feeds, aquatic feeds, instant noodles and flour production. This is the Company's first comprehensive overseas investment outside of Taiwan and the PRC. It now serves as an outpost for the Company's Southeast Asia market. In the Philippines, the Company has a wholly-owned subsidiary, Uni-President Foods Corp., through which it operates an instant noodle factory, and collaborates with the Philippines 7-Eleven stores to manage local retail channels. In Indonesia, the Company has two factories in Jakarta and Medan for the production of instant noodles. In Thailand, the Company's beverage products, under the trademark of "Unif," have become the local leading brand, and is expected to yield a positive return beginning 2003. In the future, the Company plans to gradually develop its global "Unif" brand.

Professional Management Team. Under the former Chairman, Mr. Wu Shiu Chi, and current Chairman, Mr. Kao Chin Yen as well as the professional management team's leadership, the Company has steadily grown from the original capital of NT$32.0 million to a capital of NT$34.0 billion, as of September 30, 2003, with a consolidated net operating revenue of NT$60.9

billion in 2002. For detailed descriptions of the Company's management team, see "Management."

Business Strategy

The Company's current business strategies are as follows:

Product Development:

The Company has an extensive line of products:

- The Company has a full range of consumer-related products, such as edible oil, noodles, meat products, beverages and dairy products.
- The Company has widely diversified its interests in the food-related industry, through vertical and horizontal integration which enable it to fully apply raw materials to manufacture value-added end products to maximise the Uni-President Group's profitability.
- Due to the increasing public demand for healthy products, the Company has been developing its products in the "functional, healthy and natural" direction. For instance, some of its health food products include natural grain, Chinese herbs and nutrient supplements.
- With comprehensive product lines in various categories, the Company has developed strong research technologies and manufacturing techniques in order to maintain its leading market position in the food industry. The Company's future product research and development will be focused on product technology for natural ingredients, environmental packaging and other related functional materials, fermentation technology to apply to wine, dairy, juice and health food products, preservation of fresh vegetables and similar food processing technologies, bio-technology, medical technology and the development of global products.

Marketing Strategies:

The Company's marketing strategy is focused on it's continuing development of brand awareness, while simultaneously (i) utilising its distribution channels for the development of products which cater to changing consumer trends; (ii) drawing upon its strengths in its manufacturing capabilities and research and development; (iii) seizing growing opportunities in international trade; and (iv) developing international and prominent strategic alliances. For instance:

- The Company's efforts in cultivating its brand awareness have born fruits as shown by a recent consumer survey conducted by "Turbo Magazine," a well-respected consumer magazine in Taiwan, which has found that Uni-President, Coca-Cola and Scott Tissue were the only three brands which had remained number one in its respective leading products of instant noodles, carbonated drinks and toilet paper for more than 15 years. The Company breaks its brands into categories based on revenues. Currently in Taiwan, the Company has seven "mega brands," five "quasi-mega brands," eleven "working brands" and 13 "potential brands." A "mega brand" is a brand of products generating over NT$1,000 million in sales in a fiscal year, a "quasi-mega brand" is a brand of products generating between NT$500 million and NT$1,000 million in sales in a fiscal year, a "working brand" is a brand of products generating between NT$300 million and NT$500 million in sales in a fiscal year and a "potential brand" is a brand of products generating between NT$80 million and NT$300 million in sales in a fiscal year. Together,

these branded products constitute over 50% of the Company's net sales in 2002 and for the nine months ended September 30, 2003, on an unconsolidated basis.

- The Company utilises its distribution channels to understand consumer needs. Rather than developing and producing products and "push" them in the consumer markets, the Company allows the market to "pull" consumer products from the Company, based on market trends. Valuable information on consumer spending habits helps the Company adjust its manufacturing capacities to meet retail demands as well as research and develop new products to meet the needs of emerging consumer trends.
- The Company's manufacturing, research and development strengths are important in its goals of marketing products which are in demand. For example, the Company has developed market-segmented products for different customer groups such as women, athletes and students. Without changing the signature qualities and nature of its products, it has also customised them to each geographical region in which it markets such products based on local tastes and cultures.
- International trade is becoming more significant as both Taiwan and the PRC enter into the WTO era. Through various techniques such as "bundling" products in marketing newly developed foods and beverages and licensing various consumer goods which complement the Company's own products, the Company is able to leverage off its active international trading in its market strategies.
- In order to grow into an international company, the Company is actively forming overseas strategic alliances with large international food companies to enhance its competitiveness. One such successful strategic alliance is the Starbucks Coffee operation in Taiwan and Shanghai. The Company entered into a joint venture with Starbucks Coffee International Inc., or Starbucks, a Seattle-based company operating the world's largest coffee shop chain to extend the franchise in Taiwan in 1998 and in Shanghai in 2000. The initial share-ownership was 95%-held by the Company through various subsidiaries and 5%-held by Starbucks for each of the Taiwan and Shanghai operations. The agreement granted Starbucks options, through 2003, to acquire up to 50% of the interests in each of the Taiwan and Shanghai Starbucks operations. Under successful marketing and management by the Company, the Starbucks Coffee operations in Taiwan and Shanghai became profitable beginning 2001. As a result, Starbucks exercised its options in July of 2003 to become a 50% owner of the Starbucks Coffee stores in both Taiwan and Shanghai. As of September 30, 2003, there were 117 Starbucks Coffee shops in Taiwan and 37 in Shanghai.

Distribution Strategies:

To support sales of the Company's various products and efficiently deliver them to its end customers, the Company has established a comprehensive distribution system. In order to accommodate the structural change of the consumer market, it has entered into the logistics business, including:

- Setting up sales offices instead of franchised agent system;
- Establishing 7-Eleven convenience chain stores, through the President Chain Store, which currently has over 3,400 stores throughout Taiwan;
- Forming Presicarre, a joint venture with Carrefour Nederland BV, to operate Carrefour hypermarkets in Taiwan;
- Improving the Company's logistics efficiency and the service quality of its back office; and

- Investing in the distribution business.

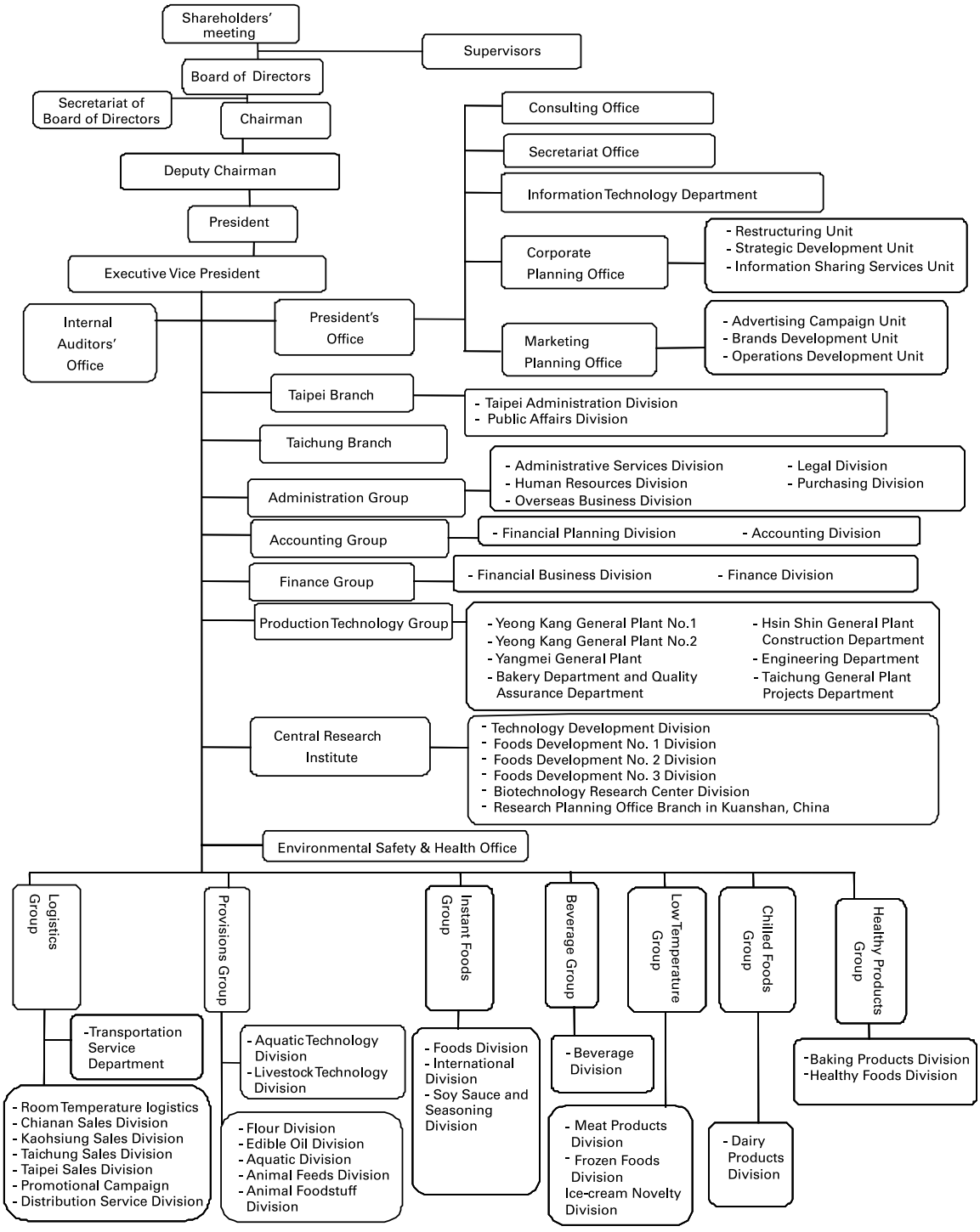
Operating Strategies:

The Company's operating strategies include:

- Creating synergies within the Uni-President Group to share resources among different subsidiaries—the Company has successively organised e-transformation workshops among individual business units of the whole group, aiming to build up the consistency of the Company culture and vision. In addition, the Company is also in the process of implementing its group e-mail platform and Oracle Enterprise, Resources and Planning, or the ERP system, for its e-procurement platform. The successful operating model will also be implemented in the PRC and Southeast Asia in the near future.
- Innovation to create additional value—under pressure from global competition and deflation, the Company has attempted to transform its strategy from manufacturing-oriented to marketing-oriented and to competing in quality rather than quantity to satisfy consumer demands. In addition, the Company is focusing on strategic alliances, knowledge sharing platform and global logistics to enhance its competitiveness as demonstrated in the Starbucks Coffee example previously discussed.
- Expanding the Company's presence in the PRC and other countries in the world—in order to become the world's largest food conglomerate, it has been investing in the PRC since 1992. The Company's PRC subsidiaries have profitable operations which are expected to continue to grow. The Company will continue to strengthen its selling and marketing structure in the PRC by expanding marketing channels, advancing marketing tactics, and penetrating the local markets. The Company will reinforce its employment training, employ local talents and localise managers to bring management closer to the consumer cultures. At the same time, it plans to regulate standard operating models in order to ensure consistency of all systems and organisational structures in all regions throughout the PRC. Following the expansion of its PRC businesses, the Company has also been aggressively expanding its businesses in Southeast Asia, such as Vietnam, Thailand, Indonesia and the Philippines.
- Focusing on the Company's core business and expanding in the health food industry—based on the idea of "providing the best service to customers," the consumer market of the future will be customer- and health-oriented. The Company expects to be a pioneer in this respect. Adhering to the "Honmono" (naturalism) concept for managing and forming a healthy business, the Company plans to develop healthy, unpolluted, and inspiring products with naturalism in mind. The Company's corporate focus will shift from labour-and technology-intensive to knowledge-driven, from success and earnings to corporate culture and community. The Company will also enhance its goals from initial quantity growth to product innovation and quality improvement. Moreover, the Company plans to continue following the principle of staying in touch with consumer needs at all times.

Organisational Chart

The Company is organised into various groups, some of which are functional and administrative, such as its Technology Group, Finance and Distribution/Logistics Group, while others are products-oriented such as the Provisions Group, the Chilled Foods Group, the Beverage Group, the Instant Foods Group, the Healthy Products Group and the Low Temperature Group. Set forth below is the Company's organisational chart as of September 30, 2003.



Products

Taiwan

The Company's predominant products are divided into the following groups: provisions, low temperature foods, chilled foods, beverage, instant foods and healthy products. The table below sets forth the types of products within each group and the sales percentages for each of these groups for 2002.

Business Group	Sales % for 2002	Description of Business Sector
Provisions Group	29.2%	foodstuffs, feeds, edible oil and flour
Chilled Foods Group	26.4%	milk, yoghurt, coffee, pudding and iced tea
Beverage Group	16.2%	ready-to-drink tea, fruit and vegetable juices, bottled water, etc.
Instant Foods Group	15.3%	instant noodle, soy sauce and seasonings
Healthy Products Group	7.9%	bakery, healthy foods such as essence of chicken, fish oil, infant formula, etc.
Low Temperature Group	5.0%	meat products, ice cream products and frozen cooked foods

* above sales data is provided on an unconsolidated basis.

Provisions Group

Based on revenue contribution, provisions can be ranked in order of (1) grains commodities or foodstuffs, (2) animal feeds, (3) edible oil, (4) flour and (5) aquatic feeds.

Foodstuffs. In response to the continuous impacts of WTO on the area of poultry and livestock imports as well as changes and competition within the agricultural industry, the Company conducted an organisational restructuring of the Provisions Group and officially established the Foodstuffs Division in February 2002. The Foodstuffs Division is primarily responsible for the coordination of purchase and distribution of raw materials for the Company's production of feeds, livestock and poultry products and various grains, fresh and frozen meat and other commercial foodstuffs for internal use or resale to other processed food manufacturers and restaurants.

Animal Feeds and Aquatic Feeds Division. The Company started its animal feeds business in 1967. The Animal Feeds Division's main products include livestock, poultry, aquatic feeds and pet food. The recent recession in the domestic market was mainly derived from increased production costs, as well as various factors including the impact of Taiwan's entry into the WTO and more stringent environmental protection regulations. Leveraging on the Company's leading position in the industry, it is diversifying its productions geographically, and expanding businesses globally through its affiliated companies, such as Shanghai President Enterprises Livestock Food Co. Ltd., Meishan President Feed & Oil Co. Ltd., Zhongshan President Enterprises Co., Ltd., Qingdao President Feed & Livestock Co., Ltd. and Uni-President Vietnam Co., Ltd.

Edible Oil Division. The Edible Oil Division can be divided into four different sectors: (1) soybean meal, (2) oil for commercial and industrial use, (3) oil for household use, and (4) oil-based household cleaning products. The Company has significant market shares in all these edible oil products mainly because of its brand recognition, successful marketing and extensive distribution channels. Pursuing improvement of lifestyle, the Company is also dedicated to the development of healthy and multi-functional products to fulfil the Company's vision.

Flour Division. Since the liberalisation of wheat import, the flour industry in Taiwan has become highly competitive in pricing and quantity. To increase the Company's market share in Taiwan, it consistently upgrades the quality of its flour products, by forming alliances with foreign companies, and developing new customised products for niche markets.

For 2000, 2001 and 2002, the Company's Provisions Group generated NT$8,234.2 million, NT$9,281.7 million and NT$10,177.6 million (US$301.3 million), respectively, in operating revenues, which constituted 25.6%, 27.8% and 29.2%, respectively, of its total operating revenues on an unconsolidated basis for those periods. For the nine months ended September 30, 2002 and 2003, the Company's Provisions Group in Taiwan generated NT$7,248.9 million and NT$9,230.4 million (US$273.3 million), respectively, in operating revenues, which constituted 27.7% and 32.5%, respectively, of the Company's total operating revenues on an unconsolidated basis for those periods.

Chilled Foods Group

In June 2003, the Company upgraded its "Dairy Product Division," previously under the Low Temperature Food Group, into a newly-formed Chilled Foods Group.

To better compete in an increasingly competitive environment, the Chilled Foods Group has focused on quality improvement technologies such as raw milk delivery, iced tea and coffee brewing and bacterial cultures, and also upgraded the Company's delivery and logistics system to maintain its product freshness and to better serve the Chilled Foods Group's channel partners. Additionally, strategic alliances were established with related and parallel business partners to outsource non-core products and to decrease costs. The new Chilled Foods Group focuses on being a top provider of chilled food products in Taiwan. The Company has now grown from a mainly dairy product producer to a producer of diversified products in chilled tea, functional drinking yoghurts, desserts, coffee, fruit and vegetable juice categories.

Changing with consumer demands has successfully placed the Company's Chilled Foods Group into first place among all of its consumer products divisions in terms of revenue generation. The Chilled Foods Group in Taiwan in 2000, 2001 and 2002 generated NT$7,742.0 million, NT$8,848.2 million and NT$9,224.4 million (US$273.1 million) of operating revenues, respectively, which constituted 24.1%, 26.5% and 26.4%, respectively, of the Company's total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods. For the nine months ended September 30, 2002 and 2003, the Chilled Foods Group in Taiwan generated NT$7,056.7 million and NT$6,983.3 million (US$206.7 million), respectively, of operating revenues, which constituted 27.0% and 24.6% of the Company's total operating revenues on an unconsolidated basis, and as adjusted for group reorganisation, for those periods.

Beverage Group

Ready-to-drink tea, bottled waters, carbonated drinks, fruit and vegetable juices are the Company's main products in the Beverage Group.

Tea. The Company's "麥香" series is one of its leading products, and the newer "Chai-Li-Won" tea also won critical acclaim from consumers and has become one of the Company's more important products. The Company also expects to see a significant growth in the PRC market as it has successfully registered the trade name of "Chai-Li-Won" in the PRC recently. The Company is also a leader in the green tea market in Thailand. "Chai-Li-Won" also successfully launched its sales in Thailand in 2003.

Bottled Water. The Company produces two bottled water products, the mineral water and the "H_2O" series. In addition, the Company is the exclusive distributor for Evian water in Taiwan. It expects to see growth in this market as the public becomes more particular in its demand for high quality drinking water and as the Company secures additional sources of good water throughout Taiwan.

Fruit and Vegetable Juices. The Company currently has several successful juice series, including the "多" series, and the Company's fresh tomato juice. The market demand for fruit and vegetable juices have grown significantly in the past two years as consumers in Taiwan have become more health-conscious.

Functional Drinks. To cater to Taiwan consumer demands for healthy beverage products, the Company has developed various functional beverages including ß-carotene, a tea series with different functional values such as slimming, detoxifying and beautifying and Oligo-saccharides beverages.

For 2000, 2001 and 2002, the Company's Beverage Group in Taiwan generated NT$6,425.1 million, NT$5,653.2 million and NT$5,645.2 million (US$167.1 million), respectively, in operating revenues, which constituted 20.0%, 17.0% and 16.2%, respectively, of its total operating revenues on an unconsolidated basis for those periods. For the nine months ended September 30, 2002 and 2003, the Company's Beverage Group in Taiwan generated NT$4,336.6 million and NT$4,640.0 million (US$137.4 million), respectively, in operating revenues, which constituted 16.6% and 16.3%, respectively, of its total operating revenues on an unconsolidated basis for those periods.

Instant Foods Group

Instant Noodles. The Company's main products in this group include instant noodles, instant rice noodles, noodles, and tempura batter mix. Among these products, instant noodles generate the most revenue. In the fourth quarter of 2002, Tingyi Group's "Master Kong" brand used a low-priced strategy to enter the Taiwan market. However, the Company still maintained its leading market position. As Asian consumption accounts for over 80% of global instant noodle consumption, the Company is also aggressively integrating its overseas plants to expand its market shares. The total net operating revenues for the Company's instant noodles in Taiwan is NT$4,156.8 million, NT$3,964.3 million and NT$4,043.2 million (US$119.7 million), or 81.6%, 75.8% and 75.5% of total net operating revenues of the Company's Instant Food Group for 2000, 2001 and 2002, respectively, on an unconsolidated basis. The total net operating revenues for the Company's instant noodles is NT$3,093.0 million and NT$3,036.1 million (US$89.9 million), or 75.7% and 75.4% of total net operating revenues of the Company's Instant Food Group, for the nine months ended September 30, 2002 and 2003, respectively, on an unconsolidated basis.

Soy Sauce and Seasonings. The Company established a joint venture with Kikkoman Company in Taiwan in 1990, President Kikkoman Inc., to manufacture and distribute soy sauce. With sound manufacturing techniques provided by Kikkoman Company, President Kikkoman Inc. has greatly improved the quality of soy sauce and lowered production costs. The Soy Sauce and Seasonings Division was previously under the Company's Healthy Products Group. However, through the Company's division reorganisation, it is now under the Company's Instant Foods Group. Currently, both the Company's soy sauce products, "四季" and Kikkoman are the leading brands in the Taiwan market with an aggregate of 31.9% market share for 2002. In addition to soy sauce, this product group also manufactures various sauces and condiments.

For 2000, 2001 and 2002, the Company's Instant Foods Group in Taiwan generated NT$5,094.2 million, NT$5,232.1 million and NT$5,355.5 million (US$158.5 million), respectively, in operating revenues, which constituted 15.8%, 15.7% and 15.3%, respectively, of the Company's total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods. For the nine months ended September 30, 2002 and 2003, the Company's Instant Foods Group in Taiwan generated NT$4,087.7 million and NT$4,025.5 million (US$119.2 million), respectively, in operating revenues, which constituted 15.6% and 14.2%, respectively, of the Company's total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods.

Healthy Products Group

Health Foods. The Company's main health food products in Taiwan are the essence of chicken, cereal powders, infant formula and nutraceuticals. The Company's flavoured essence of chicken products are the leading brand in the Taiwan market. The Company is also the sole agent of Meiji Milk infant formula in Taiwan which is the number one brand in Japan. As Taiwan's living standards improve, the average age of the population becomes higher, and various diseases are discovered, healthy, natural and functional products are gaining their popularity. Some of the health food products the Company has either developed or for which it acts as licensed distributor include Propolis, Reishi, fish oil with high DHA content, Chinese herbal products and brown rice powder meal. To satisfy Taiwan customers' needs for health food, the Company's BioScience Centre of Central Research Institute, or CRI, integrates three areas of expertise in health foods, namely Chinese herbal medicine, gene technology and research for functional ingredients of health food products. Nutraceuticals, under the brand name of "Uni-President Nutrigenomics," consist of products that can help regulate the immune system, reduce serum cholesterol level, prevent diabetes and alleviate allergies.

Bakery. The Company's first bakery plant was founded more than 20 years ago. Through the continuous technology development, the plant has become the largest machine-made bread factory in Taiwan. The Company's bakery was previously its own group, but the Company has recently consolidated it into the Healthy Products Group. The Company supplies the Taiwan market through its affiliated 7-Eleven convenience stores, OK Mart, Niho Market and Siespress convenience stores. As the coffee culture takes on more momentum in Taiwan, the bakery sections of these distributors have established coffee pastry lines to meet increasing demand for these products. In addition, the Company has invested in a frozen dough factory to supply traditional bakeries and hypermarkets in order to expand the Company's product mix.

For 2000, 2001 and 2002, the Company's Healthy Products Group in Taiwan generated NT$3,062.1 million, NT$2,698.4 million and NT$2,763.4 million (US$81.8 million), respectively, in operating revenues, which constituted 9.5%, 8.1% and 7.9%, respectively, of its total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods. For the nine months ended September 30, 2002 and 2003, the Company's Healthy Products Group in Taiwan generated NT$2,040.8 million and NT$2,125.3 million (US$62.9 million), respectively, in operating revenues, which constituted 7.8% and 7.5%, respectively, of the Company's total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods.

Low Temperature Group

Meat Products Division. The Company's "Imperial" brand Chinese sausage was a pioneer in applying vacuum (Nitrogen-filled) packaging technique in the local market. Since then, it has

also developed a series of western processed meat products under the "Proker" brand, such as bacon, hot dog and ham. Currently, the "Imperial" brand has around 38.3% market share and the "Proker" brand has around 22.5% market share. The Company's Meat Products Division was previously under the Healthy Products Group. Through the group's reorganisation, it is now under the Low Temperature Group.

Frozen Food Division. In the recent years, demand for frozen food has increased due to the growing female population in the work force and a change of distribution channels. The frozen foods have developed through three main channels: hypermarkets, chained supermarkets and business usage channels. In order to accommodate this trend, the Company provides a series of cooked and frozen foods such as microwave foods, dishes for dinner and lunch boxes and catering services. The Company also strategically outsources to OEM or ODM companies to reduce production costs and shorten the new product launching time.

Ice Cream Products. This market deteriorated by 8% in 2002 because of the stagnant economy and competition from other chilled or frozen snack items. However, the Company's Ice Cream Division still sustained growth in 2002. The Company has established a strategic and cooperative relationship with famous foreign manufacturers and their local supplier to achieve economies of scale and competitiveness.

For 2000, 2001 and 2002, the Company's Low Temperature Group in Taiwan generated NT$1,601.3 million, NT$1,635.1 million and NT$1,733.0 million (US$51.3 million), respectively, in operating revenues, which constituted 5.0%, 4.9% and 5.0%, respectively, of the Company's total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods. For the nine months ended September 30, 2002 and 2003, the Company's Low Temperature Group in Taiwan generated NT$1,370.7 million and NT$1,429.3 million (US$42.3 million), respectively, in operating revenues, which constituted 5.2% and 5.0%, respectively, of the Company's total operating revenues on an unconsolidated basis, and as adjusted for the group reorganisation, for those periods.

The PRC

The Company entered the PRC food market in 1992 and currently operates its PRC businesses through its subsidiaries, Cayman President Holdings and Kai Yu Investment. The Company's PRC subsidiaries mainly engage in the production of instant noodles, beverages and provisions. The Company operated 30 plants and over 110 sales offices in the PRC as of December 31, 2002. The Company's investments in the PRC became profitable in 1999 and the operating performance improved every year since then because of its economies of scale and increasing brand awareness.

Since entering China in 1992, the Company has been applying global outsourcing strategy to expand and strengthen its core business aggressively. It is dedicated to expand its core products in the overseas markets and develop its business internationally. The Company also established President Enterprises (China) Investment Co., Ltd. as a holding company to take charge of resources and operations of all of the Company's PRC investments. In the first stage, the Company used a "T" tactic, developing vertically from the coastal cities of Guangzhou to Harbin in the Northeast and horizontally along the Yangtze River through Wuhan to Chengdu in Sichuan Province, intersecting in Shanghai. In the second stage, the Company built factories in secondary and third-grade cities to expand production. The Company plans to establish a food factory in every province and a sub-plant accordingly to reach a complete network for the entire PRC by linking every base of operation.

Total sales generated by the PRC subsidiaries increased by 37.4% to NT$26,176.7 million (US$774.9 million) in 2002, compared with sales of NT$19,056.6 million in 2001 without elimination for inter-company sales. The Company's major business in the PRC can be divided into three different product segments: instant foods, provisions and beverage and dairy products.

Instant Foods Group

The PRC Instant Foods Group is one of the major businesses for the Company in the PRC market and ranks second against other companies in terms of market share. It is responsible for the integration and management of the Company's instant noodles and foods business in the PRC region. Its responsibilities include new product development, products and branding management, operation and marketing, as well as providing support and services to strategy planning. The Company's several brands, such as "小浣熊" snack noodles, "統一100," "好勁道" and "來一桶" instant noodles have gained popularity among the consumers across different age groups.

For 2000, 2001 and 2002, the Company's Instant Foods Group in the PRC generated, in the aggregate, NT$10,462.4 million, NT$9,957.1 million and NT$10,197.1 million (US$301.9 million), respectively, in operating revenues on an unconsolidated basis without elimination for inter-company sales. For the nine months ended September 30, 2002 and 2003, the Company's Instant Foods Group in the PRC generated, in the aggregate, NT$8,083.8 million and NT$9,009.0 million (US$266.7 million), respectively, in operating revenues on an unconsolidated basis without elimination for inter-company sales.

Provisions Group

The PRC Provisions Group is primarily responsible for the manufacturing of animal feeds and the processing of flour and edible oil. The group also integrates operations along different stages of the food production industry in order to accomplish the Company's mission to provide diverse products for human healthy consumption in the new millennium. The group is responsible for designing the Provisions Group's business plan, assisting the production facilities under its management, developing new provisions products and collecting and analysing provisions products-related market information. The group also manages the purchase of raw materials in order to enhance cost-efficiency.

The Provisions Group currently produces animal compo feed, feed concentrate, feed premix, all other aquatic and animal feeds, pets feeds, flour, refined oil and margarine, etc. The group is currently developing processing technology for egg products, feeds and animal meat and technology for vertical integration of the production of soy products.

For 2000, 2001 and 2002, the Company's Provisions Group in the PRC generated an aggregate of NT$1,729.6 million, NT$1,963.4 million and NT$2,161.0 million (US$64.0 million), respectively, in operating revenues on an unconsolidated basis for those periods without elimination for inter-company sales. For the nine months ended September 30, 2002 and 2003, the Company's Provisions Group in the PRC generated an aggregate of NT$1,672.5 million and NT$1,634.9 million (US$48.4 million), respectively, in operating revenues on an unconsolidated basis for those periods without elimination for inter-company sales.

Beverage and Dairy Products Group

The Beverage and Dairy Products Group generates the most profit for the Company's businesses in the PRC. It is responsible for the beverage and dairy products of the Company in

the PRC region. Its responsibilities include the promotion, operation, marketing and management of the related product business and providing branding strategy planning to the various facilities under its management. The group's popular products include the "統一" series of black tea and green tea and "多" fruit juice series. Meanwhile, "牛奶の家" is the group's first dairy product in the PRC market, followed by "小浣熊" yoghurt and various other dairy products. The Company has also established a biotechnology company to develop dairy products in the Guangdong province and it is expected to be one of the major focuses of the Company's development.

For 2000, 2001 and 2002, the Company's Beverage and Dairy Products Group generated in the PRC, in the aggregate, NT$3,345.9 million, NT$7,136.1 million and NT$13,818.6 million (US$409.1 million), respectively, in operating revenues on an unconsolidated basis for those periods without elimination for inter-company sales. For the nine months ended September 30, 2002 and 2003, the Company's Beverage and Dairy Products Group generated in the PRC, in the aggregate, NT$12,600.1 million and NT$12,342.3 million (US$365.4 million), respectively, in operating revenues on an unconsolidated basis for those periods without elimination for inter-company sales.

Southeast Asia

Accompanying the growing trend of international economy, the Company has produced and marketed products through cross referencing of local consumer demands with GNP's growth model in several new areas of the Asian Pacific region in order to expand its business opportunities. The Company developed its animal feeds, aquatic feeds, instant noodles and flour businesses in Vietnam. In fact, not only do the animal feed factory and instant noodles factory in Vietnam meet local demands, they also support the Company's exporting base. Due to the huge market demand for instant noodles in Indonesia, the Company has established two factories to satisfy local market needs. The Company is moving towards international recognition and brand by promoting the "Unif" brand in Thailand with the "healthy, tasty yet innovative" image. Furthermore, the Company is also expanding its exporting business to other Southeast Asian countries, Australia and Europe.

Sales and Marketing

Domestic sales accounted for 98.0% of the Company's net operating revenues in 2002 and 98.0% for the nine months ended September 30, 2003, on an unconsolidated basis. For 2000, 2001 and 2002, the Company's five largest customers accounted for approximately 27.5%, 31.3% and 39.7%, respectively, of the Company's unconsolidated net operating revenues. For the nine months ended September 30, 2002 and 2003, the Company's five largest customers accounted for approximately 40.5% and 38.4%, respectively, of the Company's unconsolidated net operating revenues. The Company's strategies differ somewhat based on the products and divisions, as follows:

Foodstuffs

Facing potential global competitions of the WTO, the Company's goal in 2003 is to enhance integrated efficiency of poultry feed by contract breeding and sales growth by 10% through improvements of sales forces in Yunlin, Chiyi and Tainan in Taiwan. Meanwhile, the Company aims to increase the sales of soybean, maize and imported fishmeal by 10%. Moreover, in face of grains liberalization policy of the PRC in connection with its entry into the WTO, the Foodstuffs Division has conducted information gathering from the international markets,

business analyses and case studies of global industry climates. The Company believes that it is prepared to operate the integrated business of imports and exports of foodstuff materials across the Taiwan Strait.

Flour

The flour trade has become a competitive market after wheat imports opened up in Taiwan, and the market has assumed a state of complete saturation with limited space for growth. Flour is a basic material closely linked to midstream and downstream food products. Flour prices mostly depend on the cost of wheat. As the recent international prices of wheat increased, the price of flour was influenced. The Company sells its flour products in Taiwan, Peng-Hu, Jin-Men and Ma-Zu, with a market share of 14%, including internal use within the group, and 9%, excluding internal use by the group. Because the domestic market tends to be saturated and exports face customs duty protection issues in other nations, business development of both markets can be challenging. The Company is trying to develop client-specific strategic alliances through international alliance factories in Vietnam and Tian-Jin to breakthrough the status quo, in the hopes of creating additional growth for the Company's flour products. Additionally, it extends to supply business of various grains, and construct market operation of foodstuff materials. At the same time, the Company plans to increase the sales of soybean, maize and imported fishmeal. Moreover, in connection with the grains liberalisation in the PRC as it enters the WTO, the Company has conducted information gathering from international markets, business analysis and case studies in preparation to operate an integrated business of imports and exports across the Taiwan straits.

Animal Feeds

The Taiwan livestock industry has been facing the challenges of operating under limitations imposed by the ROC government due to certain environmental protection concerns. After Taiwan enters the WTO, the operating costs have increased. The Company's animal feed products made with domestic livestock are facing strong competition by imported products. The Company's major products are animal feeds for hogs, chickens, ducks, geese and cattle and pet food for dogs and cats. For 2002, the sales kept at the same level as 2001 although the economy in Taiwan declined. The closing of the U.S. western harbour and bad weather have caused the cost of imported materials to increase dramatically. As a result, capital cost of forage feeds have increased. In addition, the Company's forage feed products faced certain operational difficulties because of the saturation of the meat products market. The Company plans to expand its integrated efficiency of poultry feeds by contract breeding and enhance its sales forces in Yunlin, Chiayi and Tainan. Aware that the Company's operational risks are higher, it implemented a plan to stabilise its operational bases by tightening its customers' credit lines and sieving out less-than-desirable customers. In the future, the Company plans to develop higher added value of refined feed and internationalise its pet food business.

Edible Oil

The main products of the Company's Edible Oil Division are soy bean powder, edible oil for industrial use, edible oil for home-use and household cleaning products. The business of soybean powder is becoming more challenging due to the depression of the industry of animal husbandry in Taiwan. The needs for soybean powder is decreasing, as whole fat soybean powder and soybean with high protein are replacing soybean powder rapidly. The sales for the Company's edible oil for industrial use is growing steadily due to the consumers' increasing trend of dining-out. The market for edible oil for home-use is saturated and the price competition is fierce. The Company still keeps a high market share due to its excellent brand

recognition and strong marketing. Going forward, edible oil will develop in the direction of healthy, functional and added-flavour oil products. The Company is also developing edible oil used in alternative house-hold products, such as herbal dish-washing products, fabric softener and tri-functional laundry detergent.

Aquatic Feeds

The decline of global economy, rising cost of raw materials and depreciation of NT dollars have caused a strong impact on Taiwan's aquaculture. As a result, an increasing number of aquatic farmers are being forced to abandon their fish farms since this business is no longer profitable. On the other hand, the profit for exports is also reduced by the rising price of petroleum and shipping costs. In order to cope with these threats from the macro environment, the Company's Aquatic Division plans to gain competitive edges by enhancing its core strengths. However, as the prospect in the domestic market has been pessimistic, many companies have been aggressively lowering their prices to stimulate sales. The Company has tried to avoid this pricing competition by improving product quality and customer satisfaction. Moreover, the Company has been extending its business to frozen-marine food manufactured through vertical and horizontal integration, and the Company is also formulating a series of seasonal prawn feeds to meet different requirements of culturing prawn. As the market competition becomes more intense, product life-cycle is shortened accordingly. In this environment, enhancing the effectiveness of corporate operation, developing new market overseas and improving employee trainings will be the Company's essential tasks for this product group.

Instant Noodles

In 2002, the sales volume of instant noodles grew 4.1%, mostly due to the growth of low-price instant noodle products. The Company's sales volume grew 0.5% as well, particularly in its lower price products. In the fourth quarter of 2002, Master Kong entered the market with its low price marketing strategy, but the Company still managed to maintain 50% of the Taiwan market share. In terms of distribution, supermarket channels grew 3%, convenience stores and hypermarket channels remained stable, and traditional channels decreased by 3%. Going forward, the Company expects intense competition from Master Kong. The Company's plan is to maintain current market share and increase profit by utilising well-organised production plans, high profit products development, cost reduction, customer driven product development, inter-company shared resources, and integrated marketing strategies.

Beverage

In 2002, the Company's beverage division performed well. The Company was the market leader in Taiwan's beverage market. The "麥香" series had excellent sales and kept its leading position in the ready-to-drink tea beverage market. At the same time, the "Chai-Li-Won Series" were popular among consumers because of the Company's marketing strategy and its unique tastes. In the future, in addition to maintaining current market share, the Company plans to expand its marketing channels and to adjust product structure to create a niche market. The Company will also focus on global brand integration of its beverages. For example, the Company plans to develop its Southeast Asian beverage market, particularly in Thailand, Vietnam, Indonesia and the Philippines. With Taiwan entering the WTO, the Company plans to seek strategic alliances with international companies and introduce international beverage brands to lighten the embedded future impact.

Chilled Foods

Under the impact of an economic recession, new market entrants and greater variety of products available, the chilled foods markets have become more competitive than before. Fierce competitions in the form of special promotions and pricing wars have significantly influenced the Company's operating revenues for this product group. In 2002, the growth rate for the Chilled Foods Group was 4.3%, and the profit remained constant as compared against 2001. However, the Chilled Foods Group still maintained a leading position in many of its product categories in 2002. These include the Rei-Sui Fresh Milk (the premium milk category), AB Yoghurt (the yoghurt category), the Pure Tea Series (the iced tea category), La Gauche de La Seine (the chilled coffee category), and Uni-President Pudding (the desserts category). The "Premium Milk" market has been flourishing in recent years in Taiwan. The Company successfully shifted its focus from fresh milk to premium milk in 2003. Although AB Yoghurt remains one of the best-sold products in the market, its sales revenue has considerably decreased in this increasingly competitive category. Sales of the Company's iced tea products also dropped slightly in 2002, but the newly-developed "Traditional Tea Drink" and "Japanese Tea" series are gaining popularity and market shares. La Gauche de La Seine coffee's sales revenue has remained relatively constant in 2002. Both the Classic La Gauche de La Seine and Winter Limited Edition received positive feedbacks from consumers. Similarly, Uni-President Pudding also introduced seasonal limited pudding series stimulating and contributing to its sales. New products contributed to its sales causing the total sales of chilled food products to remain strong from traditional channels, convenience stores, hypermarkets and supermarkets. In 2003, the Company turned its focus to improving sales through building differentiated channel management strategy, including improving the structure of its traditional distribution channels.

Ice Cream Products

The packed ice cream market in Taiwan has shrunk in recent years due to regression and replacement of other snack items, such as smoothies. However, the Ice Cream Novelty Division has been growing significantly. Products from the Ice Cream Novelty Division are very diversified, including stick, bar, cup, tub, cone, shaved ice and snack ice cream novelty. The Company's "Shave Ice" is the leading brand in the shaved ice category in the Taiwan market. "Polar Delight" series requires special know-how and has developed a niche market in the ice cream novelties market. Presently, the Company's famous brands include Polar Delight, Rui-Sui, AB Yoghurt and La Gauche de La Seine. Continued cooperation with international brands like Morinaga of Japan, Lotte and Binggrae of Korea, Dove, Snickers and Ovaltine of the United States will help the Company achieve a superior economy of scale and establish globalised production and marketing networks. The Company will continue to research and develop a diverse line of ice cream products in order to remain competitive.

Soy Sauce and Seasonings

The Company's soy sauce products include the "四季" brand and the Kikkoman brand. These two brands have enjoyed stable growths in sales and profit for the past 13 years, during which time the Company's combined market share in Taiwan's soy sauce market has remained over 30%. In seasoning products, the Company has developed ketchup and spice packs. Going forward, the Company plans to continue the product development strategy of high quality and high profit. The Company also plans to develop healthy seasoning products that are easy to cook with. As Taiwan enters the WTO, the Company plans to import vinegar and seasoning from the PRC, and pickled-peeled chilli from Southeast Asia. To safeguard its leadership position, the Company will try to enter the industrial fresh-food market, to keep developing original product lines, and to continue expanding its businesses in all channels.

Meat Products

In 1984, the Company launched its "Imperial" Brand Chinese Sausage, which was a pioneer in adopting nitrogen filling package techniques in the Taiwan market. In 2001, "Twin-Pack Sausage" was introduced to the market and offered customers a better way to store these products. In 1992, the Company introduced the Brand "Proker" under which it manufactured and marketed Western style processed meat, in which the Company emphasised a process of "curing for 72 hours." Now, "Imperial" is the leading brand with a market share of 38.3% in Taiwan. "Proker" is the second leading brand with a market share of 22.5%. As the domestic consumer market changes and the frequency of dining-out increases the Company plans to develop products for the food service market. The Company also plans to develop health-conscious products with qualities such as low-salt, low-fat, low meat content and high in fibre to continue meeting the needs of the Company's consumers.

Health Foods

There are several flavours of the essence of chicken: original, four herbs, ten herbs and propolis. The Company's overall market share is approximately 22.0% and is a leading brand in the market for flavoured essence of chicken. The Company's main competitor is "Brand's." "Brand's" commands a 65% market share, led by its original flavour. In order to improve the Company's brand, it plans to develop its higher-end essence of chicken products. The Company's Meiji Milk Powder has many global competitors in Taiwan, such as Wyeth, Mead, Johnson, Abbott and Nestle. The Company's brand, however, is the only infant formula from Japan. The Company plans to increase its market share by strengthening cooperation with hospitals and integrating marketing channels.

Bakery Products

The Company is the largest machine-made bread manufacturer and supplier for all domestic channels including convenience stores and hypermarkets. Since 2000, in order to fulfil 7-Eleven's request and to meet consumer demand for fresh bread all day long, the Company began manufacturing in batches and delivering twice a day to provide fresh, prompt and delicious bread to customers. The Company also established the Ma-do baking factory in 2001, which supplies fresh bread to customers in Southern Taiwan by baking and delivering locally. In addition, the Company built a toast product line in Ma-do in 2001, which allowed customers in Southern Taiwan to enjoy fresh toast. To meet the pastry demand brought on by the coffee culture, the Company formed a delicate pastries product line to produce refined coffee dessert, and cooperate with chain coffee stores to promote these products. Additionally, the Company also set up a frozen dough factory to enhance the structure of product lines.

Research and Development

In 2002, the Company launched 169 new products. Sales of the Company's new products accounted for over 15% of the operating revenues for the three years ended 2002. The Company's BioScience Centre of Central Research Institute, or CRI, developed many creative new products over the years and has successfully created many breakthrough products that are leading the market. These products include: the Imperial Big Meals, chilled tea series, health food certified AB Yoghurt, "Wakuwaku" Japanese flavoured ramen, and the nutritious milk flan series. The Company's innovative products not only gained popular demand, but also won several Chinese Food Technology Association Prizes.

In order to cope with the changes of international environment and the globalised development of the Company, CRI has built diversified functions such as intellectual property

management, research management, and strategic planning other than product and technology development. Currently, CRI has over 100 scientists with masters' or doctoral degree and is proud to be the largest private research and development centre in the food industry in Taiwan.

CRI has a variety of product categories including dairy products, beverages, instant food, meat products, ice-cream products, flour, and edible oil. CRI helps the Company to gradually improve on its food-processing technology and core competence in the following areas:

Innovative research on technology for the assurance of product quality. In order to guarantee the quality of the Company's products, CRI continuously works to improve the Company's food technology development. Selected examples include:

- Sensory evaluation on the off flavour of raw milk—in order to stabilise the quality of raw materials, CRI established procedures to control the quality of dairy products.
- Stabilisation of emulsification for tea and coffee products—in order to eliminate floating oil and increase the safety of dairy products, CRI builds the technology for stabilising emulsification.
- Production technology for sauce packs—this technology creates stock concentrate that can be stored at room temperature. CRI also had great achievements in increasing the health benefits of the Company's food products.
- Technology for fermented juices with live lactic acid bacteria—the Company implemented this technology to produce healthy juice with living AB lactic acid bacteria.
- Technology for tea extraction—this technology preserves the complete functional components in tea leaves in the Company's ready-to-drink tea products, thereby preserving the natural flavours and nutritional values of fresh brewed tea. Moreover, CRI has developed several analysis methods for the detection of pesticide residues and the measurement of nutrients of the Company's products.

Innovative food processing technology to increase production efficiency. CRI has developed several food processing technologies and processes. These continuously refining technologies not only increased the Company's productivity, but also contributed to its manufacturing processes. For example:

- Kneader and low-temperature extraction methods of tea;
- Sterile filling technology for PET beverages;
- Technology for preserving juicy roast products;
- Technology for fruit preparation in juice-making; and
- Tunnel oven for roast products.

Technologies used in the acquisition of raw materials to minimise production costs. To reduce the cost of raw materials, CRI customised specification of raw materials and established quality authentication system for screening suppliers. As a result of these procedures, CRI helped the Company gain more bargaining power with suppliers. Moreover, CRI has expertise in flavour and packaging through its flavour team and packaging teams. The flavour team helps the Company switch to high concentration flavour and reduce the stock of flavourings and inventory costs. The packaging team helps the Company analyse carton materials to discover the optimal conditions for producing carton and reducing production costs.

The table below shows the Company's total research and development expenses for the periods indicated:

Year	9 Months Ended September 30, 2003	2002	2001	2000
Total Research and Development Expenses	NT$234 million	NT$294 million	NT$285 million	NT$259 million

The table below shows certain results of the Company's research and development for the periods indicated:

Year	9 Months Ended September 30, 2003	2002	2001	2000
Number of new products	119	169	106	106
Number of new patents	4	1	4	1
Number of new technologies introduced	32	32	33	21

The scope of the Company's research going forward are as follows:

- To modernise Chinese food with research on food processing technology and the development of new products;
- To develop the application of natural additives, environment-friendly packaging materials, and new functional ingredients;
- To conduct research on microorganisms and scale up fermentation production for application in winemaking, fungal fermentation, fermented dairy products, fermented juice and health foods;
- To develop fresh food processing technology for fruits and vegetables;
- To assess, study and introduce biotechnology for use in the health foods industry; and
- To develop general products for the global market.

For 2000, 2001 and 2002, the Company's total research and development expenditures amounted to 0.8%, 0.9% and 0.8%, respectively, of the Company's unconsolidated net operating revenues. The Company's total research and development expenditures amounted to 0.8% of the Company's unconsolidated net operating revenues for the nine months ended September 30, 2003.

Production Facilities

Taiwan Facilities

The Company's main production facilities for instant noodles, bakery, cereal, animal feeds, aquatic feeds, oil, seasoning products are composed of ten plants in two blocks of buildings, covering a gross floor area of approximately 126,214 square meters. The first block of plants was established in 1967 in Yeong Kong.

In 1973, the Company constructed nine plants located in Hsin Shin in Tainan, Taiwan, ROC, with a total land area of approximately 115,377 square meters. The Company's Hsin Shin production facilities currently consist of plants for the Company's beverage, dairy, meat, healthy foods, chilled foods, dumplings products, and ice cream products.

In 1977, the Company established six plants located in Yangmei, Taiwan, ROC, with a total land area of approximately 44,660 square meters. The Company's Yangmei production facilities process its beverage products, dairy products, instant noodles and bottled water.

In 1978, the Company constructed a feeds plant located in Taichung, Taiwan, ROC, with a total land area of approximately 32,000 square meters.

The Company also established three plants for its bakery and frozen flour dough products in Chung Li, Taiwan, ROC, in 1979. The plants have a total land area of approximately 33,000 square meters.

The following table sets out the location and production capacities of the Company's facilities and those of its major affiliates and subsidiaries in Taiwan as of September 30, 2003.

Company	Location	Production types	Production capacity per month
Uni-President	Food Plant No.1, Yeong Kong, Taiwan	Instant noodles	Five production lines
	Food Plant No.2, Yeong Kong, Taiwan	Prepackaged soup and flavourings	Three production lines
	Food Plant No.3, Yeong Kong, Taiwan	Instant noodles	Three production lines
	Food Plant No.4, Yeong Kong, Taiwan	Instant noodles and traditional noodles	Two production lines
	Food Plant No.5, Yeong Kong, Taiwan	Prepackaged cereals and flour	Three production lines
	Food Plant Yangmei, Taiwan	Prepackaged noodles and cup noodles	Two production lines
	Beverage Plant No.1, Hsin Shin, Taiwan	TP and TC	Two production lines
	Beverage Plant No.2, Hsin Shin, Taiwan	Hot-filling PET bottles	Three production lines
		Bacteria-free PET bottles	
	Beverage Plant No.1, Yangmei, Taiwan	TP	Five production lines
	Beverage Plant No.2, Yangmei, Taiwan	Bacteria-free PET bottles	Two production lines
	Milk Plant Nos.1 and 2, Hsin Shin, Taiwan	Pudding, AB light yoghurt, aluminium foil packs, 2-liter packs	Thirteen production lines

Company	Location	Production types	Production capacity per month
	Milk Plant No.1, Yangmei, Taiwan	Pudding, aluminium foil packs and La Gauche de la Seine	Eleven production lines
	Milk Plant No.2, Yangmei, Taiwan	Pudding, AB light yoghurt, 2-liter packs, 1-liter packs, aluminium foil packs and La Gauche de la Seine	Five production lines
	Bakery Plant No.1, Chung Li, Taiwan	Toasts and sweet bun rolls	Four production lines
	Bakery Plant No.2, Chung Li, Taiwan	Cakes	Five production lines
	Frozen Flour Plant, Chung Li, Taiwan	Bread and pies	Two production lines
	Ma-do Bakery Plant, Tainan Taiwan	Bread	Two production lines
	Cereals Plant, Yeong Kong, Taiwan	Cereals	Two production lines
	Flour Plant, Yeong Kong, Taiwan	Flour	One production line
	Livestock Feeds Plant, Yeong Kong, Taiwan	Feeds for pets, etc.	Two production lines
	Livestock Feeds Plant, Taichung, Taiwan	Feeds for pets, etc.	Two production lines
	Aquatic Feed Plant, Yeong Kong, Taiwan	Aquatic feeds, e.g. eel feeds	Five production lines
	Oil Plant, Yeong Kong, Taiwan	Edible oil	Five production lines
	Cold Food Plant, Hsinyin, Taiwan	Dumplings and tempura batter mix	Five production lines
	Health Food Plant, Hsin Shin, Taiwan	Seasonings and powdered milk	Two production lines
	Meat Plant, Hsinchu City, Taiwan	Sausages, ham and hotdog	Three production lines
	Ice-cream Plant, Yeong Kong, Taiwan	Ice-cream and popsicles	Three production lines

PRC Facilities

Xinjang President Enterprises Food Co. was established in 1992 as the Company's first manufacturing facility in the PRC. The Company's PRC operations have grown to over 30 plants and more than 110 sales offices since then and became profitable beginning 1999. The Company operates, in the PRC, a total of 50 instant noodles production lines located in eleven instant noodle factories, 50 beverage production lines located in eleven beverage factories and seven foodstuff/animal and aquatic feeds/edible oil factories throughout the PRC.

The Company holds, directly and indirectly, a 100% interest in Harbin President Enterprises, which owns a facility in Harbin with five noodle production lines.

The Company holds, directly and indirectly, a 100% interest in Shenyang President Enterprises, which owns a facility in Shenyang with six noodle production lines and three beverage production lines.

The Company holds, directly and indirectly, a 94.49% interest in Tianjin President Enterprises, which owns a facility in Tianjin with a monthly maximum production capacity of 5,000 tons of flour.

The Company holds, directly and indirectly, a 80% interest in Qingdao President Feed & Livestock, which owns a facility in Qingdao with a maximum monthly production capacity of 10,000 tons of animal and aquatic feeds.

The Company holds, directly and indirectly, a 60% interest in Zhangjiagang President Nissih, which owns a facility in Zhangjiagang with a monthly production capacity of 5,250 tons of refined edible oil and 750 tons of butter.

The Company holds, directly and indirectly, a 100% interest in Kunshan President Enterprises, which owns a facility in Kunshan with eight noodle production lines and 21 beverage production lines.

The Company holds, directly and indirectly, a 78.3% interest in Shanghai President Enterprises Livestock Food, which owns a facility in Shanghai with a monthly production capacity of 14,166 tons of animal and aquatic feeds.

The Company holds, directly and indirectly, a 55.0% interest in Beijing President Food, which owns a facility in Beijing with six noodle production lines.

The Company holds, directly and indirectly, a 100% interest in Hefei President Enterprises, which owns a facility in Hefei with four noodle production lines and one beverage production line.

The Company holds, directly and indirectly, a 100% interest in Wuhan President Enterprises, which owns a facility in Wuhan with six noodle production lines and three beverage production lines.

The Company holds, directly and indirectly, a 100% interest in Zhongshan President Enterprises, which owns a facility in Zhongshan with a monthly maximum production capacity of 2,700 tons of aquatic feeds.

The Company holds, directly and indirectly, a 100% interest in Guangzhou President Enterprises, which owns a facility in Guangzhou with five noodle production lines and nine beverage production lines.

The Company holds, directly and indirectly, a 100% interest in Chengdu President Enterprises Food, which owns a facility in Chengdu with five noodle production lines and two beverage production lines.

The Company holds, directly and indirectly, a 100% interest in Meishan President Foodstuff & Oil, which owns a facility in Meishan with a monthly maximum production capacity of 10,000 tons of foodstuffs.

The Company holds, directly and indirectly, a 100% interest in Shanghai Songjiang President Enterprises Co., Ltd., which owns a facility in Songjiang with a monthly maximum production capacity of 3,300 tons of aquatic feeds.

The Company holds, directly and indirectly, a 100% interest in Fuzhou President Enterprises Co., Ltd., which owns a facility in Fuzhou with two noodle production lines and one beverage production line.

The Company holds, directly and indirectly, 100% in Beijing President Enterprises Drinks & Food Co., Ltd., which owns a facility in Beijing with five beverage production lines.

Vietnam Facility

In February 1999, the Company established two production lines for animal feeds, two lines for aquatic feeds, three lines for instant noodles and one line for flour production in Vietnam.

The Company holds, directly and indirectly, a 100% interest in Uni-President (Vietnam) where the monthly production capacity for animal feeds is 12,500 tons, the monthly production capacity for aquatic feeds is 2,375 tons, the monthly production capacity for instant noodles is 83,333 boxes and the monthly production capacity for flour is 58,334 tons.

Philippine Facility

Since April 2001, the Company has participated in a joint venture with RFM Food Group in the Philippines to build an instant noodle factory. In September 2003, the Company bought the remaining ownership interests from RFM Food Group, so now it holds, directly and indirectly, a 100% interest in the newly renamed Uni-President Foods Corp. The facility has a monthly production capacity of 18,750,000 packs of instant noodles.

Indonesia Facility

Since 1992, the Company has operated two factories in Medan and Jakarta, respectively, in Indonesia, for the production of instant noodles. It holds a 47.41% interest, as of September 30, 2003, in PT ABC President Indonesia which owns both facilities. The facilities have a combined monthly production capacity of 2,444,352 boxes of instant noodles.

Thailand Facility

Since 1994, the Company has operated a factory in Thailand for the production of fruit juice drinks. The Company holds a 100% interest in Uni-President (Thailand) Corp. The facility has five production lines and a monthly production capacity of 600,000 boxes of juice drinks.

U.S. Facility

Since 1998, the Company has operated a factory in the City of Industry, California, for the production of instant noodles. The Company holds a 100% interest in Uni-President (U.S.A.), Inc. The facility has a monthly production capacity of 130,000 boxes of instant noodles.

Intellectual Property

Trademarks

Some of the Company's most important trademarks include "Uni-President," "Unif," "統一," "麥香," "統一純喫茶," "IMPERIAL," "FRUTIVA," "RAMEN PRIDE," "Aqua master," "滿漢大餐," "左岸" and "統一AB" all of which are registered in Taiwan. The Company has also registered "Unif" as a trademark in the PRC, the United States, Hong Kong, Thailand, Vietnam and Indonesia.

The table below sets forth the Company's major trademarks having been registered or pending registrations as of September 30, 2003.

Jurisdiction	Trademarks registered	No. of trademarks registered	Trademarks pending registrations	Number of trademarks being processed of application
Taiwan, ROC	Unif, 統一, 麥香, 統一純喫茶, 統一瑞穗, 茶裏王, 統一AB, 來一客, 滿漢大餐, 阿Q, 左岸, FRUTIVA, IMPERIAL, MASTER, UNI-PRESIDENT, RAMEN PRIDE, 寶多福 and Aqua master	1,405	我的健康日記, 海洋戀曲, 健康奶吧, JUISMART, Chai Li Won	387
PRC	Unif, 統一, 統一100, 好勁道, 小浣熊, 小當家, 阿Q, 純喫, 瑞穗, 滿漢, 左岸, IMPERIAL, RAMEN PRIDE, 寶多福 and Aqua master	560	FRUTIVA, One More, PRESCO, 哈燒名店, 茶裏王, Chai Li Won, A-Ha and 我的健康日記	147
Hong Kong	Unif, 統一, 來一客, 左岸咖啡館 and 統一AB	115	Wakuwaku and FRUTIVA	35
Thailand	Unif (in both English and Thai), MASTER CAF'E, Petlife A-Ha (in both English and Thai), One More Cup and 茶裏王 (in Thai)	76	Uni, FRUTIVA, RAMEN PRIDE and Chai Li Won	27
Vietnam	Unif, UP, RAMEN PRIDE, 來一客 and One More Cup	36	UNIF KEFIR, CHA LI WON and Nu Ri	15
Indonesia	Unif, President, Petlife, 來一客, One More Cup, UNI and RAMEN PRIDE	37	CHAI LI WON and Kefir	16
Japan	RAMEN PRIDE, 滿漢大餐 and MANHAN	24	UNI and ONE MORE CUP	9

Jurisdiction	Trademarks registered	No. of trademarks registered	Trademarks pending registrations	Number of trademarks being processed of application
United States	Unif, Aqua master, UDON PRIDE, TUNG-I	16	SCRUNCHERS, Wakuwaku, MASTER CAF'E and FRUTIVA	50
U.K.	RAMEN PRIDE, MASTER CAF'E and SNAP SNAX	17	Unif, A-Ha and NOODLE FANS	6
Others	Unif, UNI, Petlife, RAMEN PRIDE, MASTER CAF'E, Aqua master and UNI-PRESIDENT	520	MASTER CAF'E, SNAP SNAX, RAMEN PRIDE, A-Ha, FRUTIVA, Aqua master and UNI-PRESIDENT	303
Total		**2,806**		**995**

The Company emphasises the importance of trademark management. It does not use any unregistered trademarks. Therefore, the Company has never been involved in any alleged intellectual property infringement matters instituted by the others. Also, it also instigates litigation against anyone who infringes on its trademarks. See "—Legal Proceedings."

Patents

The Company develops its own patented technology, in particular, in the area relating to the manufacturing process. It has applied for a total of 289 patents in Taiwan, the PRC, and Japan, of which 181 have been certificated.

While the Company regards its intellectual property rights as important, it believes that in the rapidly changing technological environment of its business, its future success depends primarily on the innovative skills, technological expertise and management abilities of its employees.

The table below sets forth some of the Company's important patents having been or pending certification as of September 30, 2003:

Jurisdiction	Registered important patents	No. of registered patents	Patents pending certifications	No. of patents being processed of application for certification
Taiwan, ROC	Improvements of technology: • Cans display constructions in automatic vending machines • Machines testing leakages of packed noodles • instalment slowing down noodles poured into the deep-frying boxes in noodles making machines • Complementary deep-frying procedures and machines New inventions: • Process turning tea residues into livestock feeds • Machine making shaved noodles	22	Improvements of technology: • Equipment improving cutting of spaghetti • Equipment improving addition of warm water to facilitate removal of popsicle from moulds • Noodle cutting machine and automatic removal equipments New inventions: • Method extracting an element empowering function of creating blood in human bodies • Formula lowering Helicobacter Pylori level in yoghurt products	45
PRC	Presentation designs: • Labels of multiple series • Labels of Ice Tea series • Package buckets, One More Bucket, etc.	158	New inventions: Method processing tea drinks with purple clay equipments	63
Japan	Complementary deep-frying machines	1	Nil	—
Total		**181**		**108**

Legal Proceedings

On June 27, 2003, the Company filed a law suit in the PRC People's Court in the City of Wuchang, against seven separate companies, all of which are organised under the laws of the PRC, for alleged infringement of the Company's trademark "統一." This case is currently pending before the trial court. While the Company cannot predict the outcome of this proceeding at this time, it believes that the outcome will not have a material adverse effect on the Company's financial condition or results of operations.

Environmental Matters

The Company's manufacturing processes produce a small amount of waste water and other industrial waste, which is strictly monitored by the Bureau of Environmental Protection County. The Company's environmental protection planning includes setting up environmental management system, investing large amount of capital in environmental protection equipment, and establishing responsible organisations to engage in the operation, maintenance and improvement work of the Company's wastewater, solid wastes and air pollutant control equipment. So far the continuous investment in environmental protection equipment has been NT$478 million, with an annual operation cost of NT$110.0 million, NT$127.0 million and NT$115.0 million (US$3.4 million) for 2000, 2001 and 2002, on an unconsolidated basis, respectively.

The Company has had the following environmental pollution incidents in the past three years:

- The effluent in Yeong Kong plant was taken by the Bureau of Environmental Protection County in May 2001, and the result failed the imposed standards. The Company lost its appeal and was fined NT$60,000. The Company has brought the effluent standards into compliance.
- The effluent in the piggery plant in Ma-do, Taiwan, was taken by the Bureau of Environmental Protection County in December 2001, and the result failed the standards. The Company lost its appeal and was fined NT$60,000. The Company has brought the effluent standards into compliance.

In the Company's efforts to continuously improve its environmental protection controls, it has instituted the following counter-measures and improvements:

- Extended the wastewater treatment plant and improved wastewater treatment capacity.
- Expanded professional training of the employees to ensure the environmentally-safe operation of the Company's equipment and process.
- Implemented routine wastewater and gas inspections in order to ensure that wastewater, waste gas discharge and emission meet the environmental protection standards. In addition to internally-conducted inspections, the Company has retained an outside inspection firm recognised by the Environmental Protection Administration to periodically carry out external inspections.
- Implemented environmental protection tasks based on prevention type to achieve effective use of resources, decrease costs and sustain development.
- Implemented waste-cutting strategies including reduction of waste production and recycling of effluent to minimise the yield of wastewater and refuse.

Employees

As of December 31, 2000, 2001 and 2002, the Company had a total of 5,827, 5,590 and 5,372 employees, respectively, in Taiwan. As of September 30, 2003, the Company had 5,310 employees in Taiwan. As of September 30, 2003, the Company had 19,336, 3,495 and 63 employees in the PRC, Southeast Asia, and the United States, respectively.

The Company reviews the salaries of the employees annually. It adjusts salaries based on industry standards, inflation and individual performance. As an incentive, the Company's management has the discretion to pay additional bonuses based on the performance of individuals. In addition, ROC law requires that the Company gives employees the pre-emptive rights to subscribe to between 10% and 15% of any of the Company's rights issues or share offerings.

The Company's employees participate in its profits under its articles of incorporation. The employees are entitled to receive bonuses of 5% to 10% of the Company's income before the payment of taxes, deduction for prior years' losses, contribution to legal reserve and other adjustments. The Company does not have any employee stock option plans.

Since the beginning of 2003, the Company has collected pension fund contributions for its domestic employees in accordance with the Labour Standards Law of Taiwan and contribute 8.5% of the aggregate base monthly salaries of all domestic employees each month to Central

Trust of China. All ROC companies listed on the TSE are now required to calculate their actuarial pension obligations. Under "ROC Financial Accounting Standard Statement No. 18," the difference between the fair value of pension fund assets and the Company's actuarially-determined projected benefit obligation will be amortised on a prospective basis as a portion of net periodic pension cost.

The Company provides regular training to its employees. The training strategy is focused on ensuring that both introductory and ongoing training provides the employees with the requisite knowledge to carry out their responsibilities. The Company also provides overseas training for some of its employees.

The Company provides additional benefits to its employees, such as accident and medical insurance and, in some instances, housing. The Company's welfare committee organises regular recreational activities for its employees and the Company presents cash or gifts in-kind to employees on various occasions.

The Company's domestic work force is unionised. However, none of the Company and any of its subsidiaries or affiliates has experienced any labour disputes. None of the employees is subject to collective bargaining agreements. The Company has not experienced any strike, labour disputes or labour actions and considers its relationships with the employees to be good.

Affiliated Enterprises Organisational Chart

The Uni-President Group consists of companies in different countries and different industries. Set forth below is an organisational chart, as of September 30, 2003, detailing the Group's significant subsidiaries and affiliated enterprises, according to the principles set forth in Article 369, I-III, of the ROC Company Law, namely (i) the Company owns, directly or indirectly, 50% and above of the investee, (ii) the Company appoints more than half of the directors on the board of the investee or (iii) the Company exercises management control over the investee or appoints managing director of the investee.

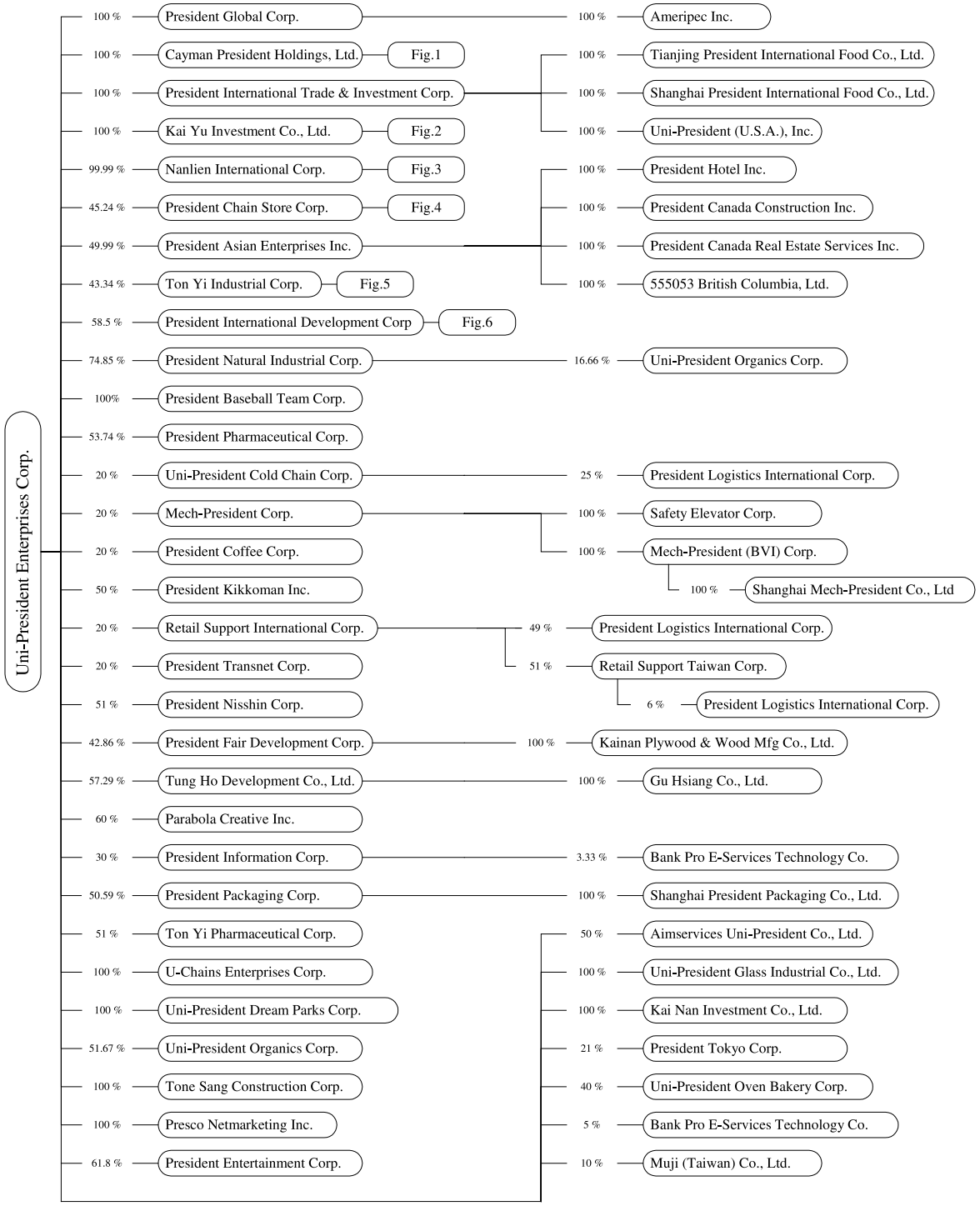


Figure 1

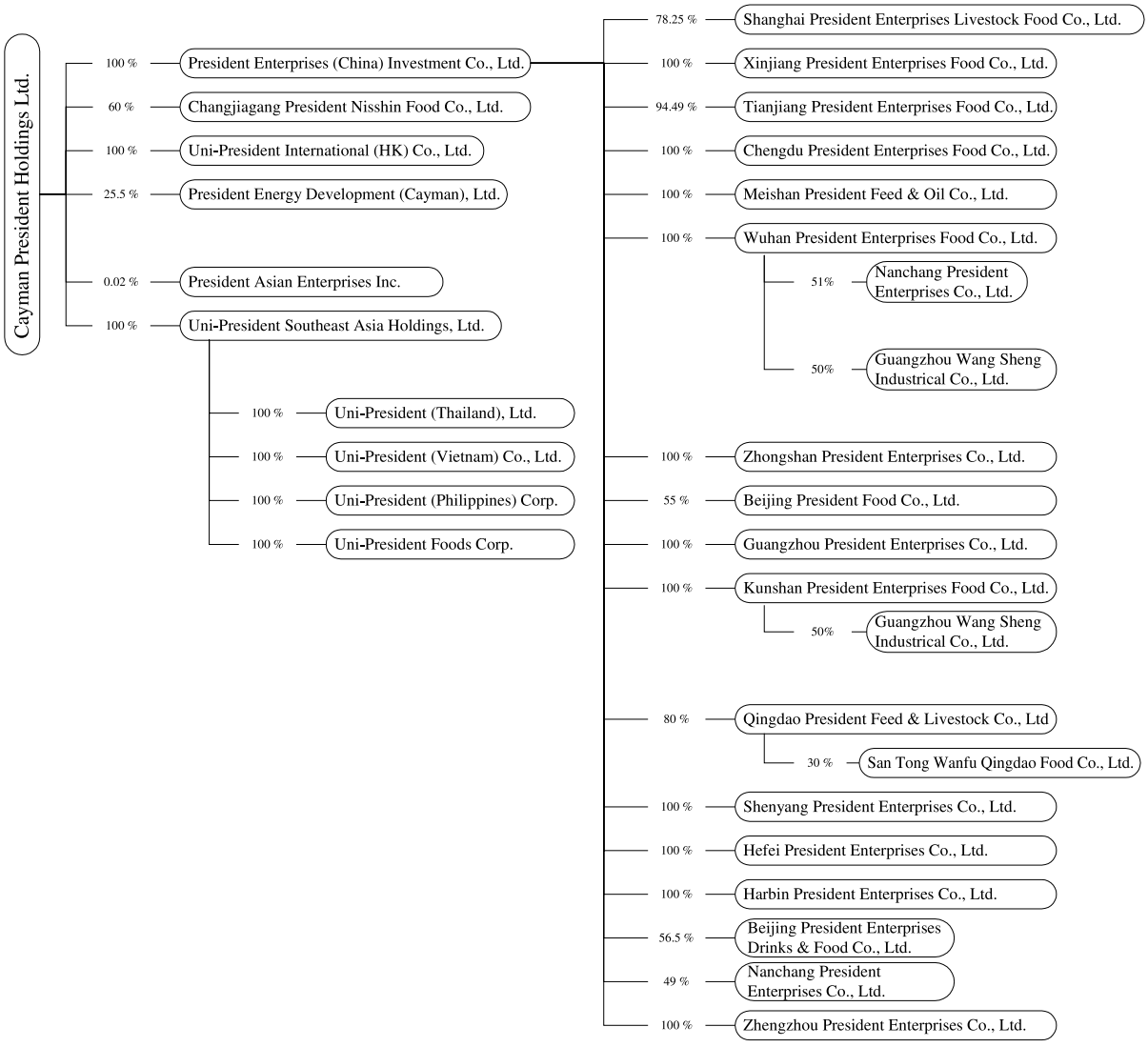


Figure 2

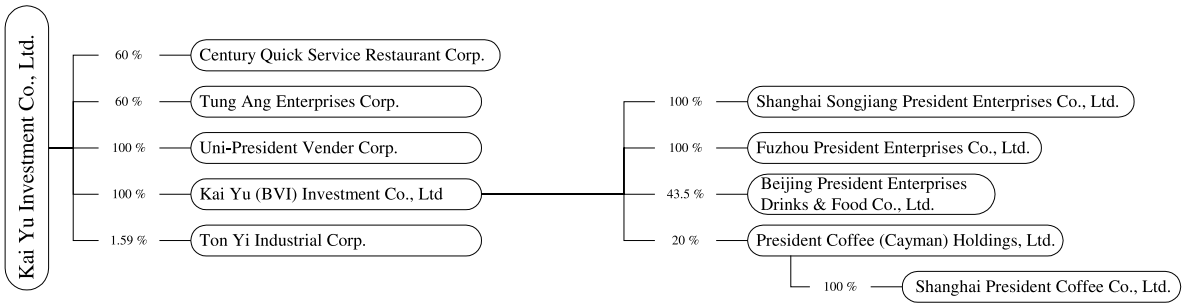


Figure 3

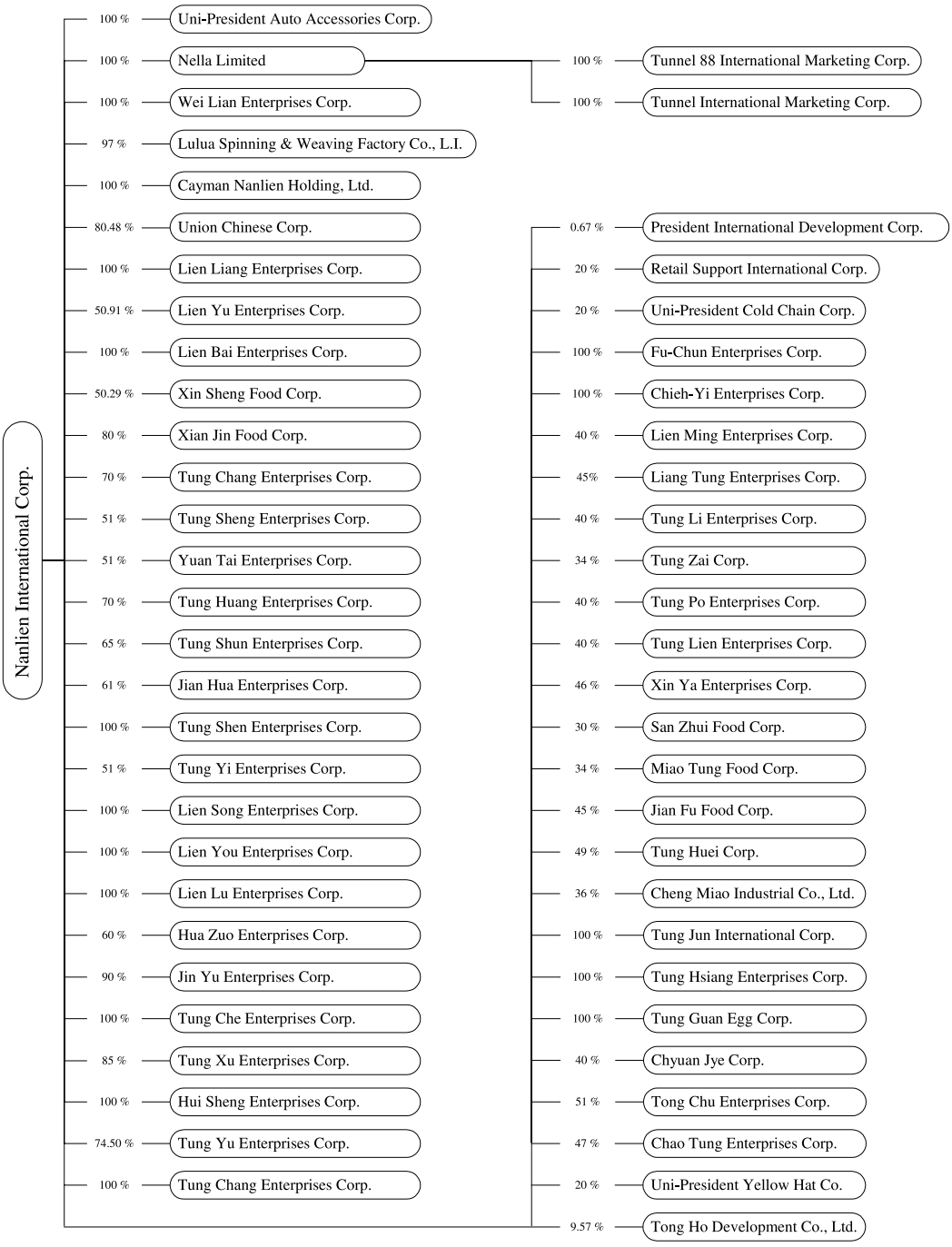

Nanlien International Corp.
100 % Uni-President Auto Accessories Corp.
100 % Nella Limited
100 % Wei Lian Enterprises Corp.
97 % Lulua Spinning & Weaving Factory Co., L.I.
100 % Cayman Nanlien Holding, Ltd.
80.48 % Union Chinese Corp.
100 % Lien Liang Enterprises Corp.
50.91 % Lien Yu Enterprises Corp.
100 % Lien Bai Enterprises Corp.
50.29 % Xin Sheng Food Corp.
80 % Xian Jin Food Corp.
70 % Tung Chang Enterprises Corp.
51 % Tung Sheng Enterprises Corp.
51 % Yuan Tai Enterprises Corp.
70 % Tung Huang Enterprises Corp.
65 % Tung Shun Enterprises Corp.
61 % Jian Hua Enterprises Corp.
100 % Tung Shen Enterprises Corp.
51 % Tung Yi Enterprises Corp.
100 % Lien Song Enterprises Corp.
100 % Lien You Enterprises Corp.
100 % Lien Lu Enterprises Corp.
60 % Hua Zuo Enterprises Corp.
90 % Jin Yu Enterprises Corp.
100 % Tung Che Enterprises Corp.
85 % Tung Xu Enterprises Corp.
100 % Hui Sheng Enterprises Corp.
74.50 % Tung Yu Enterprises Corp.
100 % Tung Chang Enterprises Corp.
100 % Tunnel 88 International Marketing Corp.
100 % Tunnel International Marketing Corp.
0.67 % President International Development Corp.
20 % Retail Support International Corp.
20 % Uni-President Cold Chain Corp.
100 % Fu-Chun Enterprises Corp.
100 % Chieh-Yi Enterprises Corp.
40 % Lien Ming Enterprises Corp.
45% Liang Tung Enterprises Corp.
40 % Tung Li Enterprises Corp.
34 % Tung Zai Corp.
40 % Tung Po Enterprises Corp.
40 % Tung Lien Enterprises Corp.
46 % Xin Ya Enterprises Corp.
30 % San Zhui Food Corp.
34 % Miao Tung Food Corp.
45 % Jian Fu Food Corp.
49 % Tung Huei Corp.
36 % Cheng Miao Industrial Co., Ltd.
100 % Tung Jun International Corp.
100 % Tung Hsiang Enterprises Corp.
100 % Tung Guan Egg Corp.
40 % Chyuan Jye Corp.
51 % Tong Chu Enterprises Corp.
47 % Chao Tung Enterprises Corp.
20 % Uni-President Yellow Hat Co.
9.57 % Tong Ho Development Co., Ltd.

Figure 4

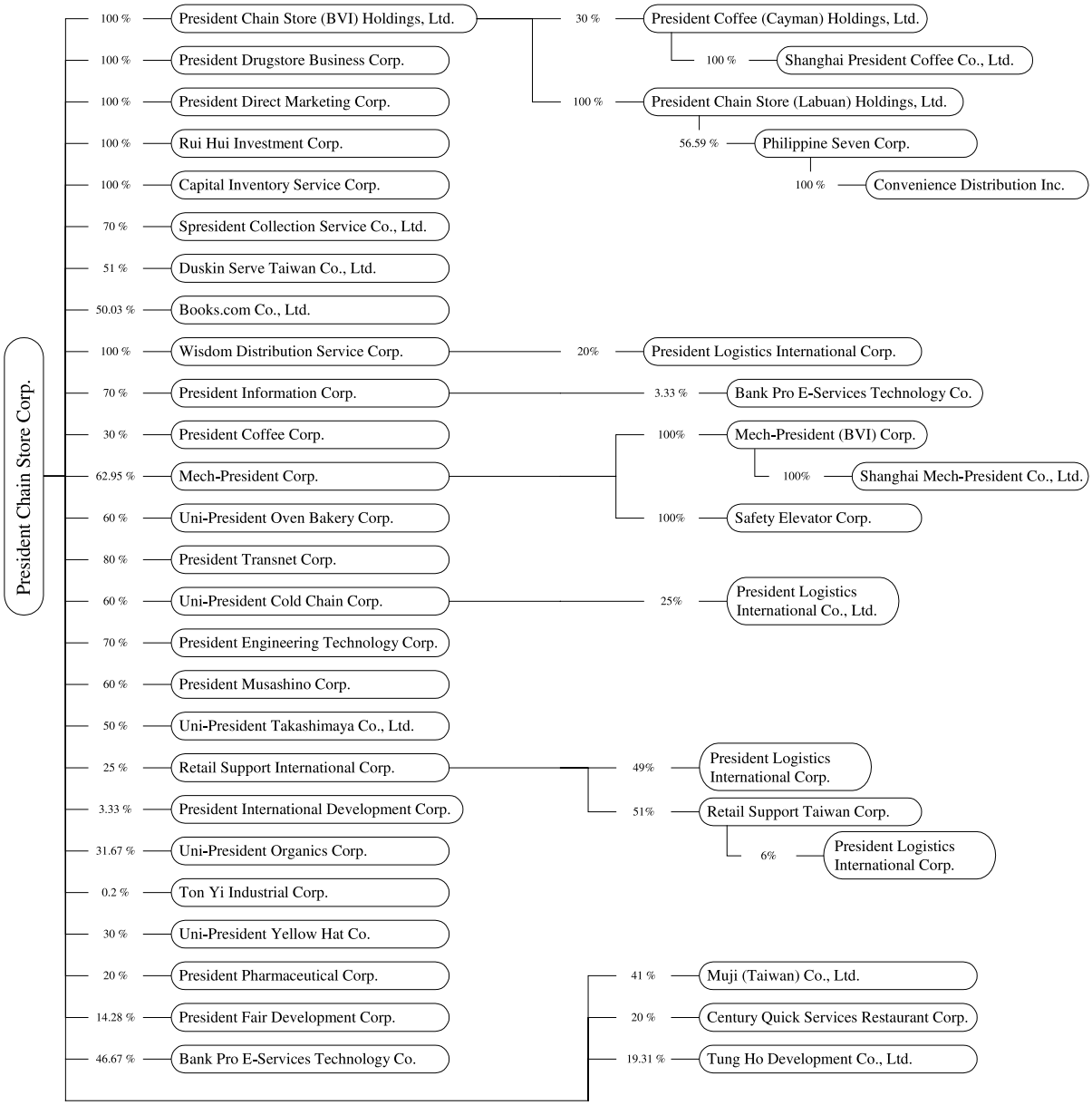


Figure 5

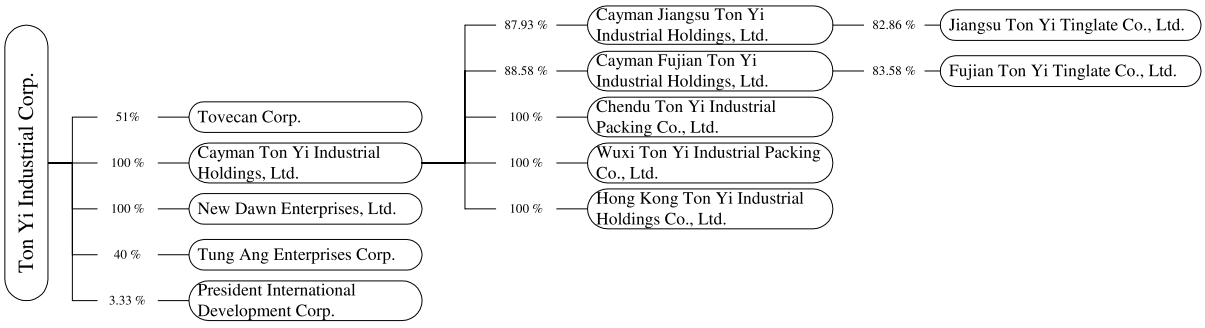
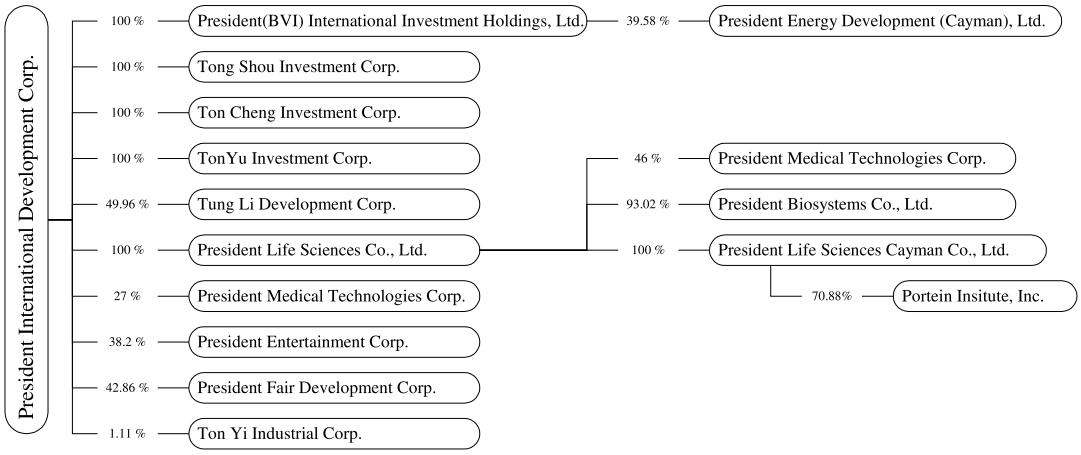


Figure 6



The Company's Major Investments

In the ROC, most of the Company's business is conducted, and its assets held, directly by or through its subsidiaries and affiliates. Most of the Company's investments in its subsidiaries and affiliates are considered long-term investments, which have been accounted for by the Company using the equity method in accordance with ROC GAAP whereby the Company's ownership interest exceeds 20%, or in which the Company has the ability to exercise significant influence. As a result of volatility in the Taiwan securities market, the current value of certain of these long-term investments may be substantially less than the book value recorded by the Company using the equity method for such investment. See Note 11 to the Consolidated Statements as of and for the years ended December 31, 2000, 2001 and 2002 included elsewhere in this Offering Circular.

The Company has focused its major investments in food-related sectors, including upstream integration (i.e. packaging and food manufacturing business) and downstream integration (i.e. distribution channels). The general steps it has taken to achieve its long-term investment strategies include: (i) restructuring, streamlining or consolidating core business components; (ii) improving the efficiencies of production and reducing inventories at its production facilities; (iii) efficiently utilising, sharing and allocating resources and technologies within the Uni-President Group; and (iv) taking advantage of better regulatory or tax treatments of production in certain geographical locations. Besides food-related business, the Company also invested in retail, shopping mall development, financial institutions and high-tech and biotechnology industries in order to further expand revenue sources. The Company's major investments, including President Chain Store, Presicarre, Nanlien International, Ton Yi, President International, Kai Yu Investment, President Fair Development and President Securities, accounted for approximately 66.1% of its total long-term investments or approximately 43.2% of its total assets as of September 30, 2003 on an unconsolidated basis. Below is a brief description of certain notable investments of the Company:

President Chain Store Corp.

The Company introduced convenience store business to Taiwan through an agreement with Southland Corporation in the United States in 1979. The agreement has allowed President Chain Store to use "7-Eleven" trademarks to operate convenience stores in Taiwan. Since the first 7-Eleven store was opened in Taipei in 1980, the 24-hour service, convenience and easy-access

qualities have gradually changed the retail consumption style of urban dwellers. 7-Eleven has achieved the economies of scale, with an island-wide distribution network of over 3,400 stores as of September 30, 2003 serving millions of customers. 7-Eleven is currently the largest chain store business in Taiwan, with domestic market share of 48.9% as of September 30, 2003. President Chain Store generated revenues not only through selling food products, but also through providing peripheral services such as utility payment and certain postal services. As the result of continuous expansion and outstanding performance, President Chain Store has been profitable since 1987 and was listed on the Taiwan Stock Exchange in 1997. As of September 30, 2003, President Chain Store had total assets of NT$26,888.1 million (US$796.0 million) and shareholders' equity of NT$13,305.7 million (US$393.9 million). In 2002 and for the first nine months of 2003, President Chain Store generated net operating revenues of NT$72,014.8 million (US$2,131.9 million) and NT$58,294.7 million (US$1,725.7 million), respectively, and net income of NT$2,592.3 million (US$76.7 million) and NT$3,171.4 million (US$93.9 million), respectively.

Presicarre Corp.

Presicarre is a joint venture between the Company (holding 20.5% as of September 30, 2003) and Carrefour, a French retail conglomerate (holding 60.0% as of September 30, 2003). Presicarre was established in 1987 to operate Carrefour hypermarkets in Taiwan. When the government deregulated zoning restrictions for hypermarkets, Carrefour hypermarket chain experienced high growths through aggressive store-openings and its innovative one-stop-shopping approach, while placing particular emphasis on hygiene, convenience, product life, display and selection. Carrefour hypermarket chain has 26 locations island-wide. Presicarre's main strategy is to open large-scale stores in city suburbs and small-scale stores within cities in order to satisfy both merchandisers with large-volume demand and family customers with small-volume demand. Currently, Carrefour hypermarket chain faces competition from local and international hypermarkets and supermarkets, but continues to be the market leader for hypermarkets as of September 30, 2003. As of December 31, 2002, Presicarre had total assets of NT$19,774.3 million (US$585.4 million) and shareholders' equity of NT$8,394.3 million (US$248.5 million). In 2002, Presicarre generated net operating revenues of NT$43,021.4 million (US$1,273.6 million), and net income of NT$1,889.2 million (US$55.9 million).

Nanlien International Corp.

Nanlien International, incorporated in 1979, is an importer of a wide variety of agricultural and food-related products from the United States. Currently, Nanlien International imports a range of more than 20 products and is an exclusive agent for many leading international brands in Taiwan, including Budweiser and Michelob brand beers, Tropicana fruit juices, Maxwell House brand coffee and Ballantine's whisky. The imported products are generally complementary to, but not competitive with, the Company's own products. Nanlien International faces competition from other similar importers. To remain a leading importer, Nanlien International uses aggressive price promotion, product-range expansions and media advertising to create brand awareness. As of December 31, 2002, Nanlien International had total assets of NT$2,857.9 million (US$84.6 million) and shareholders' equity of NT$1,271.3 million (US$37.6 million). In 2002, Nanlien International generated net income of NT$160.3 million (US$4.7 million).

Ton Yi Industrial Corp.

Ton Yi, established in 1969, is a producer of tinplates, cold rolled coils, TMBPs and tin cans. It is also a supplier for the Company's packaging materials in both Taiwan and the PRC. For

more details, see "Information on Ton Yi and Ton Yi Common Shares." As of September 30, 2003, Ton Yi had total assets of NT$33,096.9 million (US$979.8 million) and shareholders' equity of NT$16,978.2 million (US$502.6 million). In 2002 and for the first nine months of 2003, Ton Yi generated net income of NT$163.4 million (US$4.8 million) and NT$418.7 million (US$12.4 million), respectively.

President International Development Corp.

President International manages for the Company a diverse portfolio of investments, including shopping malls, retail, biotechnology, technology and telecommunications. Most of its interests are direct investments in which it is actively involved or over whose management of operations it exerts significant influences. As of December 31, 2002, President International had total assets of NT$19,747.0 million (US$584.6 million) and shareholders' equity of NT$13,041.6 million (US$386.1 million). In 2002, President International incurred a net loss of NT$824.5 million (US$24.4 million).

Kai Yu Investment Co., Ltd.

Kai Yu Investment is an investment vehicle primarily responsible for managing certain of the Company's investments in the PRC. As of December 31, 2002, Kai Yu Investment had total assets of NT$1,594.4 million (US$47.2 million) and shareholders' equity of NT$353.6 million (US$10.5 million).

President Fair Development Corp.

President Fair Development's primary business is to develop and manage shopping mall projects in Taiwan. Recently, President Fair Development has participated in the "Dream Mall" project, the construction of the largest shopping mall in Kaohsiung. The construction of the project is estimated to be NT$17.3 billion. After completion of the construction in 2005, the Dream Mall will include department stores, cinemas and over a hundred shops and restaurants. As of December 31, 2002, President Fair Development had total assets of NT$5,559.5 million (US$164.6 million) and shareholders' equity of NT$3,418.7 million (US$101.2 million).

President Securities Corp.

President Securities, established in 1988, is an integrated security house providing brokerage, trading and underwriting services in Taiwan. As of September 30, 2003, President Securities was ranked the second largest brokerage firm in Taiwan. President Securities commands a leading market position in many of its product lines and currently has 31 branches throughout Taiwan. Listed on the Taiwan Stock Exchange in 1999, President Securities had, as of September 30, 2003, more than NT$51.1 million of customer assets under management. As of September 30, 2003, President Securities had total assets of NT$47,626.6 million (US$1,409.9 million) and shareholders' equity of NT$16,384.8 million (US$485.0 million). In 2002 and for the first nine months of 2003, President Securities generated net income of NT$773.5 million (US$22.9 million) and NT$1,468.2 million (US$43.5 million), respectively.

Subsidiaries and Associated Companies

The Company has made a number of direct investments in Taiwan- and overseas-based companies that are often in related industries, in order to (1) stabilise sources of raw materials, (2) derive cost advantage from shared supply capability, (3) enhance the Company's distribution channels and platforms, (4) better understand end-users' consumptions of its products, and (5) gain exposure to cutting-edge products that may lead to diversification of the Company's operations. These direct investments constituted about 65.4% of the Company's total assets as of September 30, 2003. The Company does not intend to make any substantial investments outside its core businesses in the future.

Set forth below are certain unaudited and unreviewed information about these subsidiaries and affiliated companies as of September 30, 2003.

Company	Main business	Jurisdiction of incorporation	Total paid-in capital of such entity[1]	Direct equity interest	Reserves [2]
			(in thousands)	(%)	(in thousands)
President Global Corp.	Importing instant noodle and juicy can	U.S.A.	US$ 5,000	100.00	US$ 6,731
President International Trade & Investment Corp.	Investment	Virgin Islands	US$ 45,012	100.00	US$ 34,187
President Baseball Team Corp.	Professional Baseball Team	Taiwan, ROC	NT$ 30,000	100.00	NT$ (3,079)
Tone Sang Construction Corp.	Construction	Taiwan, ROC	NT$ 198,000	100.00	NT$ (87,374)
Kai Yu Investment Co., Ltd.	Investment	Taiwan, ROC	NT$ 3,200,000	100.00	NT$(2,478,028)
Cayman President Holdings Ltd.	Investment	Cayman Islands	US$ 150,060	100.00	US$ (72,918)
U-Chains Enterprises Corp.	Selling and distribution merchandise	Taiwan, ROC	NT$ 198,000	100.00	NT$ 9.261
President Digital Network Corp.	Software and advertising software	Taiwan, ROC	NT$ 65,000	100.00	NT$ (51,437)
Uni-President Dream Parks Corp.	Advertisement service	Taiwan, ROC	NT$ 31,000	100.00	NT$ (1,210)
Kai Nan Investment Co., Ltd.	Investment	Taiwan, ROC	NT$ 600,000	100.00	NT$ (59,962)
Uni-President Glass Industrial, Co., Ltd.	Manufacturing and selling of glass products	Taiwan, ROC	NT$ 360,000	100.00	NT$ (144,386)
Nanlien International Corp.	Trading	Taiwan, ROC	NT$ 1,000,000	99.99	NT$ 162,319
President Natural Industrial Corp.	Healthy foods	Taiwan, ROC	NT$ 120,000	74.85	NT$ (43.121)
President Entertainment Corp.	Entertainment	Taiwan, ROC	NT$ 1,557,000	61.80	NT$ (53,336)
Parabola Creative Inc.	Advertising creative	Taiwan, ROC	NT$ 15,000	60.00	NT$ (6,595)
President International Development Corp.	Shopping mall development management	Taiwan, ROC	NT$15,000,000	58.50	NT$(2,447,665)
Tung Ho Development Co., Ltd.	Sale of recreational membership card	Taiwan, ROC	NT$ 1,565,972	57.29	NT$(1,364.493)
President Pharmaceutical Corp.	Distribution of pharmaceutical products	Taiwan, ROC	NT$ 198,000	53.74	NT$ (54,484)
Uni-President Organics Corp.	Organic Foods	Taiwan, ROC	NT$ 120,000	51.67	NT$ (115,533)

Company	Main business	Jurisdiction of incorporation	Total paid-in capital of such entity[1]	Direct equity interest	Reserves [2]
			(in thousands)	(%)	(in thousands)
President Nisshin Corp.	Manufacturing and selling of oil products	Taiwan, ROC	NT$ 120,000	51.00	NT$ 90,282
Ton Yi Pharmaceutical Corp.	Distribution of pharmaceutical products	Taiwan, ROC	NT$ 10,000	51.00	NT$ (2,838)
President Packaging Corp.	Packaging material and containers	Taiwan, ROC	NT$ 250,250	50.59	NT$ 80,115
President Kikkoman Corp.	Soybean sauce manufacturing	Taiwan, ROC	NT$ 120,000	50.00	NT$ 171,915
Aimservices Uni-President Corp., Ltd.	Collective cooking	Taiwan, ROC	NT$ 100,000	50.00	NT$ (37,033)
President Asia Enterprises Inc. (Common)	Supermarket, real estate and hotel enterprises	Canada	CAD$ 16,578	49.99	CAD$ (10,039)
President Chain Store Corp.	Convenience chain store	Taiwan, ROC	NT$ 8,584,995	45.24	NT$ 5,036,398
Ton Yi Industrial Corp.	Tin-plates manufacturing, tin can making	Taiwan, ROC	NT$ 15,839,900	43.34	NT$ 990,431
President Fair Development	Land development	Taiwan, ROC	NT$ 3,500,000	42.86	NT$ (239,452)
Uni-President Oven Bakery Corp.	Baking foods	Taiwan, ROC	NT$ 90,000	40.00	NT$ (19,345)
Eagle Cold Storage Enterprises Co., Ltd.	Manufacturing and selling of meat products	Taiwan, ROC	NT$ 1,272,190	37.36	NT$ 33,321
Mospec Semiconductor Corp.	Manufacturing and selling of semiconductor	Taiwan, ROC	NT$ 806,417	30.79	NT$ 71,015
President Information Corp.	Business information management	Taiwan, ROC	NT$ 151,800	30.00	NT$ 55,088
TTET Union Corp.	Manufacturing and selling of oil products	Taiwan, ROC	NT$ 1,623,532	29.51	NT$ 518,186
President Securities Corp.	Securities	Taiwan, ROC	NT$ 11,420,675	26.48	NT$ 4,912,476
Qware Systems & Services Corp.	Design and selling of software and computers	Taiwan, ROC	NT$ 544,585	24.76	NT$ (1,832)
President Tokyo Corp.	Automobile leasing	Taiwan, ROC	NT$ 200,000	21.00	NT$ 27,725
Presicarre Corp.	Chain supermarkets	Taiwan, ROC	NT$ 3,620,823	20,50	NT$ 4,371,710
Retail Support International Corp.	Selling and distribution merchandise	Taiwan, ROC	NT$ 200,000	20.00	NT$ 156,185
Ztong Yee Industrial Co., Ltd.	Manufacturing of rechargeable batteries	Taiwan, ROC	NT$ 902,120	20.00	NT$ 16,937
Mech-President Corp.	Gas stations and elevators	Taiwan, ROC	NT$ 448,800	20.00	NT$ 102,209

Company	Main business	Jurisdiction of incorporation	Total paid-in capital of such entity[1]	Direct equity interest	Reserves [2]
			(in thousands)	(%)	(in thousands)
President Coffee Corp.	Coffee chain stores	Taiwan, ROC	NT$ 198,000	20.00	NT$ 29,314
President Transnet Corp.	Foods retaining and transportation	Taiwan, ROC	NT$1,000,000	20.00	NT$ (931,766)
Uni-President Cold Chain Corp.	Low temperature distribution	Taiwan, ROC	NT$ 326,054	20.00	NT$ 154,709
Copres Corp.	Furniture, household appliances and accessories	Taiwan, ROC	NT$ 700,000	19.00	NT$ (757,133)
Scino Pharm Taiwan, Ltd.	Biotechnology	Taiwan, ROC	NT$4,200,000	17.38	NT$(2,687,716)
Grand Bills Finance Co.	Brokerage services of short-term bond	Taiwan, ROC	NT$5,408,000	14.46	NT$ 1,862,526
The Chinese Professional Baseball League	Professional baseball	Taiwan, ROC	NT$ 42,000	14.29	NT$ (24,349)
Guang Dan Commodity Corp.	Imports of bulk cargoes	Taiwan, ROC	NT$ 100,000	11.57	NT$ (7,827)
Allianz President Life Insurance Co., Ltd.	Life insurance	Taiwan, ROC	NT$2,392,000	10.10	NT$ (873,153)

(1) Total paid-in capital of such entity equal to the sum of common stock and capital surplus.
(2) Reserves equal to the sum of legal reserves, special reserves and unappropriated earnings.

Transactions with Subsidiaries and Affiliates

The Company and certain of its subsidiaries and affiliates may, in the ordinary course of business, enter into transactions with each other or one another from time to time. For 2000, 2001 and 2002, purchases from related parties amounted to approximately NT$3,067.7 million, NT$2,471.1 million and NT$2,399.5 million (US$71.0 million), respectively, and constituted approximately 9%, 7% and 6%, respectively, of total purchases for those periods, on a consolidated basis. For the nine months ended September 30, 2002 and 2003, purchases from related parties amounted to approximately NT$1,792.1 million and NT$1,834.1 million (US$54.3 million), respectively, and constituted approximately 11.0% and 10.0%, respectively, of total purchases for those periods, on an unconsolidated basis.

Sales to related parties for 2000, 2001 and 2002 amounted to approximately NT$19,749.1 million, NT$23,246.8 million and NT$25,518.5 million (US$755.4 million), respectively, and constituted approximately 40%, 42% and 44%, respectively, of total sales for those periods, on a consolidated basis. Sales to related parties for the nine months ended September 30, 2002 and 2003 amounted to approximately NT$17,231.3 million and NT$18,339.6 million (US$542.9 million), respectively, and constitutes approximately 67% and 66%, respectively, of total sales for those periods, on an unconsolidated basis. Sales for the nine months ended September 30, 2003 primarily include sales to Tung Ang Enterprises Corp., Retail Support International Corp. and President Chain Store. The selling prices to related parties were not significantly different from those with non-related customers.

For more details on the Company's related party transactions, please see Note 5 to its audited consolidated financial statements, and Note 5 to its unaudited unconsolidated financial statements, appearing elsewhere in this Offering Circular.

MANAGEMENT

Directors and Supervisors

The ROC Company Law and the Company's articles of incorporation provide that the Company's board of directors are to be elected by its shareholders in the shareholders meeting at which a quorum, consisting of a majority of all the shares in issue having voting rights, is present. The Company's chairman is a director elected by its board of directors. The eleven-member board of directors is responsible for the management of the business of its company.

The Company's articles of incorporation provide for three supervisors. In accordance with the ROC Company Law, the Company's supervisors are elected by its shareholders and cannot concurrently serve as a director or officer of, or in a staff position with, the company. The duties and powers of each supervisor include, among other things, investigating the condition of the company, attending board of directors meeting, inspecting corporate records, verifying statements prepared by the board of directors prior to the annual general shareholders' meeting, calling shareholders' meetings, representing the company in negotiations with its directors and notifying, when appropriate, the board of directors to cease acting in contravention of applicable law or regulation or in contravention of the Company's articles of incorporation or beyond its scope of business.

The term of office for the Company's directors and supervisors is three years from the date of election or until the next election, whichever is later. They may serve any number of consecutive terms and may be removed from office at any time for cause by a resolution adopted at a meeting of shareholders. The business address of each of the Company's directors and its supervisors is the registered address of the Company.

The following table sets forth certain information relating to directors and supervisors as of September 30, 2003.

Name	Position	Number of shares held as of September 30, 2003	Percentages of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside the Company
Kao, Chin Yen(1)	Chairman	49,921,359	1.47	Chairman of TTET Union Corp., President Investment Corp., Grand Commercial Bank, Guang Dan Commodity Corp., Scino Pharm Taiwan Ltd., Synersy Scientech Corp., Scino Pham Biochemical Technology Co., Ltd., Latin American Development Co., Ltd., Kao Chyuan Inv. Co. PRCC (Bermuda), Ltd., President Global Corp., Kai Yu Investment, President Chain Store Corp., PCS (BVI) Holdings Ltd., Uni-President Takashimaya Co., Ltd., Ton Yi, President

Name	Position	Number of shares held as of September 30, 2003	Percentages of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside the Company
				International, Tung Li Development Corp., President Life Sciences Co., Ltd., Tong Cheng Investment Corp., Tong Shou Investment Corp., Tong Yu Investment Corp., President Fair Development Corp., Kai Nan Investment Co., Ltd.; Vice Chairman of Chongqing Carrefour Hypermarket Chainstore Co., Ltd., Jiafu (Tianjin) International Trading Co., Ltd., and Director of Han Tech Venture Capital Corporation, CDIB & Partners Investment Holding Corp., Tonpal Optoelectronics Inc., PK Venture Capital Corp., Presitex Co., Ltd., Unisebaco S.A., Global Strategic Investment Inc., Presitex. Corp., S.A UNI-Home Tech Corp., Cayman President Holdings Ltd., Kai Yu, PCSC (China) Ltd.
Cheng, Kao Huei	Managing Director	20,201,054	0.60	Chairman of Nantex Industry, Ltd. and Tongta Construction Development Co., Ltd.; Vice Chairman of Tainan Spinning Co., Ltd., Grand Bills Corp.; Nan Fan Housing Development Co., Ltd. and Nan Fan Industrial Co., Ltd.; Director of Scino Pharm Taiwan Ltd., Scino Pham Taiwan Ltd., Jeou Fwu Inv. Co., Global Entrepreneur Investment Co., Ltd., Nan Fan Investment Co., Ltd., Kengting Co., Ltd., Mean Time Enterprise Co., Ltd., Scino Pham Biochemical technology Co., Ltd., Tongta Construction Development Co., Ltd., Southern Taiwan University of Technology

Name	Position	Number of shares held as of September 30, 2003	Percentages of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside the Company
Lin, Chang Sheng	Managing Director	29,703,931	0.87	Chairman of Alllanz President General Insurance Co., Ltd., Qware System & Services Corp., Copres Corporation, Presitex Co., Ltd., Presiclerc Ltd., Zhuhai Kirin President Brewery Co., Ltd., Uni-President (Vietnam) Co., Ltd., President Enterprises (China) Investment Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., Tianjiang President Enterprises Food Co., Ltd., Chengdu President Enterprises Food Co., Ltd., Meishan President Feed & Oil Co., Ltd., Guangzhou President Enterprises Co., Ltd., Zhongshan President Enterprises Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Nanchang President Enterprises Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Qingdao President Feed & Livestock Co., Ltd., Shenyang President Enterprises Co., Ltd., Hefei President Enterprises Co., Ltd, Harbin President Enterprises Co., Ltd., Changjiagang President Nisshin Food Co., Ltd., Shanghai President International Food Co., Ltd., Uni-President (U.S.A.), Inc., Shanghai Songjiang President Enterprises Co., Ltd., Fuzhou President Enterprises Co., Ltd., Beijing President Enterprises Drinks & Food Co., Ltd., President Coffee (Cayman) Holdings Ltd., Shanghai President Coffee Co., Ltd., President Coffee Corp, President Transnet Corp., Uni-President Oven Bakery Corp., President Biosystems Co., Ltd.,

Name	Position	Number of shares held as of September 30, 2003	Percentages of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside the Company
				President Medical Technologies Corp., President Natural Industrial Corp., President Baseball Term Corp., President Pharmaceutical Corp., Ton Yi Pharmaceutical Corp., Uni-President Dream Parks Corp.; Mospec Semiconductor Corp., President Life Sciences Co., Ltd., President Collect Service Co., Ltd., Uni-President Southeast Asia Holdings Ltd., Zhengzhou President Enterprises Co., Ltd.; Vice Chairman of Tonpal Optpelectronics Inc. Ningbo Malting Co., Ltd., Beijing President Food Co., Ltd., President Kikkoman Inc., President Nisshin Corp; Director of Ztong Yee Industrial Co., Ltd., TTET Union Corp., President Investment Corp., Prince Housing Development Corp., Sino-Aerospace Investment Corp., Latin America Development Co., Ltd., PK Venture Capital Corp., Tong Ting Gas Corporation, Taiwan Genome Sciences, Inc., Synersy Scientech Corp., Kanh Na Hsiung Enterprise Co., Ltd., Swenc Technology Co., Ltd., Hontung Venture Capital Co., Ltd., Dayeh Takashimaya Department Store Inc., Chongqing Carrefour Hypermarket Chainstore Co., Ltd., Jiafu (Tianjin) International Trading Co., Ltd., Ever Splendor Electrics (Shenzhen) Co., Ltd., Xiang Lu Industrie Ltd., Xiang Lu Petrochemicals (Xiamen) Co., Ltd., Ztong Yee (Tianjin) Industrial Co., Kuan Tang Industrial Harbour Corp.,

Name	Position	Number of shares held as of September 30, 2003	Percentages of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside the Company
				Uni-Splendor Corp., PRCC (Bermuda), Ltd., Outlook Investment PTE LTD., eASPNet Taiwan Inc., Unisebaco S.A., Presitex. Corp., S.A., Uni-President (Thailand) Ltd., President Energy Development (Cayman) Ltd., President International Trade & Investment Corp., Kai Yu, Century Quick Service Restaurant Corp, Nanlien International, Union Chinese Corp., President Chain Store, President Direct Marketing Corp., Mech-President Corp., Uni-President Takashimaya Co., Ltd., Ton Yi, President International, Tung Li Development Corp., Tong Shou Investment Corp., Tong Yu Investment Corp., President Fair Development Corp., Tone Sang Construction Corp. President Entertainment Corp., Kai Nan Investment Co., Ltd., President Tokyo Corp, Tung Ho Development Corp., Tong Cheng Investment Corp., T & T Supermarket Inc., Guangzhou President Supermarket Co., Ltd., Scino Pharm Taiwan Ltd., Scino Pham Biochemical Technology Co., Ltd., Presicarre Corp., Ltd.
Wu, Shiu Chi(2)	Director	29,970,314	0.88	Chairman of Prince Housing & Development Corp. Nan Fan Industrial Co., Ltd., Nan Fan Housing Development Co., Ltd., Nan Fan Investment Co., Ltd., managing director of Nantex Industry, Ltd., director of Southern Taiwan University of Technology, President Leasing Corp., President Investment Corp.

Name	Position	Number of shares held as of September 30, 2003	Percentages of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside the Company
Wu, Chung Ho(3)	Director	18,356,649	0.54	Managing director of Nantex Industry Ltd.
Wu, Ping Chih(4)	Director	29,777,756	0.88	Director of President Pharmaceutical Corp., Giant Attempt Ltd., Chang Ta Inv.Co.
Hou, Po Ming	Director	87,218,498	2.57	Managing director of Nantex Industry, Ltd. and director of Universal Cement Corporation, President International Development Corp., Tainan Spinning Co., Ltd., South Epitaxy Corporation
Liu, Hsiu Jen	Director	52,075,709	1.53	Chairman of So An Co., Ltd., Ping Door Corp., San Shi Investment Corp.; and Director of Ping Jeng Co., Ltd.
Wu, Ying Jen	Director	6,880,677	0.20	Supervisor of Shin Ocean Enterprises Co., Ltd. and Shin Ho Shing Inv. Co., Ltd.
Joe J.T. Teng	Director	3,277,058	0.10	Managing director of President Investment Corp., President Leasing Corp. and President Construction Corp., director of President International Development Corp., Asiacom Corp.; and Supervisor of Taiwan Genome Sciences, Inc.
Hou Su, Ching Chien	Director	41,532	—	Supervisor of Tainan Spinning Co., Ltd.
Chen, Kuo Keng	Supervisor	28,464,576	0.84	Director of Prince Housing & Development Corp; Supervisor of Tainan Spinning Co., Ltd.
Kuo, Peng Chih	Supervisor	8,819,997	0.26	Chairman of Chau Chih Inv., Co., Zillion Technology Corp.; and Director of Saint Song Corp., Wisdom Flower Corp.

(1) Representative of Kao Chyuan Investment Co., Ltd.
(2) Representative of Giant Attempt Ltd. Mr. Wu Shiu Chi is the father of Mr. Wu Ping Chih.
(3) Representative of San Hsin Spinning Co.
(4) Mr. Wu Ping Chih is the son of Mr. Wu Shiu Chi.
(5) Representative of Chau Chih Investments, Co.

Executive Officers

Under the Company's articles of incorporation, its board of directors may appoint managers of the Company.

The following table sets forth certain information relating to the Company's executive officers as of September 30, 2003:

Name	Position	Years with us
Lin, Lung Yi	President	32
Lo, Chih Hsien	Executive Vice President	17
Yang, Chao	Senior Vice President	32
Lee, Hua Yang	Senior Vice President	28
Huang, Xian Yan	Senior Vice President	26
Lin, Tsong Ming	Senior Vice President	27
Yen, Po Rong	Senior Vice President	29
Chung, Chin Tson	Senior Vice President	29
Yang, Ming Chin	Vice President	35
Tsai, Kuei Jung	Vice President	18
Lu, Long Hing	Vice President	24
Wang, Hao Tang	Vice President	30
Chen, Jing Hao	Vice President, Taichung Branch	34
Lin, Mao Shiung	Vice President	28
Hsieh, Chih Peng	President, Instant Foods Group Business Unit	26
Cheng, Qian Chang	Vice President	22
Yang, Fu Shang	Vice President	24
Lee, Hong Bin	President, Chill Business Group Business Unit	21
Yang, Wen Lung	President, Beverage Group Business Unit	25
Wu, Chung Sung	Vice President, Administration Group	20
Su, Tsung Ming	Vice President, Finance Group	3
Tin, Chien Li	Vice President, Accounting Group	26

Share Ownership, Related Party Transactions and Compensation

As of September 30, 2003, the members of the board of directors and the supervisors of the Company, together with members of their immediate families, owned 1,229,360,463 shares, or approximately 36.2% of the Company's total shares outstanding and owned no options with respect to the Company's shares.

None of the Company's directors, supervisors or any executive officers has entered into any transaction with the Company or any of the Company's subsidiaries that are or were unusual in their nature or conditions or significant to the Company's business or subsidiaries and which were effected during any of the 2000, 2001 or 2002 fiscal years and the nine months ended September 30, 2003.

The aggregate remuneration paid and benefits in-kind granted by the Company or any of the Company's subsidiaries to its directors, supervisors and executive officers ranking above Vice President in their capacity as such in 2002 was approximately NT$83.6 million (US$2.5 million) and for the nine months ended September 30, 2003 was NT$50.4 million (US$1.5 million). There are no outstanding loans granted by the Company or any of the Company's subsidiaries to any of the directors, supervisors or executive officers and there are no outstanding guarantees provided by the Company or any of the Company's subsidiaries for the benefit of any of the directors, supervisors or executive officers.

DIVIDENDS

The Company's dividend policy includes considerations of: (i) whether and to what extent remaining net earnings should be retained and/or distributed, (ii) if any portion of the remaining net earnings is to be distributed, then what amount should be distributed, and (iii) whether any such distribution shall be made in cash or stock or some combination thereof. In making such determinations in accordance with the Company's dividend policy, the board of directors shall evaluate a number of factors, including changes in the business and economic environment in which we operate, the Company's future capital budget, and its business funding needs.

In compliance with the legal restrictions imposed by the ROC Company Law, ROC regulations and the Company's articles of incorporation, if there are earnings for distribution at the end of each fiscal year, after deducting any loss incurred in prior year(s) and paying off all taxes and dues with 10% of the remaining net earnings set aside as legal reserve and appropriated as special reserve in accordance with ROC Securities Exchange Law, the balance of the net earnings can be distributed together with prior accumulated unappropriated retained earnings. The Company's board of directors generally makes a dividend distribution proposal after considering the various factors discussed above. The dividend should be set in the range from 50% to 100% of the accumulated unappropriated retained earnings. In general, cash dividends shall be the preferred form of distribution. However, in the event a stock dividend is also declared, the amount of such stock dividend shall not exceed 50% of the total amount of the cash and stock distributions combined. The board of directors' proposals are subject to the approvals by the Company's annual shareholders' meetings. The amount of annual net earnings, after tax payment and compliance of the capital adequacy requirements above, can be distributed by the Company, 2% of which is fixed for remuneration of the Company's directors and supervisors and not less than 0.2% of the same for employees' bonus. See "Description of Shares of the Company."

The following table sets forth, as a percentage of the stock, dividends per Company's share paid since 2000 on the shares outstanding on the relevant record date.

Cash dividend per share	Cash dividend payment date	Stock dividend per share [1]	Stock dividend payment date	Total number of common shares issued as stock dividend [2]	Aggregate Stock Dividend Amount	
NT$		NT$			NT$ [3]	US$[4]
				(in thousands)	(in thousands)	
0.8	September 7, 2000	0.8	September 27, 2000	233,938	2,339,383	69,253
0.6	September 5, 2001	0.6	October 5, 2001	189,490	1,894,901	56,095
0.6	September 12, 2002	0.3	October 9, 2002	100,260	1,002,596	29,680
0.353	September 10,2003	—	—	—	—	—

(1) Stock dividend is declared in NT dollar amount per share. A shareholder receives as a stock dividend the number of shares equal to the NT dollar amount per share of the dividend declared, multiplied by the number of shares owned by the shareholder, and divided by the par value of NT$10.00 per share. Fractional shares are not issued, but are paid in cash.

(2) Total number of shares issued as stock dividend includes shares issued from retained earnings and from capital reserves.

(3) The NT dollar amount of stock dividend paid is calculated based upon the par value of NT$10.00 per share.

(4) The U.S. dollar amounts of stock dividend are translated from the NT dollar amounts of stock dividend, for the convenience of the reader only, at the exchange rate of NT$33.78 = U.S.$1.00, the noon buying rate of the U.S. Federal Reserve Bank of New York on September 30, 2003.

INFORMATION ON TON YI AND TON YI COMMON SHARES

Information on Ton Yi

Corporate and Other Information

The legal and commercial name of Ton Yi is Ton Yi Industrial Corporation, which was incorporated under the laws of the Republic of China as a company limited by shares in 1969. Set forth below is a brief historical account of Ton Yi:

1969

- Ton Yi was founded under the name "Ton Yi Agriculture and Stock Raising Co., Ltd." to engage in livestock breeding and meat processing.

1974

- A plant combining tinplate printing and tin can making was established in Tainan, Taiwan, and Ton Yi's name was changed to "Ton Yi Industrial Corporation."

1975

- A plant manufacturing polyproplyene woven bags was established in Tainan, Taiwan.

1985

- The No. 1 factory with tinning line was established.
- The China Development Corporation, a famous domestic financial institute, became a significant investor.

1990

- The No. 2 plant with tinning line was established.
- A fully automatic five-gallon rectangular can making line was established as the first of its kind in Taiwan.

1991

- Ton Yi was listed on the Taiwan Stock Exchange.

1992

- A JIS certificate, representation of best quality, was awarded by the Ministry of International Trade and Industry of Japan.

1994

- The Tovecan Corporation Limited, Ton Yi's first overseas plant, was established in Vietnam.
- Two packing plants, Wuxi Ton Yi Industrial Packing Co., Ltd. And Chengdu Ton Yi Industrial Packing Co., Ltd. were established in the PRC.

1996

- The TMBP mill began operations.
- Jiangsu Ton Yi Tinplate Co., Ltd. and Fujian Ton Yi Tinplate Co., Ltd., two joint-ventured subsidiaries in the PRC, were established.

1997

- Ton Yi began implementing environmental management system based on ISO-14001.

2000

- The printing plant of Fujian Ton Yi Tinplate Co., Ltd. was established.

Primary Business

Ton Yi has three main business divisions: (1) cold rolled coils, which is the primary raw material for galvanised steel, (2) TMBP, which is the principal raw material for tinplate, (3) tinplates, which is the steel-based material with many uses including cans and other packaging materials, and (4) tin cans, for food, beverage, petro-chemical packaging.

Production Facilities and Establishments

The following table sets out the location and descriptions of Ton Yi's facilities and those of its major affiliates and subsidiaries as of September 30, 2003.

Company	Location	Use	Size
			(in square meters)
Ton Yi Industrial Corp.	Tainan, Taiwan	Administrative offices and production of cold rolled coils, TMBPs, tinplates and cans	193,979
Tovecan Corporation Limited	Hochiminh City, Vietnam	Can packaging	5,284
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Chengdu, Szechuan, PRC	Can packaging	66,700
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Wuxi, Jiangsu, PRC	Can packaging	64,680
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi, Jiangsu, PRC	Tinplate production	83,966
Fujian Ton Yi Tinplate Co., Ltd.	Longhai, Fujian, PRC	Tinplate production	100,320

Employees

As of December 31, 2000, 2001 and 2002, Ton Yi had a total of 1,182, 1,176 and 1,143 employees, respectively. As of September 30, 2003, Ton Yi had 1,143 employees, comprising of 985 engineers, technicians and production personnel and 158 administrative and other staff members. As of September 30, 2003, the average age of Ton Yi's employees was 35 years old and the average years with Ton Yi per employee was 9.26 years.

Ton Yi reviews the salaries of its employees annually. It adjusts salaries based on industry standards, inflation and individual performance. As an incentive, the management has the discretion to pay additional bonuses based on the performance of individuals. In addition, ROC law requires that companies give employees the pre-emptive rights to subscribe to between 10% and 15% of any of Ton Yi's rights issues or share offerings.

Ton Yi's employees participate in its profits pursuant to its articles of incorporation. Ton Yi's employees are entitled to receive bonuses of 5% to 10% of Ton Yi's net income after the payment of taxes, deduction for prior years' losses, contribution to legal reserve and other adjustments.

Ton Yi collects pension fund contributions for its domestic employees in accordance with the Labour Standards Law of Taiwan and contributes 2% of the aggregate base monthly salaries of all its domestic employees each month to the Central Trust of China. All ROC companies listed on the TSE are now required to calculate their actuarial pension obligations. Under "ROC Financial Accounting Standard Statement No. 18," the difference between the fair value of pension fund assets and Ton Yi's actuarially-determined projected benefit obligation will be amortised on a prospective basis as a portion of net periodic pension cost.

Ton Yi provides additional benefits to its employees, such as accident and medical insurance and, in some instances, housing.

Ton Yi's employees formed a union which does not have any collective bargaining power. None of Ton Yi or any of its subsidiaries or affiliates has experienced any labour disputes. None of Ton Yi's employees is subject to collective bargaining agreements. Ton Yi has not experienced any strikes, labour disputes or labour actions and it considers its relationship with its employees to be good.

Intellectual Property

Ton Yi has developed its own patented technology, in particular, in the area relating to the manufacturing process of tin can shaping. It has applied for a total of three patents in Taiwan and the PRC, all of which have been certificated.

Environmental Matters

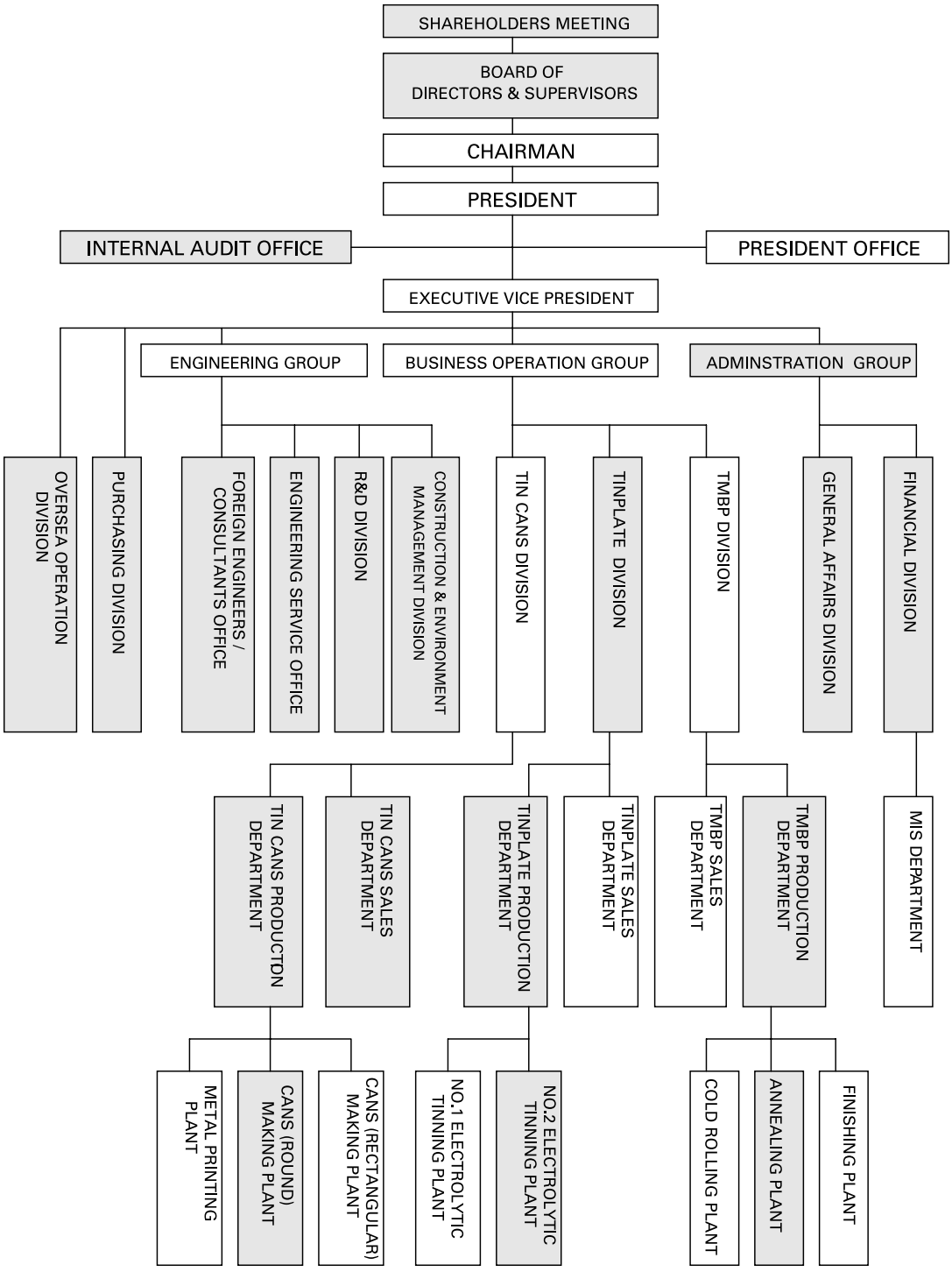
Taiwan tinplates and cold rolled coil producers, including Ton Yi, are subject to laws and regulations relating to the protection of human health and safety and environmental protection that are quite stringent and are generally becoming more stringent. Among other things, these requirements regulate wastewater discharges, air emissions, noise control, the use, management and disposal of hazardous and non-hazardous materials and wastes, and the clean-up of contamination. These requirements are complex, changing, and tend to become more stringent over time. Ton Yi generates certain waste products, such as oven dust, that are classified as hazardous waste and must be properly disposed of under applicable environmental laws, which, despite Ton Yi's due care, could result in the imposition of strict liability for the costs of clean-up of any landfills to which the waste may have been transported. In addition, Ton Yi is exposed to the risk of workers' safety despite its due care.

Ton Yi's manufacturing processes produce a certain amount of waste water sludge, which is strictly monitored by the regional Environmental Protection Administration. On August 30, 2000, Ton Yi was charged by the Environmental Protection Administration for its improper containment of waste water sludge. Ton Yi was fined NT$60,000 and ordered to build a cover over the temporary storage tank for the waste water sludge.

Ton Yi spent, and can be expected to continue to spend, substantial amounts to comply with environmental and human health protection and safety laws and regulations. In addition, there can be no assurance that its environmental capital expenditures will not materially increase in the future. It is likely that Ton Yi will be subject to increasingly stringent environmental standards in the future and may be required to make additional expenditures, which could be significant, relating to environmental and safety matters on an ongoing basis. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental and safety-related expenditures may vary substantially from those currently anticipated.

Organisational Chart

Set forth below is Ton Yi's corporate organisational chart as of September 30, 2003.



Ton Yi's Subsidiaries and Associated Companies

Ton Yi has made a number of investments in Taiwan, PRC and Southeast Asia in order to expand its' production and market share to other parts of Asia, particularly in the growing PRC market. As of September 30, 2003, these investments, excluding those made via Cayman Ton Yi Industrial Holdings Limited, constituted about 3% of Ton Yi's total assets or 4% of Ton Yi's total liabilities, including those made via Cayman Ton Yi Industrial Holdings Limited. Ton Yi does not intend to make any substantial investments outside its core businesses in the future.

Set forth below are certain information regarding these subsidiaries and associated companies as of September 30, 2003.

Company	Main business	Jurisdiction of incorporation	Total paid-in capital of such entity[1]	Direct equity interest	Reserves[2]
			(in thousands)	(%)	(in thousands)
Western Samoa New Dawn Enterprises Ltd.	Investment vehicle	Western Samoa	US$ 190	100.00	US$ 5
Tovecan Factory Corporation Limited	Can packaging	Vietnam	US$ 3,200	51.00	US$ 1,519
Cayman Ton Yi Industrial Holdings Limited	Investment vehicle	Cayman Islands	US$42,657	100.00	US$(63,003)
Tung On Enterprise Co., Ltd.	Trading	ROC	NT$30,000	40.00	NT$ 13,721

(1) Total paid-in capital of such entity equal to the sum of common stock and capital surplus.
(2) Reserves equal to the sum of legal reserves, special reserves and unappropriated earnings.

Western Samoa New Dawn Enterprises Ltd.

For the year ended December 31, 2002, Western Samoa New Dawn Enterprises recorded a net income of US$5,357 and Ton Yi held the shares of Western Samoa New Dawn Enterprises at a value of NT$6.8 million (US$0.2 million). The shares of Western Samoa New Dawn Enterprises held by Ton Yi are fully paid-up. For the year ended December 31, 2002, there was no inter-company loan between Western Samoa New Dawn Enterprises and Ton Yi.

Tovecan Factory Corporation Limited

For the year ended December 31, 2002, Tovecan Factory recorded a net income of US$0.4 million and Ton Yi held the shares of Tovecan Factory at a value of NT$85.0 million (US$2.5 million). The shares of Tovecan Factory held by Ton Yi are fully paid-up. For the year ended December 31, 2002, there was no inter-company loan between Tovecan Factory and Ton Yi.

Cayman Ton Yi Industrial Holdings Limited

For the year ended December 31, 2002, Cayman Ton Yi recorded a net income of US$1.5 million and Ton Yi held the shares of Cayman Ton Yi at a value of NT$(716.0) million (US$(21.2) million). The shares of Cayman Ton Yi held by Ton Yi are fully paid-up. For the year ended December 31, 2002, a maximum balance aggregating NT$1,064.0 million (US$31.5 million) was recorded as a debt of Cayman Ton Yi to Ton Yi. As of December 31, 2002, there was no outstanding inter-company loan between Cayman Ton Yi and Ton Yi.

Tung On Enterprise Co., Ltd.

For the year ended December 31, 2002, Tung On Enterprise recorded a net income of NT$5.1 million and Ton Yi held the shares of Tung On Enterprise at a value of NT$15.2 million (US$0.4 million). The shares of Tung On Enterprise held by Ton Yi are fully paid-up. For the year ended December 31, 2002, there was no inter-company loan between Tung On Enterprise and Ton Yi.

Our Registered Office and Certain Corporate Information

Ton Yi was incorporated on April 14, 1969. The scope of its business, as set forth in Article 2 of its articles of incorporation, is primarily to manufacture and sell steel-related products and materials. The duration of its incorporation is indeterminate. Ton Yi's registered office is No. 837 Chung Cheng North Road, Yeong Kong City, Tainan 71043, Taiwan, ROC. Ton Yi's Uniform Registry Number is 73252657. Its corporate website is located at *www.tonyi.com.tw.* The information contained in Ton Yi's website is not part of this Offering Circular.

Information on Ton Yi Common Shares

Ton Yi was incorporated as a company limited by shares under the ROC Company Law. As of September 30, 2003, Ton Yi's authorised share capital was NT$17,847,009,180, divided into 1,784,700,918 shares, of which 1,534,009,180 shares were paid-in, issued and outstanding. All shares of Ton Yi presently issued are common shares with a par value of NT$10.00 per share, and are fully paid and in registered form, and existing shareholders are not obligated to contribute additional capital.

The shares of Ton Yi are listed on the TSE.

Ton Yi's share registrar, President Securities, maintains the register of Ton Yi's shareholders at its offices located at 13/F., No. 8, Tong Hsing Road, Taipei 105, Taiwan, R.O.C. and enters transfer of shares in such register upon presentation of, among other documents, certificates representing the shares transferred.

Rights Attached to the Ton Yi Common Shares

Transfer of Shares

Under the Company Law of the ROC, unless the shares are issued in one master certificate or without certificate, shares are transferred by endorsement and delivery of the related share certificates. In addition, transferees must have their names and addresses registered on Ton Yi's register in order to assert shareholders' rights against Ton Yi. Its shareholders are required to file their specimen seals with its share registrar. The settlement of trades of Ton Yi's shares on the TSE is carried out on the book-entry system maintained by Taiwan Securities Central Depository Co., Ltd.

Shareholders' Meetings

Ton Yi is required to hold an annual ordinary shareholders' meeting once every calendar year, generally within six months after the end of each fiscal year. The board of directors of Ton Yi may convene an extraordinary meeting whenever they see fit, and they must do so if requested in writing by shareholders holding no less than 3% of its paid-in share capital who have held their shares for more than a year. In addition, any of Ton Yi's supervisors may convene a shareholders' meeting under certain circumstances.

Voting Rights

Except for treasury shares, Ton Yi's articles of incorporation provide that a holder of its shares has one vote for each share held at shareholders' meetings. There is cumulative voting for the election of directors and supervisors. In all other matters, shareholders must cast all their votes in the same direction on any resolution. Ton Yi's shareholders may be represented at an ordinary or extraordinary shareholders' meeting by proxy if a valid proxy form is delivered to Ton Yi five days before the commencement of the ordinary or extraordinary shareholders' meeting. Voting rights attached to Ton Yi's shares that are exercised by its shareholders' proxy are subject to ROC proxy regulations.

Dividends and Distributions

The following table sets forth, as a percentage of the stock, dividends per Ton Yi share paid since 2000 on the shares outstanding on the relevant record date.

Cash dividend per share	Cash dividend record date	Stock dividend per share (1)	Stock dividend record date	Total number of common shares issued as stock dividend (2)	Aggregate Stock Dividend Amount	
NT$		NT$		(in thousands)	NT$ (3) (in thousands)	US$
0.26	July 18, 2000	0.074	November 27, 2000	103,669	1,036,695	30,689.6
0.20	August 7, 2001	0.020	November 19, 2001	30,092	300,922	8,908.3
—	—	0.030	November 11, 2003	46,041	460,410	13,629.7

(1) Stock dividend is declared in NT dollar amount per share. A shareholder receives as a stock dividend the number of shares equal to the NT dollar amount per share of the dividend declared, multiplied by the number of shares owned by the shareholder, and divided by the par value of NT$10.00 per share. Fractional shares are not issued, but are paid in cash.

(2) Total number of shares issued as stock dividend includes shares issued from retained earnings and from capital reserves.

(3) The NT dollar amount of stock dividends paid is calculated based upon the par value of NT$10.00 per share.

Ton Yi's directors, supervisors, managers and shareholders holding more than 10% of Ton Yi's shares are required to report any changes in their shareholding to Ton Yi on a monthly basis. In addition, the number of shares that they can sell or transfer on the TSE on a daily basis is limited by ROC law. Further, they may sell or transfer Ton Yi's shares on the TSE only after reporting to the ROC SFC at least three days before the transfer, provided that such reporting is not required if the number of shares transferred does not exceed 10,000.

Primary Shareholder

As of December 1, 2003, the only shareholder of Ton Yi who owned more than 10% of its capital is the Company. The number of shares held as of that date was 685,102,310, which represented 43.34% of the total outstanding shares of Ton Yi's common stock.

Management

Directors and Supervisors

The ROC Company Law and Ton Yi's articles of incorporation provide that its board of directors are to be elected by Ton Yi's shareholders in the annual general meeting at which a quorum, consisting of a majority of all the shares in issue having voting rights, is present. Ton

Yi's chairman is a director elected by its board of directors. The nine-member board of directors is responsible for the management of the business of Ton Yi.

Ton Yi's articles of incorporation provide for two supervisors. In accordance with the ROC Company Law, Ton Yi's supervisors are elected by its shareholders and cannot concurrently serve as a director or officer of, or in a staff position with, Ton Yi. The duties and powers of each supervisor include, among other things, investigating the condition of Ton Yi, attending the meetings of the board of directors, inspecting corporate records, verifying statements prepared by the board of directors prior to the annual general shareholders' meeting, calling shareholders' meetings, representing Ton Yi in negotiations with its directors and notifying, when appropriate, the board of directors to cease acting in contravention of applicable law or regulation or in contravention of Ton Yi's articles of incorporation or beyond its scope of business.

The term of office for Ton Yi's directors and supervisors is three years from the date of election until the next election. They may serve any number of consecutive terms and may be removed from office at any time for cause by a resolution adopted at a general meeting of shareholders. The business address of each of Ton Yi's directors and supervisors is the registered address of Ton Yi.

The following table sets forth certain information relating to Ton Yi's directors and supervisors as of September 30, 2003.

Name	Position	Number of shares held as of September 30, 2003(1)	Percentage of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside Ton Yi
Kao, Chin Yen [2][5]	Chairman	2,793,793	—[7]	Chairman of TTET Union Corp., President Investment Corp., Grand Commercial Bank, Guang Dan Commodity Corp., Scino Pharm Taiwan Ltd., Synersy Scientech Corp., Scino Pham Biochemical Technology Co., Ltd., Latin American Development Co., Ltd., Kao Chyuan Inv. Co. PRCC (Bermuda), Ltd., President Global Corp., Kai Yu Investment, President Chain Store, PCS (BVI) Holdings Ltd., Uni-President Takashimaya Co., Ltd., Ton Yi, President International, Tung Li Development Corp., President Life Sciences Co., Ltd., Tong Cheng Investment Corp., Tong Shou Investment Corp., Tong Yu Investment Corp., President Fair Development Corp., Kai Nan Investment Co., Ltd.; Vice Chairman of Chongqing Carrefour Hypermarket Chainstore Co., Ltd., Jiafu (Tianjin) International Trading Co., Ltd., and Director of Han Tech Venture Capital Corporation, CDIB & Partners Investment Holding Corp., Tonpal Optoelectronics Inc., PK Venture Capital Corp., Presitex Co., Ltd., Unisebaco S.A., Global strategic Investment Inc., Presitex. Corp., S.A UNI-Home Tech Corp., Cayman President Holdings Ltd., Kai Yu Investment and PCSC (China) Ltd.
Liang, Hsiang Chu[2] . . .	Vice Chairman	4,600,119	—[7]	Executive director of Global Securities Finance Corporation

Name	Position	Number of shares held as of September 30, 2003(1)	Percentage of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside Ton Yi
Lin, Chang Sheng[2] . . .	Director	—	—[7]	Chairman of Alllanz President General Insurance Co., Ltd., Qware System & Services Corp., Copres Corporation, Presitex Co., Ltd., Presiclerc Ltd., Zhuhai Kirin President Brewery Co., Ltd., Uni-President (Vietnam) Co., Ltd., President Enterprises (China) Investment Co., Ltd., Xinjiang President Enterprises Food Co., Ltd., Tianjiang President Enterprises Food Co., Ltd., Chengdu President Enterprises Food Co., Ltd., Meishan President Feed & Oil Co., Ltd., Guangzhou President Enterprises Co., Ltd., Zhongshan President Enterprises Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Nanchang President Enterprises Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Qingdao President Feed & Livestock Co., Ltd., Shenyang President Enterprises Co., Ltd., Hefei President Enterprises Co., Ltd, Harbin President Enterprises Co., Ltd., Changjiagang President Nisshin Food Co., Ltd., Shanghai President International Food Co., Ltd., Uni-President (U.S.A.), Inc., Shanghai Songjiang President Enterprises Co., Ltd., Fuzhou President Enterprises Co., Ltd., Beijing President Enterprises Drinks & Food Co., Ltd., President Coffee (Cayman) Holdings Ltd., Shanghai President Coffee Co., Ltd., President Coffee Corp, President Transnet Corp., Uni-President Oven Bakery Corp., President Biosystems Co., Ltd., President Medical Technologies Corp., President Natural Industrial Corp.,

Name	Position	Number of shares held as of September 30, 2003(1)	Percentage of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside Ton Yi
				President Baseball Term Corp., President Pharmaceutical Corp., Ton Yi Pharmaceutical Corp., Uni-President Dream Parks Corp.; Mospec Semiconductor Corp., President Life Sciences Co., Ltd., President Collect Service Co., Ltd., Uni-President Southeast Asia Holdings Ltd., Zhengzhou President Enterprises Co., Ltd.; Vice Chairman of Tonpal Optpelectronics Inc. Ningbo Malting Co., Ltd., Beijing President Food Co., Ltd., President Kikkoman Inc., President Nisshin Corp; Director of Ztong Yee Industrial Co., Ltd., TTET Union Corp., President Investment Corp., Prince Housing Development Corp., Sino-Aerospace Investment Corp., Latin America Development Co., Ltd., PK Venture Capital Corp., Tong Ting Gas Corporation, Taiwan Genome Sciences, Inc., Synersy Scientech Corp., Kanh Na Hsiung Enterprise Co., Ltd., Swenc Technology Co., Ltd., Hontung Venture Capital Co., Ltd., Dayeh Takashimaya Department Store Inc., Chongqing Carrefour Hypermarket Chainstore Co., Ltd., Jiafu (Tianjin) International Trading Co., Ltd., Ever Splend or Electrics (Shenzhen) Co., Ltd., Xiang Lu Industrie Ltd., Xiang Lu Petrochemicals (Xiamen) Co., Ltd., Ztong Yee (Tianjin) Industrial Co., Kuan Tang Industrial Harbour Corp., Uni-Splendor Corp., PRCC (Bermuda), Ltd., Outlook Investment PTE LTD.,

Name	Position	Number of shares held as of September 30, 2003(1)	Percentage of total shares outstanding as of September 30, 2003	Other principal directorships and supervisorships outside Ton Yi
				eASPNet Taiwan Inc., Unisebaco S.A., Presitex. Corp., S.A., Uni-President (Thailand) Ltd., President Energy Development (Cayman) Ltd., President International Trade & Investment Corp., Kai Yu Investment, Century Quick Service Restaurant Corp, Nanlien International, Union Chinese Corp., President Chain Store, President Direct Marketing Corp., Mech-President Corp., Uni-President Takashimaya Co., Ltd., Ton Yi, President International Development Corp., Tung Li Development Corp., Tong Shou Investment Corp., Tong Yu Investment Corp., President Fair Development Corp., Tone Sang Construction Corp. President Entertainment Corp., Kai Nan Investment Co., Ltd., President Tokyo Corp, Tung Ho Development Corp., Tong Cheng Investment Corp., T&T Supermarket Inc., Guangzhou President Supermarket Co., Ltd., Scino Pharm Taiwan Ltd., Scino Pham Biochemical Technology Co., Ltd., Presicarre Corp., Ltd.
Yang, Wen Long[2]	Director	—	—[7]	Chairman of Tung On Enterprise Co., Ltd.
Chen, Ray Shuing[3]	Director	192,298	—[7]	Director of Compal Electronics, Inc.
Chen, Shuo Hsiung[3]	Director	1,248,886	—[7]	N/A
Kuwata, Keiji[4]	Director	—	—[7]	N/A
Chen, Chang Jin[3]	Director	4,533,723	—[7]	N/A
Kao, Lai Huan[3][6]	Director	2,793,793	—[7]	N/A
Lin, Lung Yi[2]	Supervisor	424,982	—[7]	Director of President Chain Store
Chang, Tsong Hsien[2]	Supervisor	1,090,381	—[7]	Executive director of Ko Ching Harbour Logistical Co., Ltd.

(1) Including registered shareholdings of the spouses and children under 18 of the respective directors and supervisors.
(2) Representative of the Company.
(3) Representative of China Development & Industrial Bank Co., Ltd.
(4) Representative of Toyota Tsusho Corporation.
(5) Mr. Kao is the husband of Mrs. Kao, Liu Huan.
(6) Mrs. Kao is the wife of Mr. Kao, Chin Yen.
(7) The percentages of outstanding shares owned by each director and supervisor, as of September 30, 2003, constituted less than 1% on an individual basis, and less than 2% on an aggregate basis.

Executive Officers

Under Ton Yi's articles of incorporation, its board of directors may appoint managers of Ton Yi.

The following table sets forth certain information relating to Ton Yi's executive officers as of September 30, 2003:

Name	Position	Years with Ton Yi
Liang, Hsiang Chu	President and Chief Executive Officer	36
Chen, Shuo Hsiung	Executive Vice President	35
Lin, Sheng Yuan	Vice President	20
Chen, Fong Fu	Vice President	23
Tai, Ya Yi	Assistant Vice President	5
Hsu, Ching Chen	Assistant Vice President	15

Share Ownership, Related Party Transactions and Compensation

As of September 30, 2003, the members of Ton Yi's board of directors and the supervisors, together with members of their immediate families, owned of record approximately 17,677,975 shares, or approximately 1.15% of Ton Yi's total shares outstanding, and owned no options with respect to Ton Yi's shares.

None of Ton Yi's directors, supervisors or any executive officers has entered into any transaction with Ton Yi or any of its subsidiaries that are or were unusual in their nature or conditions or significant to Ton Yi's business or subsidiaries and which were effected during any of the 2000, 2001 or 2002 fiscal years and the nine months ended September 30, 2003.

The aggregate remuneration paid and benefits in-kind granted by Ton Yi or any of its subsidiaries to Ton Yi's directors, supervisors and executive officers in their capacity as such in 2002 was nil and, for the nine months ended September 30, 2003, was nil. There are no outstanding loans granted by Ton Yi or any of its subsidiaries to any of Ton Yi's directors, supervisors or executive officers and there are no outstanding guarantees provided by Ton Yi or any of its subsidiaries for the benefit of any of the directors, supervisors or executive officers.

CERTAIN ROC LEGAL REQUIREMENTS

Tax Guarantor for Repatriation of Profits

When a non-ROC person (other than PRC persons who, under current ROC law, regulations and policy, are not permitted to hold or exchange the Bonds or to register as Ton Yi's shareholders) exercises its exchange right and registers as a shareholder of an ROC entity, such holders will be required to appoint an agent, referred to as a tax guarantor, in the ROC for filing tax returns and making tax payments on their behalf. A tax guarantor will be required to meet the qualifications set by the Ministry of Finance (the "MOF") of the ROC government and will act as the guarantor of the holder's tax payment obligations. Evidence of the appointment of a tax guarantor and the approval of such appointment are required as conditions to repatriating the holder's profits derived from the sale of the applicable shares. There can be no assurance that an exchanging holder of the Bonds will be able to appoint and obtain approval for a tax guarantor in a timely manner. See "ROC Taxation."

Appointment of Local Agent

Under the current law of the ROC, an exchanging Bondholder when exercising its exchange right to exchange the Bonds into Ton Yi's shares is required to appoint a local agent in the ROC with such qualifications as are set by the ROC SFC, to open a securities trading account with a local brokerage firm and a New Taiwan dollar bank account, remit funds, exercise shareholders' rights and perform such other matters as may be designated by such exchanging Bondholder, on behalf of and as agent for such exchanging Bondholder. In addition, an exchanging Bondholder must appoint a local bank to act as custodian for the securities, pay the withholding taxes of ROC, make confirmation and settlement. Under the existing law and regulations of the Republic of China, without obtaining approval from the TSE and opening such accounts an investor in the Bonds would not be able to receive, hold or to sell or otherwise transfer the Ton Yi's shares into which the Bonds may have been exchanged on the TSE or otherwise.

Securities Transaction Tax

The ROC government imposes a securities transaction tax that will apply to sales of the Bonds and the shares of an ROC entity received on exchange. The transaction tax, which is payable by the seller, is generally levied on sales of the shares of an ROC entity received on exchange at the rate of 0.3% of the sales proceeds and on sales of the Bonds at the rate of 0.1% of sales proceeds. However, according to a letter issued by the MOF of the ROC government, dated January 17, 2001, sales of any bonds by ROC companies outside of the ROC are exempted from the securities transaction tax. Moreover, according to the amended ROC Statute for Upgrading Industries, which was enacted on January 30, 2002, no securities transaction tax will be imposed on the transfer of corporate bonds and financial debentures until December 31, 2009. See "ROC Taxation."

Disclosure Obligations

A holder of the Bonds requesting the exchange of its Bonds or its designee may be required to provide certain information to the Company or the Exchange Agents, including the name and nationality of the person to be registered as the shareholder, the number of shares such person has acquired in the past through exchange of bonds held by it, and supporting documents, before such exchange will be effected. The Company is required to report the status of the Bonds every month to the CBC, Taiwan's central bank, and post the above information on the website of the TSE in the event that the person to be registered as a shareholder (i) is a "related

party" to Ton Yi as defined in the Statement of Financial Accounting Standard No. 6 of the ROC or (ii) will hold immediately following such exchange more than 10% of the total number of shares deliverable upon the exchange of the aggregate principal amount of all Bonds at the time of issue.

THE SECURITIES MARKET OF THE ROC

The Taiwan Stock Exchange

In 1961, the ROC SFC established the TSE to provide a marketplace for securities trading. The TSE is a corporation owned by government-controlled entities and private banks and enterprises. The TSE is independent of entities transacting business through it, each of which pays a user's fee. Subject to limited exceptions, all transactions in listed securities by brokers, traders and integrated securities firms (i.e. firms which are permitted to combine the activities of brokerage, dealing and underwriting) must be made through the TSE.

The TSE commenced operations in 1962. During the early 1980s, the ROC SFC actively encouraged new listings on the TSE, and the number of listed companies grew from 119 in 1983 to 633 as of September 30, 2003. As of September 30, 2003, the market capitalisation of companies listed on the TSE was approximately NT$11,580 billion.

Historically, ROC companies listed only shares and bonds on the TSE. However, the ROC SFC has in recent years encouraged companies to list other types of securities. In 1988, the ROC SFC permitted the issuance of Taiwan's first convertible bonds. Since 1989, there have been offerings of domestic convertible bonds and convertible preferred shares. Beneficiary units evidencing beneficiary interests in closed-end investment funds and bonds issued by the Asian Development Bank and other supranational banks have also been listed on the TSE or traded on the GreTai Securities Market. See "The GreTai Securities Market" below.

The ROC SFC's regulations permit foreign issuers to list their equity securities directly on the TSE or through the use of depositary receipts. Currently, only five non-ROC companies are listed on the TSE, each through the use of depositary receipts. The TSE requirements for listing are based on:

- the number and distribution of a company's shareholders, including the diversification of such shareholders;
- length of time the company has been in business;
- amount of paid-in capital; and
- profitability.

However, special listing criteria apply to technology companies and key businesses engaging in national economic development.

The Company and Ton Yi, as public companies in Taiwan, are obligated to make reports to the ROC SFC and the TSE, including, without limitation:

- regular reports regarding monthly sales revenues; quarterly, semi-annual and annual financial information; public financial forecasts in the event of rights offerings; annual reports; minutes of shareholders' meetings; regular reports regarding solicitations of proxies; the execution of internal audits; and statements of internal controls;
- special reports regarding events that have had a significant impact on shareholders' rights or the price of their securities; resolutions of their board of directors relating to a merger; prospectuses for approved issuances of securities; material changes that have been made regarding share issuances for cash or corporate bond issuances; financial forecasts; and approvals of changes of accounting principles; and

- special reports regarding the issuance of securities; details of the issuance of overseas depositary receipts; revisions to procedures of acquiring or selling assets; and revisions to operating procedures for making third-party loans.

The GreTai Securities Market

To complement the TSE, the GreTai Securities Market was established in September 1982 on the initiative of the ROC SFC to encourage trading of securities of companies that do not qualify for listing on the TSE. In addition, the Emerging Stock Board of the GreTai Securities Market was established on January 1, 2002 on the initiative of the ROC SFC to encourage trading of securities of companies that are public companies but not qualified for listing on the TSE or the GreTai Securities Market.

TSE Index

The TSE Index is calculated on the basis of a wide selection of listed shares weighted according to the number of shares outstanding. The TSE Index is compiled by dividing the market value by the base day's total market value for the index shares. The TSE Index is the oldest and most widely quoted market index in Taiwan.

The weighting of stocks in the index is fixed as long as the number of shares outstanding remains constant. When the total number of shares outstanding changes, the weight of each stock is adjusted. Stock splits and stock dividends are adjusted automatically. Cash dividends are not included in the calculation.

The following table shows, for the periods indicated, information relating to the TSE Index.

Period ended December 31,	Number of listed companies at the period end	Aggregate trading values (NT$ billion)	Index high	Index low	Index at period end
1990	199	19,031.3	12,495.34	2,560.47	4,530.16
1991	221	9,682.7	6,305.22	3,316.26	4,600.67
1992	256	5,917.1	5,391.63	3,327.67	3,377.06
1993	285	9,056.7	6,070.56	3,135.56	6,070.56
1994	313	18,812.1	7,183.75	5,194.63	7,124.66
1995	347	10,151.5	7,051.49	4,503.37	5,173.73
1996	382	12,907.6	6,982.81	4,690.22	6,933.94
1997	404	37,241.1	10,116.84	6,820.35	8,187.27
1998	437	29,619.0	9,277.09	6,251.38	6,418.43
1999	462	29,291.5	8,608.91	5,474.79	8,448.84
2000	531	30,526.6	10,202.20	4,614.63	4,739.09
2001	584	18,354.9	6,104.24	3,446.26	5,551.24
2002	638	21,874.0	6,462.30	3,850.04	4,454.45
2003 (through December 3, 2003)(1)	639	17,249.9	6,142.32	4,139.50	5,884.97

Source: Status of Securities Listed on Taiwan Stock Exchange; World Federation of Stock Exchanges (www.fibv.com)
(1) Information for "Aggregate trading value" is as of October 31, 2003

As indicated above, in recent years the performance of the TSE has been characterised by extreme price volatility.

Price Limits, Commissions, Transaction Tax and Other Matters

The TSE has placed limits on block trading and on the range of daily price movements. Transactions that involve 500 trading lots, that is 500,000 shares, or more must be registered and executed under TSE block trade guidelines. Fluctuations in the price of securities traded on the TSE are restricted to 7% above and below the previous day's closing price in the case of equity securities, and 5% in the case of debt securities. However, the price limit for movements below the previous day's closing price has been modified from time to time by the MOF based on market conditions.

Effective July 1, 2000, brokerage commissions can be set at any rates not exceeding 0.1425% of the transaction price, subject to reporting to the TSE.

A securities transaction tax of 0.3% of the transaction price is payable by the seller of equity securities and a tax of 0.1% of the transaction price is payable by the seller of debt securities other than government bonds. These securities transaction taxes are withheld at the time of the transaction. According to the amended Statute of Upgrading Industries, which became effective on February 1, 2002, no securities transaction tax will be imposed on the transfer of corporate bonds and financial debentures until December 31, 2009.

Sales of shares of listed companies on the TSE are generally sold in "round lots" of 1,000 shares. Investors who desire to sell less than 1,000 shares of a listed company occasionally experience delays in making these sales.

National Financial Stabilisation Fund

In response to the declines and volatility in the securities market in the ROC, the government has formed the National Financial Stabilisation Fund, which has purchased and may from time to time purchase shares of ROC companies to support the market. The details of the transactions of the National Financial Stabilisation Fund have not been disclosed to the public. In addition, the Labour Insurance Fund and other funds associated with the ROC government have in the past purchased, and may from time to time purchase, shares of ROC companies on the TSE or the GreTai Securities Market.

Regulation and Supervision

The ROC SFC has extensive regulatory authority over public companies. Public companies are generally required to obtain approval from, or registration with, the ROC SFC for all securities offerings. The ROC SFC requires periodic reporting of financial and operating information by all public companies. In addition, the ROC SFC establishes standards for financial reporting and carries out licensing and supervision of participants in the securities market in the ROC.

The ROC SFC is responsible for implementing the ROC Securities and Exchange Law and for overall administration of governmental policies in the securities market in the ROC. It has extensive regulatory authority over the offering, issuing and trading of securities. In addition, the ROC Securities and Exchange Law specifically empowers the ROC SFC to promulgate necessary rules.

The ROC Securities and Exchange Law prohibits market manipulation. For example, it permits an issuer to recover short-term trading profits made through purchases and sales within six months by directors, managerial personnel, supervisors, as well as spouses, minor children

and nominees of these parties, and shareholders who, together with their spouses, minor children and nominees, hold 10% or more of the shares of an issuer. The ROC Securities and Exchange Law prohibits trading by "Insiders" based on non-public information that materially affects share price movement. "Insiders" include:

- directors, supervisors, managers, as well as spouses, minor children and nominees of these parties, and shareholders who, together with their spouses, minor children and nominees, hold 10% or more of the issuing company;
- any person who has learned material, non-public information due to an occupational or controlling relationship with the issuing company; and
- any person who has learned material, non-public information from any of the above.

Sanctions include imprisonment. In addition, damages may be awarded to persons injured by the transaction.

The ROC Securities and Exchange Law also imposes criminal liability on certified public accountants and lawyers who intentionally make false certifications in their examination and audit of an issuer's contracts, reports and other documents related to securities transactions. The ROC SFC regulations require that financial reports of listed companies be audited by accounting firms consisting of at least three certified public accountants and be signed by at least two certified public accountants.

In addition, the ROC Securities and Exchange Law provides for, among other things:

- civil liability for material misstatements or omissions made by issuers;
- the regulation of tender offers; and
- the regulation of private placements.

The ROC SFC does not have criminal or civil enforcement powers under the ROC Securities and Exchange Law. Criminal actions may be pursued only by government prosecutors. Civil actions may be brought only by plaintiffs who assert that they have suffered damages. The ROC SFC is empowered to curb abuses and violations of laws and regulations only through administrative measures.

In addition to providing a market for securities trading, the TSE reviews applications by ROC issuers to list securities on the TSE. If issuers of listed securities violate laws and regulations or encounter significant difficulties, the TSE may, with the approval of the ROC SFC, delist securities of these issuers.

Substantial Shareholders and Transfer Restrictions

The ROC Securities and Exchange Law currently requires (1) each director, supervisor, manager, as well as their respective spouses, minor children and nominees, and substantial shareholder (i.e., a shareholder who, together with his or her spouse, minor children or nominees, holds more than 10% of the shares of a public company) to report any change in that person's shareholding to the issuer of the shares and (2) each director, supervisor, manager or substantial shareholder holding such common shares for more than a six month period to report his or her intent to transfer any shares listed on the TSE or traded on the GreTai Securities Market to the ROC SFC at least three days before the intended transfer, unless the number of shares to be transferred is less than 10,000 shares.

In addition, the number of shares that can be sold or transferred on the TSE by any person subject to the restrictions described above on any given day may not exceed:

- 0.2% of the outstanding shares of the company in the case of a company with no more than 30 million outstanding shares;
- 0.2% of 30 million shares plus 0.1% of the outstanding shares exceeding 30 million shares in the case of a company with more than 30 million outstanding shares; or
- in any case, 5% of the average daily trading volume (number of shares) on the TSE or the GreTai Securities Market for the ten consecutive trading days preceding the reporting day on which day the director, supervisor, manager or substantial shareholder or their respective spouse, minor child or nominee reports the intended share transfer to the ROC SFC.

These restrictions do not apply to auction sale, purchase by auction or after-hour trading of shares.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN THE ROC

The information presented in this section has been extracted from publicly available documents. Please note that citizens of the PRC and entities organised in the PRC are subject to special ROC laws, rules and regulations, which are not discussed in this section.

General

Historically, foreign investments in the securities market of Taiwan were restricted. However, commencing in 1983, the ROC government has from time to time enacted legislation and adopted regulations to make foreign investment in the Taiwan securities market possible. Initially, only overseas investment trust funds of authorised securities investment trust enterprises established in Taiwan were permitted to invest in the Taiwan securities market. Since January 1, 1991, qualified foreign institutional investors have been allowed to make investments in the Taiwan securities market. Since March 1, 1996, overseas Chinese, foreign institutional and foreign individual investors (other than qualified foreign institutional investors), called "general foreign investors," have been permitted to make direct investments in the Taiwan securities market. Since July 9, 2003 the ROC SFC has adopted various new rules which have the effect of removing the restrictions on investment amount, the qualification requirements in terms of asset size and the inward and outward remittance period limits previously applicable to qualified foreign institutional investors. On September 30, 2003, the Executive Yuan approved the amendment ot Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals (the "Regulations") which took effect on October 2, 2003. According to the Regulations, the ROC SFC abolished the mechanism of the so-called "qualified foreign institutional investors" and "general foreign investors" as stipulated in the Regulations before the amendment.

Under the Regulation, foreign investors are classified as either "onshore foreign investors" or "offshore foreign investors" according to their respective geographical location. Both onshore and offshore foreign investors are allowed to invest in ROC securities after they register with the TSE. The Regulations further classify foreign investors into foreign institutional investors and foreign individual investors. "Foreign institutional investors" refer to those incorporated and registered in accordance with foreign laws outside of the ROC (i.e., offshore foreign institutional investors) or their branches set up and recognized within the ROC (i.e., onshore foreign institutional investors). Offshore foreign institutional investors are required to apply for a prior approval from the CBC before they can register with the TSE. Offshore overseas Chinese and foreign individual investors are not required to apply for CBC approval, but a maximum investment ceiling will be separately determined by the ROC SFC after consultation with the CBC. On the other hand, foreign institutional investors are not subject to any ceiling for investment in the ROC securities market.

Foreign Ownership Limitations

Except for certain limits imposed by specific laws and regulations, there are generally no limits on the foreign ownership of the issued share capital in a TSE listed company or a Gre Tai Securities Market traded company.

Foreign Investment Approval

In addition to investments permitted under the Regulations, foreign investors who wish to make direct investments in the shares of ROC companies are required to submit a "foreign investment approval" application to the Investment Commission of the ROC Ministry of

Economic Affairs or other governmental authority. Foreign investors who obtain this approval will be subject to the ROC Law Governing Investments by Foreigners. The Investment Commission or other governmental authority reviews each foreign investment approval application and approves or disapproves the application after consultation with other governmental agencies. Any non-ROC person possessing a foreign investment approval may remit capital for the approved investment and is entitled to repatriate annual net profits, interests and cash dividends attributable to an approved investment.

In addition to the general restrictions against direct investment by non-ROC persons in Taiwan companies, non-ROC persons are currently prohibited from investing in prohibited industries in Taiwan which are listed under the Negative List, as amended. The prohibition on direct foreign investment in the prohibited industries in the Negative List is absolute and provides no specific exemption from its application. Under the Negative List, some industries are restricted so that non-ROC persons (except in limited cases) may directly invest only up to a specified level and with the specific approval of the relevant governmental authority. The Company and Ton Yi are not in a restricted industry under the Negative List.

Depositary Receipts

In April 1992, the ROC SFC began allowing Taiwan companies listed on the TSE to sponsor the issuance and sale of depositary receipts evidencing depositary shares. In December 1994, MOF began allowing companies whose shares are traded on the Gre Tai Securities Market also to sponsor the issuance and sale of depositary receipts evidencing depositary shares. Approvals for these issuances are still required.

For depositary shares that represent new shares issued for cash or previously existing shares, immediately after the issuance of depositary receipts, a holder may request the depositary to cause the underlying shares to be sold in Taiwan or to withdraw the shares and deliver the shares to the holder.

Any non-ROC depositary receipt holder wishing to withdraw shares represented by depositary receipts in order to hold the shares is required to register with the TSE and if applicable, to obtain approval from the CBC (if such holder is an offshore institutional investor) and then appoint a qualified local agent to, among other things, open a general securities account with a local securities brokerage firm, remit funds, exercise shareholders' rights, and perform such other actions as may be designated by such depositary receipt holder. In addition, the withdrawing holder is also required to appoint a custodian bank to hold the securities and cash proceeds in safekeeping, make confirmations, settle trades and report all relevant information. Without making this appointment, opening these accounts and obtaining prior approval of the TSE, the withdrawing holder would be unable to subsequently hold or sell the shares withdrawn from a depositary receipt facility on the TSE or otherwise. The withdrawing holder is also required to appoint a tax guarantor for filing tax returns and making tax payments. A citizen of the PRC or an entity organised under the laws of the PRC is not permitted to withdraw and hold the Relevant Shares.

A depositary may, without obtaining further approvals from the CBC or any other governmental authority or agency of Taiwan, convert NT dollars into other currencies, including U.S. dollars, in respect of the following: (1) the proceeds of the sale of shares represented by depositary receipts; (2) the proceeds of the sale of shares received as stock dividends on the shares and deposited into the depositary receipt facility; or (3) any cash dividends or cash distributions received. In addition, a depositary may convert into NT dollars inward remittances of payments for purchases of underlying shares for deposit in the depositary facility against the

creation of depositary shares. A depositary must obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion into foreign currencies from the proceeds from the sale of subscription rights for new shares. It is expected that the CBC will grant this approval as a routine matter. A depositary receipt holder may, after becoming a holder of shares, convert NT dollars into other currencies from proceeds from the sale of any underlying shares withdrawn from the depositary receipt facility. Proceeds from the sale of the underlying shares withdrawn from the depositary receipt facility may be used for reinvestment in securities listed on the TSE or traded on the Gre Tai Securities Market.

Overseas Corporate Bonds

Since 1989, the ROC SFC has approved a series of overseas corporate bond issues by ROC companies listed on the TSE and traded on the Gre Tai Securities Market. Under current ROC laws, these overseas corporate bonds (if their terms so provide), with Securities and Futures Commission approval, may be converted by non-ROC persons, other than mainland Chinese persons, into shares of ROC companies or may be converted into depositary receipts issued under the sponsorship of the same ROC company or the shares of other companies, in the case of exchangeable bonds. Public issuing companies may issue corporate debt in offerings outside Taiwan.

A non-ROC converting bondholder, when exercising the conversion or exchange right to convert the bonds into shares of a ROC company, is required to appoint a local agent to with qualification set by ROC MOF:

- open a securities trading account with a local brokerage firm;
- remit funds;
- exercise shareholders' rights; and
- perform other actions as may be designed by such converting bondholder.

In addition, the converting bondholder is also required to appoint a custodian bank to hold the securities and cash proceeds in safekeeping, make confirmations and settle trades and report all relevant information. Without making this appointment and opening these accounts, the converting bondholder would be unable to subsequently hold or sell the shares converted from the bonds on the TSE or otherwise. The converting bondholder is also required to appoint a tax guarantor for filing tax returns and making tax payments. Without obtaining further approvals from the CBC or any other governmental authority or agency of Taiwan, the issuing company may convert NT dollars into other currencies for redemption of the bonds or the repayment of the principal or interest on the bonds. In addition, a converting bondholder may through its local agent convert NT dollars into other currencies for net proceeds realised from the sale of shares or any stock dividends on the shares. In addition, a bondholder may also convert through its local agent any cash distributions relating to the shares and, after becoming a shareholder, inward remittances of subscription payments in connection with a rights offering. However, a converting bondholder must obtain prior approval for the CBC on a payment-by-payment basis for conversion from NT dollars into other currencies in respect of the proceeds from the sale of subscription rights for newly issued shares if the proceeds is in excess of US$100,000 per remittance.

In addition, any funds received by the converting bondholder may be used for reinvestment in Taiwan securities listed on the TSE or traded on the Gre Tai Securities Market.

Exchange Controls

The ROC Foreign Exchange Control Statute and regulations provide that all foreign exchange transactions must be executed by banks designated by MOF and the CBC to handle foreign exchange transactions. Current regulations favour trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters. All foreign currency needed for the importation of merchandise and services may be purchased freely from the designated foreign exchange banks.

Aside from trade-related foreign exchange transactions, ROC companies and residents may, without foreign exchange approval, remit to and from Taiwan foreign currencies of up to US$50 million, or its equivalent, and US$5 million, or its equivalent, respectively, each calendar year. These limits apply to remittances involving a conversion between NT dollars and U.S. dollars or other foreign currencies. In addition, all private enterprises are required to register all medium and long-term foreign debt with the CBC.

In addition, a foreign person may, subject to certain requirements but without foreign exchange approval, remit to and from Taiwan foreign currencies of up to US$100,000 per remittance if the required documentation is provided to the ROC authorities. This limit applies only to remittances involving a conversion between NT dollars and U.S. dollars or other foreign currencies.

ROC TAXATION

The following is a summary of certain ROC tax considerations that may be relevant to holders of the Bonds or the Relevant Shares who are (i) not citizens of the ROC and who are not physically present in the ROC for 183 days or more within a calendar year ("Non-ROC Individuals"), or (ii) corporations incorporated and non-corporate bodies established outside the ROC for profit which do not have a permanent establishment in the ROC ("Non-ROC Entities", and collectively with Non-ROC Individuals "Non-ROC Holders"). The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase Bonds and is based on tax laws of the ROC in effect on the date of this Offering Circular which are subject to change.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ADVISORS CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE BONDS OR THE RELEVANT SHARES.

Bonds

Interest and Premium

Payments of interest, if any, and premium, if any, on the Bonds to a Non-ROC Holder are subject to ROC withholding tax, currently at a rate of 20%, at the time of payment. The Company has agreed to pay additional amounts in respect of such withholding tax on the payments of premium, if any. See "Terms and Conditions of the Bonds—Taxation."

Sale

Securities transaction tax will be imposed on the transfer of equity securities issued by ROC companies at the rate of 0.3%, which is payable by the seller. However, according to the amended Statue of Upgrading Industries effective on February 1, 2002, no securities transaction tax will be imposed on the transfer of corporate bonds and financial debentures, including the Bonds, until December 31, 2009.

However, securities transaction tax, gift tax and/or income tax may be imposed in relation to the exchanging holder's designation of other persons to be the holder of the Reference Shares upon exchanging of the Bonds.

Under current ROC laws, capital gains on transaction of securities issued by ROC companies are exempt from income tax. This exemption applies to capital gains derived from the sale of Bonds.

Relevant Shares

Dividends

Dividends, whether in cash or stock, declared by Ton Yi out of retained earnings and distributed to a Non-ROC Holder in respect of the Relevant Shares are subject to ROC withholding tax collected by way of withholding at the time of distribution.

Sale

Securities transaction tax is payable and withheld by the seller at the rate of 0.3% of the transaction price upon a sale of the Relevant Shares.

Under current ROC law, capital gains on transactions in shares issued by ROC companies are exempt from income tax. This exemption applies to capital gains derived from the sale of the Relevant Shares.

Subscription Rights

Distributions of statutory subscription rights for the Relevant Shares in compliance with the ROC Company Law are not subject to ROC tax. Proceeds derived from sales of statutory subscription rights evidenced by securities are currently exempted from income tax but are subject to securities transaction tax, currently at the rate of 0.3% of the gross amount received. Proceeds derived from sales of statutory subscription rights that are not evidenced by securities are subject to capital gains tax at the rate of (i) 25% of the gain realised for Non-ROC Entity Holders, and (ii) 35% of the gain realised for Non-ROC Individual Holders. Subject to compliance with ROC law, Ton Yi has the sole discretion to determine whether statutory subscription rights are evidenced by securities or not.

Inheritance Tax and Gift Tax

ROC inheritance tax is payable on any property within the ROC of a deceased Non-ROC Individual, and ROC gift tax is payable on any property within the ROC donated by any such person. Inheritance tax is payable at rates ranging from 2% of the first NT$0.6 million to 50% of amounts over NT$100 million. Gift tax is payable at rates ranging from 4% of the first NT$0.6 million donated to 50% of amounts over NT$45 million. Under ROC Inheritance and Gift Tax Law, the Bonds and the Relevant Shares will be deemed to be located in the ROC irrespective of the location of the owner.

Tax Treaties

The United States does not have an income tax treaty with the ROC. At present, the ROC has entered into income tax treaties with Singapore, Australia, Indonesia, the Netherlands, New Zealand, South Africa, Gambia, Swaziland, Malaysia, Macedonia, the United Kingdom and Vietnam. It is unclear whether a Non-ROC Holder will be considered to own the Bonds or the Relevant Shares for the purposes of these income tax treaties. Accordingly, Non-ROC Holders of Bonds or the Relevant Shares who are otherwise entitled to the benefits of the relevant income tax treaty should consult their own tax advisors concerning their eligibility for benefits under the treaty with respect to the Bonds or the Relevant Shares.

Tax Reform

In order to increase Taiwan's competitiveness, an amendment to the ROC Income Tax Law was enacted on January 1, 1998, to integrate the corporate income tax and the shareholder income tax with respect to dividend income with the aim of eliminating the double taxation effect for resident shareholders of Taiwanese corporations.

According to the amendment, a 10% retained earnings tax will be imposed on a company for its after-tax earnings generated after January 1, 1998 that are not distributed in the following year. The retained earnings tax so paid will thus reduce the retained earnings available for future distributions. When Ton Yi declares dividends out of those retained earnings, up to a maximum amount of 10% of the net dividend received will be credited against the 20% withholding tax imposed on Non-ROC Holders of the Relevant Shares.

SUBSCRIPTION AND SALE

The Company has entered into a subscription agreement with Deutsche Bank AG London and Chinatrust Commercial Bank, Ltd (acting through its Offshore Banking Branch) (together, the "Managers") dated November 5, 2003 (the "Subscription Agreement"), pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Company agreed to sell to the Managers and the Managers agreed, jointly and severally, to subscribe for the aggregate principal amount of the Bonds.

The Managers initially propose to subscribe for the Bonds at a purchase price equal to the issue price indicated on the cover page less a combined management and underwriting commission of 0.90% of the principal amount of the Bonds and a selling concession of 1.35% of the principal amount of the Bonds.

The Company has granted Deutsche Bank AG London an option which can be exercised, in whole or in part, on one or more occasions, to subscribe for up to a further U.S.$17,341,000 aggregate principal amount of the Bonds at any time up to and including December 23, 2003.

The Subscription Agreement provides that the Company will indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Company.

Selling Restrictions

United States

The Bonds and the Relevant Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the U.S. Securities Act or pursuant to another exemption from the registration requirements of the U.S. Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will offer or sell the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the latest closing date of this offering, only in accordance with Rule 903 of Regulation S; accordingly, neither such Managers, their affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts (with the meaning of Regulation S) with respect to the Bonds, and any such Managers, their affiliates and any such persons have complied and will comply with the offering restrictions requirement of Regulation S.

United Kingdom

Each of the Managers severally represents and agrees that:

(i) it has not offered or sold and prior to the date six months after the date of issue of the Bonds will not offer or sell any Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA, received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Managers severally represents and agrees that:

(i) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China, or Hong Kong, by means of any document, any Bonds other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and

(ii) it has not issued or had in its possession for the purpose of issue and will not issue or have in its possession for the purpose of issuing any advertisement, invitation or document relating to the Bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be assessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

ROC

Each Manager acknowledges and agrees that it has not offered or sold, and will not offer or sell the Bonds, in the ROC.

Japan

Each Manager severally represents and agrees that the Bonds have not been registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"), and it has not offered or sold and will not offer or sell, directly or indirectly, the Bonds in Japan or to or for the benefit of any resident of Japan (including any Japanese corporation), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Singapore

Each Manager has acknowledged that the this Offering Circular has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act 2001 of Singapore (the "SFA"), and the Bonds are offered by the Company pursuant to exemptions invoked under Sections 274 and 275 of the SFA. Accordingly, each

Manager severally represents, warrants and agrees that the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The Netherlands

Each Manager severally represents and agrees that it has not offered, transferred, delivered or sold and will not offer, transfer, deliver or sell any Bonds in or from the Netherlands as part of their initial distribution or as part of any re-offering, and that it may not distribute the Offering Circular or any other document in respect of the offering of the Bonds in or from the Netherlands, other than to individuals or legal entities, who or which trade or invest in securities in the conduct of their profession or trade (which include banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises). In addition, transfer requirements may apply to Bonds that qualify as savings certificates as defined in the Savings Certificates Act (*Wet inzake spaarbewijzen*).

General

No action has been or will be taken by the Company or any Manager in any jurisdiction that would permit a public offering of the Bonds or the Relevant Shares, or possession or distribution of this Offering Circular or any amendment or supplement thereto or hereto or any other offering material relating to the Bonds in any jurisdiction outside the United States where action for any such purpose may be required. Each Manager has agreed to comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Bonds or the Relevant Shares or has in its possession or distributes this Offering Circular or any amendment or supplement thereto or hereto or any such other materials.

TRANSFER RESTRICTIONS

Because of the following restrictions, prospective investors are encouraged to consult legal counsel prior to making any offer, resale, pledge or other transfers of the Bonds or the Relevant Shares.

The Bonds may not be offered or sold directly or indirectly in the ROC. The Bonds and the Relevant Shares have not been and will not be registered under the Securities Act. The Bonds and the Relevant Shares may not be offered or sold to any person in the United States or to, or for the account or benefit of, U.S. persons except pursuant to registration or an exemption from, or in a transaction not subject to, registration requirements under the Securities Act. **No transfer of any interest in the Global Certificate may be made to any U.S. person outside the United States or any person in the United States for a period of 40 days after the later of the commencement of this offering and the latest closing date of this offering. Any Exchange Notice provided by an exchanging Bondholder must include a certification that, at the time of such exchange, the exchanging holder is not in the United States, is not a U.S. person and is not exchanging Bonds on behalf of a U.S. person.** Terms used in this section are defined in Regulation S.

Except in certain limited circumstances, interests in the Bonds may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants. See "Terms and Conditions of the Bonds" and "The Global Certificate."

Each purchaser of the Bonds, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

1. The Bonds and the Relevant Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

2. Each person purchasing the Bonds prior to the expiration of 40 days after the later of the commencement of the offering and the latest closing date (the "Distribution Compliance Period") is purchasing such Bonds in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S.

3. The Bonds will not be sold, pledged or transferred to, or for the account or benefit of, any U.S. person outside the United States or any person in the United States during the Distribution Compliance Period.

4. Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Bonds or Relevant Shares deliverable upon exchange of the Bonds except as permitted by the applicable legend set forth in paragraph 6 below.

5. Any Exchange Notice provided by an exchanging Bondholder must include a certification that, at the time of such exchange, the exchanging holder is not in the United States, is not a U.S. person and is not exchanging Bonds on behalf of a U.S. person.

6. The Bonds will bear legends to the following effect, which restrictions will be observed unless the Company determines otherwise in compliance with applicable law:

THE BONDS OF UNI-PRESIDENT ENTERPRISES CORPORATION (THE "COMPANY") EVIDENCED HEREBY (THE "BONDS") OR THE RELEVANT SHARES

OF TON YI INDUSTRIAL CORPORATION ("TON YI") DELIVERABLE UPON EXCHANGE OF THE BONDS (THE "RELEVANT SHARES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE BONDS AND THE LATEST CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THE BONDS MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE UNITED STATES OR ANY PERSON IN THE UNITED STATES. ANY EXCHANGE NOTICE PROVIDED BY AN EXCHANGING BONDHOLDER MUST INCLUDE A CERTIFICATION THAT, AT THE TIME OF SUCH EXCHANGE, (I) THE EXCHANGING HOLDER IS NOT IN THE UNITED SATES, IS NOT A U.S. PERSON AND IS NOT EXCHANGING BONDS ON BEHALF OF A U.S. PERSON; (II) THE EXCHANGING HOLDER ACQUIRED THE BONDS IN AN OFFSHORE TRANSACTION (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT); (III) THE EXCHANGING HOLDER ACKNOWLEDGES THAT THE RELEVANT SHARES TO BE RECEIVED ON EXCHANGE OF THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR WITH THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES; (IV) THE EXCHANGING HOLDER IS NOT AN AFFILIATE OF THE COMPANY OR A PERSON ACTING ON BEHALF OF SUCH AN AFFILIATE; AND (V) THE EXCHANGING HOLDER IS NOT IN THE BUSINESS OF BUYING AND SELLING SECURITIES (OR IF IT IS IN SUCH BUSINESS, IT DID NOT ACQUIRE THE RELEVANT SHARES FROM THE COMPANY OR ANY AFFILIATE THEREOF IN A "DISTRIBUTION" OF THE RELEVANT SHARES). EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING AND FOLLOWING RESTRICTIONS.

GENERAL INFORMATION

The offering of the Bonds was authorised and approved by the board of directors of the Company at meetings held on August 21, 2003. All consents, approvals, authorisations or other orders required under the prevailing laws of the ROC have been given or obtained for the offer, issue and sale of the Bonds. A copy of this Offering Circular will be filed with the ROC SFC subsequent to the closing of this offering.

The Bonds have been accepted for clearance through the facilities of Euroclear and Clearstream. The ISIN Number for the Bonds is XS0180256041 and the Common Code is 018025604.

Application has been made to list the Bonds on the Luxembourg Stock Exchange. The legal notice relating to the issue of the Bonds and the articles of incorporation of the Company will be deposited prior to the listing with the Trade and Companies Register *(Registre de Commerce et des Sociétés)* in Luxembourg, where such documents are available for inspection and where copies thereof can be obtained upon request. As long as the Bonds are listed on the Luxembourg Stock Exchange, a Paying Agent, Exchange Agent and a Transfer Agent will be maintained in Luxembourg.

The Company and Ton Yi prepare audited and consolidated annual financial statements, audited and non-consolidated annual and semi-annual financial statements and unaudited and non-consolidated quarterly financial statements in accordance with accounting principles and reporting practices generally accepted in the ROC.

Financial notices relating to Ton Yi (including notices in respect of dividends, rights issues and capital increases) and notices in respect of the general meetings of Ton Yi, are published by Ton Yi through the Taiwan Stock Exchange. A copy of all such notices, in English, will be sent by Ton Yi to the Bondholder and the Luxembourg Stock Exchange.

Except as disclosed in this Offering Circular, there has been no significant adverse change in the financial position or prospects of the Company or Ton Yi since September 30, 2003, the date of each of the Company's and Ton Yi's latest financial statements. The reports of PricewaterhouseCoopers and KPMG Certified Public Accountants have been included in the Offering Circular. In accordance with ROC GAAP and the requirements of ROC SFC, the Company's and Ton Yi's financial statements will consolidate the financial results of those of their respective subsidiaries, if and when required. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company—Consolidation."

Except as otherwise disclosed in this Offering Circular, neither the Company, Ton Yi nor any of their respective subsidiaries is involved in any litigation or arbitration proceedings that may have, or have had during the twelve months preceding the date of this Offering Circular, a significant adverse effect on the Company's or Ton Yi's financial position or their respective subsidiaries, nor are the Company, Ton Yi, or any of their respective subsidiaries aware that any such proceedings are pending or threatened.

A copy of each of the Company's or Ton Yi's articles of incorporation and copies of the Trust Deed and the Subscription Agreement (or, pending execution thereof, drafts thereof subject to modification) will, for so long as the Bonds are listed on the Luxembourg Stock Exchange, be available for inspection during usual business hours on any weekday (except public holidays) at the offices of the Exchange Agent and the Transfer Agent in Luxembourg. As

long as any of the Bonds remain outstanding, copies of each of the Company's and Ton Yi's most recent annual report in English containing each of the Company's and Ton Yi's audited consolidated and unconsolidated financial statements, and each of the Company's and Ton Yi's most recent audited unconsolidated semi-annual and unaudited unconsolidated quarterly reports in English will be delivered to and be obtainable from the offices of the Exchange Agents and the Transfer Agents specified on the back cover of this Offering Circular. Neither the Company nor Ton Yi is required to, under ROC law, and do not, prepare nor publish consolidated semi-annual or quarterly financial statements.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN ROC GAAP AND U.S. GAAP

Financial statements prepared in accordance with "Rules Governing Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China (collectively referred herein as "ROC GAAP") differ in certain respects from U.S. GAAP. The following is a summary of the principal differences between ROC GAAP and ROC SFC requirements, as applicable to the Company, Ton Yi and U.S. GAAP. The summary below should not be considered to be exhaustive. Additionally, it may exclude certain differences that may affect the disclosure, presentation or classification of transactions or events in the Company's and Ton Yi's financial statements. Further, this summary does not take into account numerous projects currently being undertaken by standard setting bodies in the United States and ROC which could have an impact on the comparison between ROC GAAP and U.S. GAAP, which are applicable to the Company and Ton Yi. Finally, no attempt has been made to identify all future differences between ROC GAAP and U.S. GAAP that may affect the financial statements as a result of transactions or events that may occur in the future.

	ROC GAAP	U.S. GAAP
1	**Presentation of non-consolidated financial statements**	
	Under ROC GAAP, non-consolidated financial statements of a company are presented as the primary financial statements and consolidated financial statements as supplemental financial statements.	Under U.S. GAAP, parent-company-only non-consolidated financial statements are not allowed to be presented as the primary financial statements for any period.
2	**Employee stock bonus**	
	It is a statutory requirement that bonuses paid to employees and remuneration paid to directors and supervisors out of retained earnings are not regarded as expenses, but instead are reported as a distribution from retained earnings in the year the shareholders approve the distribution of earnings. Under certain circumstances, employee bonuses may be paid in the form of newly issued stocks, in which case the stock issuance is recorded at par value and is reported as a distribution of retained earnings.	Under U.S. GAAP, employee bonuses and remuneration issued to directors and supervisors are charged to income as compensation expenses in the year when related services are provided, irrespective of whether the bonuses are paid in the form of cash or stock. For bonuses paid in stock, the shares are valued using the fair value or the intrinsic value method.
	The stock bonus to employees is given retroactive effect in the computation of earnings per share.	Under U.S. GAAP, stock bonus to employees is given only prospective effect in the computation of earnings per share.
3	**Stock dividends**	
	Under ROC GAAP, the issuance of stock dividends is recorded based on the par value of the shares, multiplied by the number of shares issued.	Under U.S. GAAP, when the ratio of distribution is less than 25% of shares of the same class outstanding, stock dividends are generally recorded based on the fair value method, with the par value recorded in the capital stock accounts and the excess of fair value over the par value being recorded as additional paid-in capital. Distribution in excess of 25% is generally considered as stock split.
4	**Employee share purchase**	
	In connection with a number of new shares issued to shareholders, the company also issues shares to employees at the same issue price, which usually represented a discount to the quoted market price. Under ROC GAAP, such issues are recorded as capital contribution for the cash amount received from the employees.	Under U.S. GAAP, such issues would be recorded as capital contribution for the cash amount received from the employees. In addition, compensation expense would be recorded, for the difference between the shares issue price and the fair market value, during the period when such issues were made.

	ROC GAAP	U.S. GAAP
5	**Treasury stock/earnings per share**	
	Under the ROC Company Law, a company's subsidiaries are permitted to purchase the parent company's shares, hold the shares for trading purpose and recognise the related investment income or loss. When preparing the consolidated financial statements, the shares of the parent company held by its subsidiaries are treated as treasury stock. However, these shares are still treated as outstanding shares when computing earnings per share as the gain or loss generated from the treasury stock transactions is included in the consolidated net income. Commencing from January 1, 2002, the company's shares owned by its subsidiaries are treated as treasury stock and similar accounting treatments as U.S. GAAP are adopted to account for such transactions.	Under U.S. GAAP, the purchases and sales of a company's shares by its subsidiaries are treated as treasury stock transactions of the company. Accordingly, no gain or loss on the disposal of the treasury stock is recognised as investment income or loss by the company and the proceeds from the sales are allocated between capital stock and capital reserve. Any shares of the company held by its subsidiaries at year-end are reported as treasury stock and are deducted in the calculation of earnings per share.
6	**Consolidation**	
	Under ROC GAAP, a company is required to include in its annual consolidated financial statements only those subsidiaries, which are directly or indirectly over 50% owned. For subsidiaries (i) with total assets and operating revenues which are less than 10% of the company's non-consolidated total assets and operating revenues, respectively, or (ii) which are in a negative equity position, the company has the option of whether or not to consolidate such subsidiaries. Irrespective of the above test, if the combined revenues or total assets of all such non-consolidated subsidiaries exceeds 30% of the company's non-consolidated total assets or operating revenues, then each individual subsidiary with total assets or operating revenues greater than 3% of the company's respective non-consolidated amounts shall be consolidated. In addition, under the Company Law in the Republic of China, the company is required to include in its consolidated financial statements the financial statements of its less than majority owned investee companies if the company has the ability to control the human resources, finance or operations of the investee companies. In addition, under ROC GAAP, if a company has control over a special-purpose-entity ("SPE"), the SPE is required to be consolidated by the company. However, no further guidance in relation to the consolidation of SPEs is provided under ROC GAAP.	Under U.S. GAAP, the parent company's consolidated financial statements generally include the financial statements of majority-owned subsidiaries, unless control does not rest with the majority owner. In addition, when a legal entity is considered a variable interest entity ("VIE"), the VIE is required to be consolidated by its primary beneficiary, which holds the majority of the VIE's expected losses or the majority of the expected residual returns, or both. However, certain entities, e.g. not-for-profit organisation and QSPE, are not subject to the consolidation requirement.
	Under ROC GAAP, a company is not required to prepare interim financial statements on a consolidated basis. Instead, the company is only required to recognise investment income/loss in majority owned subsidiaries under the equity method. Under ROC GAAP, a company is not required to recognise in its three months and nine months interim financial statements investment income/loss on investee companies in which the company has, directly or indirectly, 20% to 50% ownership interest. Investment income/loss in these investee companies is required only to be recognised in the semi-annual and annual financial statements.	U.S. GAAP requires that the accounting principles and practices used by an enterprise in the preparation of its interim statements be based on those used in its latest annual financial statements unless a change of accounting practice or policy has been adopted in the current year. Thus, if the enterprise's latest annual financial statements were prepared on a consolidated basis, accordingly the interim financial statements shall also be prepared on a consolidated basis, except as discussed above.
	ROC GAAP provides that when a company's interest in a subsidiary changes from a majority interest to a minority interest, the investment in the subsidiary should be	Under U.S. GAAP, for purposes of application of the consistency standard, a change in the reporting entity is not deemed to result from the creation, cessation,

	ROC GAAP	U.S. GAAP
	accounted for under the equity basis in the consolidated financial statements in the current year. In addition, ROC GAAP construes such change to be a change in the reporting entity which requires that in order to maintain consistency in the application of accounting standards, the prior year(s) comparative consolidated financial statements should be retroactively restated.	purchase, or disposition of a subsidiary or other business. Accordingly, when a company's interest in a specific subsidiary or investee affiliate changes during the year, that change is generally accounted for prospectively and retroactive restatement is not required.
7	**Business combination**	
	Under ROC GAAP, business combinations are generally accounted for under the purchase method, but the pooling of interest method is still allowed if certain criteria are met. When business combinations are accounted for under the purchase method and the consideration given up by the acquirer is in the form of shares, the cost to the acquirer is generally determined based on the fair value of the assets acquired and liabilities assumed. When business combinations are accounted for under the pooling of interest method, the acquired company's income and loss accounts before the merger are included in the acquirer company's income, and then transferred to capital reserve pursuant to the Company Law and the related regulations in the ROC.	Under U.S. GAAP, business combinations initiated prior to June 30, 2001 are accounted for under the pooling of interest method if certain criteria are met. Otherwise, they are accounting for under the purchase method. In 2001, due to the announcement of a new Statement, all business combinations initiated after June 30, 2001 are accounted for under purchase method. The cost to the acquirer in a purchase business combination is the fair value of the consideration given or the fair value of the assets acquired, whichever is more clearly evident and more reliably measurable. When the consideration is the publicly traded equity securities issued by the acquirer, fair value is generally based on the market price of the equity securities issued. The market price is determined based on a reasonable period before and after the date of the terms of the acquisition are agreed to and announced. The cost of an acquired company should be allocated to the assets (both tangible and intangible) acquired and liabilities assumed on the basis of their estimated fair values at the date of acquisition.
	Under ROC GAAP, goodwill is the excess of the investment cost over the fair value of acquired net assets. Goodwill is capitalised as an intangible asset and amortised to the income statement over five to twenty years. Negative goodwill is accounted for similarly.	Under U.S. GAAP, goodwill acquired after June 30, 2001 shall not be amortised. Instead, it shall be tested for impairment at reporting unit level at least annually. Goodwill acquired before June 30, 2001 should continue be amortised through December 31, 2001 over its estimated useful life but not exceeding 40 years. Effective January 1, 2002, all goodwill are subject non-amortisation provision as described above. Negative goodwill being the excess of fair value of acquired net assets over cost, after certain adjustments, is an extraordinary gain.
	Under ROC GAAP, the company's individual profit and loss account may include the results of operations of the acquired company for the period prior to the acquisition in the year of acquisition, then adjusted through minority interest income/loss account for the same amount.	Under U.S. GAAP, the company's profit and loss accounts only include the results of operations of the acquired company after acquisition.
8	**Equity investments of at least 20%**	
	Under ROC GAAP, equity investments where the company has voting rights of at least 20% are generally required to be accounted for under the equity method; however, when the company has not received the audited financial statements of the equity-method investee company in time to recognise its equity in the investee company's income (loss), the company may delay the recognition of its equity in the investee company's income (loss) until the subsequent year, unless the company meets the following criteria, in which case no delay in recognition is possible: (i) the beginning balance of the company's long-term investment balance exceeds NT$50	Under U.S. GAAP, the equity method of accounting is generally required for investments with an ownership percentage of at least 20% but less than 50%, unless (i) the investment is considered temporary or (ii) the investor does not possess the ability to exercise significant influence over the investee. There are no provisions, which allow the investor company to delay recognition of its equity in the investee company's income (loss).

	ROC GAAP	U.S. GAAP
	million and 5% of the investor company's paid-in-capital; (ii) direct ownership of the investee company exceeds 30%, or direct ownership plus indirect ownership through directors, supervisors, and management exceeds 50%; and (iii) the investor company is one of the top three shareholders of the investee company or the investee company's chairperson or general manager was appointed by the investor company. If the company is required to prepare interim financial statements, such investment income (loss), which is calculated based on the proportionate share in the prior year's annual income (loss) of the investee company, has to be recognised in the semi-annual financial statements of the company in the subsequent year at the latest. In addition, such delay in recognition is not possible when the company has a direct or indirect control over the management of the personnel, financial or business operation of the investee company.	
	When the accounting treatment for a long-term equity investment is changed from cost method to equity method, the difference between the cost of investment and the company's share of the investee company's equity at the time of the change is deferred and amortised over 5 years.	Under U.S. GAAP, when the accounting treatment for a long-term equity investment is changed from cost method to equity method, retroactive restatement is required. If the company is unable to relate the difference between the carrying amount of the investment and the company's share of the investee company's equity to specific accounts of the investee, the difference should be considered to be goodwill and tested for impairment at least annually.
9	**Equity investments of less than 20% or debt investments/short-term investment**	
	Long-term investments of less than 20% of a company's shares are accounted for at the lower of cost or market value for listed investee companies and at cost for unlisted investee companies and if the company has no ability to exercise significant influence in the management of the investee company. Valuation allowance under this lower of cost or market value method is shown under the stockholders' equity. When it becomes evidently clear that there has been a permanent impairment in investments value and the chance of recovery is minimal, loss is recognised in the current year's earnings.	Equity investments of less than 20% that have readily determinable fair value and debt investments are classified in three categories and accounted as follows: (a) Debt and equity securities classified as trading securities are marked to market at the end of the accounting period with unrealised gains or losses taken to current earnings. (b) Debt securities classified as held to maturity are reported at amortised cost, with any premium or discount amortised over the period of the investment. (c) Debt and equity securities classified as available for sale are marked to market at the end of the accounting period with unrealised gains or losses taken to a separate component of shareholders' equity, unless there is a permanent decline in the value of such investment in which case it is recorded against income.
	Under ROC GAAP, investments in foreign investee companies, denominated in foreign currencies, accounted for at the cost method are converted to New Taiwan dollars using the exchange rate prevailing at the balance sheet date and the resulting exchange loss but not gain is recorded in the stockholders' equity under the cumulative translation adjustment account.	
	Short-term investments are stated at the lower of cost or market value. In the subsequent period, recoveries of market value are recognised as other income to the extent of the original cost of the investments.	Investments that have no readily determinable fair value are accounted for at historical cost subject to impairment test.
10	**Accounting for changes in ownership interest in investee companies**	
	Under ROC GAAP, when an investee company issues additional shares and the investor's ownership interest changes as a result, any resulting difference between the	Under U.S. GAAP, when an investee company issues additional shares at an amount over/under the carrying value of the shares held by the investor and the

	ROC GAAP	U.S. GAAP
	investor's investment balance and its proportionate share of the investee company's net equity is adjusted to its investment account with an offsetting entry to the investor's capital reserve or retained earnings if the related capital reserve balance is insufficient. Upon subsequent disposition of the investment, amounts previously recorded to capital reserve or retained earnings relating to the respective investment will be reversed and recorded as part of the gain or loss on disposal.	investor's ownership interest decreases as a result of not fully subscribing to the issue, the resulting difference between the investor's investment balance and its proportionate share of investee company's net equity is adjusted to its investment account with an offsetting entry either to (i) gain or loss to record the deemed disposition of shares or (ii) to paid-in-capital. If an adjustment has been made to paid-in-capital to recognise investee capital transactions, US GAAP would not permit the adjustment of such amounts on the subsequent disposition of all or a part of the investments.
11	**Accounting for livestock**	
	Under ROC GAAP, the cost of the Company's livestock is determined based on the cost less allowance for decline in value. The cost of livestock is amortised over the actual breeding and production periods.	Under U.S. GAAP, all direct and indirect development costs of animals raised for sale should be accumulated, and the animals should be accounted for at the lower of cost or market until they are available for sale. Animals available for and held for sale should be report (i) at the lower of cost or market, or (ii) in accordance with established industry practice at sales price, less estimated cost of disposal, when all of the following conditions exist: • There are reliable, readily determinable and realisable market prices for the animals. • The costs of disposal are relatively insignificant and predictable. • The animals are available for immediate delivery.
12	**Revaluation of fixed assets**	
	ROC GAAP permits property, plant and equipment to be recorded at cost or at cost plus appreciation in respect of assets revalued in accordance with ROC government regulations.	Upward revaluation of assets is not permitted.
13	**Impairment of long-lived assets or long-lived assets to be disposed**	
	No specific standards address impairment of long-lived assets; normally such assets would be carried at cost less accumulated depreciation. However, when events or changes in circumstance indicate that a significant impairment occurs, an impairment loss should be recorded in the current period.	U.S. GAAP requires that long-lived assets held for years and used by an entity be reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable.
	Assets purchased for use in the business but not subsequently used for that purpose are generally recorded as idle assets and reclassified from fixed assets to other assets, which are stated at the lower of book value or net realisable value.	For assets held for use, if the sum of the expected undiscounted future cash flows is less than the carrying amount of the assets, an impairment loss is recognised for the difference between the carrying value and the fair value which is generally determined based on discounted cash flow. For assets held for sale, they shall be measured at the lower of their carrying amount or fair value less cost to sell. If the assets are newly acquired, the carrying amount of the assets shall be established based on their fair value less cost to sell at the acquisition date. A long-lived asset shall not be depreciated (amortised) while it is classified as held for sale. A loss shall be recognised for any initial or subsequent write-down to fair value less cost to sell. A gain shall be recognised

	ROC GAAP	U.S. GAAP
		for any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognised.
14	**Prepayment of fixed assets**	
	Under ROC GAAP, prepayment of fixed assets is presented as part of fixed assets.	Under U.S. GAAP, prepayment of fixed assets should be presented as other assets.
15	**Depreciation of fixed assets**	
	Depreciation is generally provided using the guideline service lives as prescribed by the ROC Tax Authorities plus one additional year as salvage value.	Depreciation is provided over the asset's estimated economic useful life. Salvage value, if any, is based on the estimated net realisable value of the asset at the end of its estimated economic useful life.
16	**Accounting for derivative instruments**	
	There are no specific accounting standards under ROC GAAP which address measurement for derivative instruments except for foreign currency forward contracts. Such contracts are classified as hedge or speculative in nature. The classification is generally based on the management's intention. Derivative instruments are generally recognised as assets and/or liabilities in the balance sheet. The valuation for hedging contracts or hedging instruments corresponds to the method of valuation of the hedged item. For example, if the hedged item is market-valued, then the hedging instrument is also market-valued. If the hedged item is valued at the lower of cost or market, then the hedging instrument is also valued at the lower of cost or market. Speculative contracts are measured at fair value and the difference between the book value and the fair value is recorded in the current period's operating results.	Under U.S. GAAP requires that all entities recognise derivative instruments as assets and liabilities in the statement of financial position and subsequently measure them at fair value. Generally, a derivative is classified as a hedge instrument if, (1) at inception of the hedge, there is formal documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, including identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness is offsetting the exposure to changes in the hedged item's fair value or variability in cash flows attributable to the hedged risk will be assessed, and (2) the hedging relationship is expected to be highly effective. If a derivative is qualified as a hedge, entities may elect to designate the derivative instrument as one of the following: Fair value hedge – a hedge of the exposures to changes (that are attributable to a particular risk) in the fair value of (1) a recognised asset or liability or (2) an unrecognised firm commitment; Cash-flow hedge – a hedge of the exposure to variability (that is attributable to a particular risk) in the cash flows of a forecasted transaction; and Foreign-currency hedge – a hedge of the foreign-currency exposure of (1) an unrecognised firm commitment, (2) an available-for-sale security, (3) a forecasted transaction, or (4) a net investment in a foreign operation.
17	**Compensated absences**	
	ROC GAAP has no specific accounting practice regarding compensated absences.	Compensated absences must be accrued based on the liability for employees' rights to receive compensation for future absences when certain conditions are met.
18	**Cost of sales**	
	Under ROC GAAP, provisions for normal inventory scrap and obsolescence are recorded as non-operating expenses.	Under U.S. GAAP, provisions for normal inventory scrap and obsolescence are generally charged to cost of sales.
19	**Concentration of risk**	
	ROC GAAP has no specific disclosure requirements for concentration of risk.	Disclose concentration of risk on one or more parties, as appropriate, including such parties as sole/major customer, supplier, franchiser, distributor, general agent, borrower or lender is required.

	ROC GAAP	U.S. GAAP
20	**Segment information**	
	ROC GAAP requires disclosure of segment information in the footnotes information to the financial statements according to industry and geographic information, which need not necessarily be the same as the management's internal report to company decision-makers.	Under U.S. GAAP, public business enterprise is required to present segment information based on operating segments. Several operating segments may, provided aggregation criteria are met, be aggregated to reportable segments for which the required information is disclosed. Disclosure is based on the management's approach for reporting segments information to Company chief operating decision makers that are used internally for evaluating segment performance and deciding resources allocation to segments.
21	**Statement of cash flows**	
	Under ROC GAAP, certificates of time deposits with original maturities of greater than three months are classified as cash.	Under U.S. GAAP, certificates of time deposits with original maturities of over three months are classified as trading securities.
22	**Pension**	
	Under ROC GAAP, the amortisation of unrecognised net gain/loss cannot exceed the excess of unrecognised net gain/loss and unrecognised net transition obligation.	Under U.S. GAAP, no such limitation on the amortisation of unrecognised net gain/loss is required.
	With respect to the pension plan disclosure, under ROC GAAP, disclosure of changes in plan assets and benefit obligations is not required.	With respect to the pension plan disclosure, under U.S. GAAP, changes in plan assets and benefit obligations are required to be disclosed.
23	**Revenue recognition**	
	Under ROC GAAP, revenue is recognised when realised or realisable.	Under U.S. GAAP, revenue recognition is usually prescriptive and revenue is generally recognised when it is realised or realisable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectibility is reasonably assured.
	According to ROC SFAS No. 32 issued in June 2002 in relation to revenue recognition, similar criteria for revenue recognition are adopted. This Statement is effective for financial statements issued for fiscal year ending on and after December 31, 2003 and early adoption is encouraged.	
24	**10% additional income tax on undistributed earnings**	
	Under the current tax regulations, current year's earnings, on tax basis, not distributed in the following year are subject to 10% additional income tax. This 10% additional income tax is recognised as a tax expense in the following year when the amount is determined. In addition, the effect of the 10% tax on temporary differences is not recognised.	Under U.S. GAAP, this 10% additional income tax is recognised in the period during which the related income is generated and the impact of the 10% tax is measured for both current and deferred tax.
25	**Disclosure of new accounting pronouncements**	
	Under ROC GAAP, disclosure of recently issued accounting standards but not yet effective as of the balance sheet date is not required.	U.S. GAAP requires disclosure of the impact that recently issued accounting standards will have on the financial statement of the company when adopted in the future.
26	**Comprehensive income**	
	Under ROC GAAP, there is no standard for accounting and reporting of comprehensive income.	U.S. GAAP requires that comprehensive income be displayed with the same prominence as other financial statements. Comprehensive income is composed of

ROC GAAP	U.S. GAAP
	two subsets – "net income" and "other comprehensive income". Comprehensive income includes charges or credits to equity that are not the result of transactions with owners. (e.g. cumulative translation adjustments, minimum pension liabilities, unrealised gains or losses on available-for-sales securities and the effective portion of the change in the fair value of cash flow and net investment hedges)

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Uni-President Enterprises Corp.

We have audited the accompanying consolidated balance sheets of Uni-President Enterprises Corp. (the "Company") and its subsidiaries as of December 31, 2000, 2001 and 2002, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These consolidated financial statements are the responsibility of the Company's managements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain long-term investments accounted for under the equity method, which were audited by other auditors, whose reports thereon have been furnished to us. The balances of long-term investments in these investee companies were NT$19,306,837,000, NT$19,198,297,000 and NT$18,426,774,000 and total credit balances were NT$50,361,000, NT$57,404,000 and NT$118,623,000 as of December 31, 2000, 2001 and 2002, respectively, and related investment income amounted to NT$780,835,000, $427,394,000 and NT$570,717,000, respectively, for the years then ended. Our opinion expressed herein, insofar as it relates to the amounts included in the financial statement and information disclosed in Note 11 relative to these long-term investments is based solely on the reports of other auditors.

We conducted our audits in accordance with the "Rules Governing Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards 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 misstatement. 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 statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Uni-President Enterprises Corp. and its subsidiaries as of December 31, 2000, 2001 and 2002, and the results of their operations and their cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

As described in Note 1 to the consolidated financial statements, the consolidated entities in the 2002 consolidated financial statements of Cayman President Holding Ltd. were changed. Accordingly, Cayman President Holding Ltd. restated its financial statements as of and for the years ended December 31, 2000 and 2001. Due to the change of the consolidated entities, the Company also restated its 2000 and 2001 consolidated financial statements.

As described in Note 3 to the consolidated financial statements, effective January 1, 2002, Uni-President Enterprises Corp. changed its method of accounting for certain inventory costs from the first-in-first-out method to the weighted average method. The net cumulative effect of the change in accounting principle amounted to NT$7,810,000 for the year ended December 31, 2002. In addition, effective January 1, 2002, Uni-President Enterprises Corp. also adopted R.O.C. FAS No. 30, "Accounting for Treasury Stock" under which the parent company's stock held by

its subsidiaries are accounted for as treasury stock. As a result of this change in the method of accounting for treasury stock, net income was decreased by $126,998,000 for the year ended December 31, 2002.

PricewaterhouseCoopers
Tainan, Taiwan
Republic of China
April 2, 2003

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and the report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
ASSETS			
Current Assets			
Cash and cash equivalents (Note 4(1))	$ 2,422,779	$ 2,651,128	$ 2,119,698
Short-term investments (Notes 4(2) and 6)	1,522,502	6,064,305	2,516,494
Notes receivable, net (Notes 4(3) and 5)	956,415	895,766	963,319
Accounts receivable, net – third parties (Note 4(4))	1,401,979	1,538,598	2,008,574
Accounts receivable – related parties (Note 5)	1,919,927	2,173,159	2,763,141
Other receivables – third parties (Note 4(20))	690,780	1,571,210	582,126
Other receivables – related parties (Note 5)	707,930	689,111	702,731
Inventories (Notes 3 and 4(5))	5,081,891	4,133,580	4,464,053
Prepayments	715,514	748,284	764,206
Other current assets (Notes 4(20) and 6)	245,005	545,576	1,072,174
	15,664,722	21,010,717	17,956,516
Long-term investments (Notes 3, 4(6), 5 and 6)	56,650,371	58,799,424	58,181,064
Allowance for excess of cost over market value of long-term investments	(158,399)	(156,270)	(45,472)
	56,491,972	58,643,154	58,135,592
Property, plant and equipment, net (Notes 4(7), 5 and 6)			
Cost:			
Land	4,387,502	4,158,884	4,160,753
Buildings	6,450,566	7,187,669	7,341,525
Machinery and equipment	11,879,506	13,487,273	14,051,684
Storage facilities	170,520	165,382	164,613
Electrical installations	695,563	757,033	799,566
Transportation equipment	540,835	567,100	557,241
Furniture and fixtures	2,465,810	2,496,856	2,420,014
Leased property	254,440	254,440	259,270
Leasehold improvements	211,616	140,754	143,266
Other equipment	3,490,180	3,898,315	4,361,894
Appraisal increments	2,461,993	2,457,076	2,440,336
Cost and appraisal increments	33,008,531	35,570,782	36,700,162
Less: Accumulated depreciation	(11,581,572)	(13,293,247)	(14,809,458)
Construction in progress and prepayments	1,173,686	1,431,355	1,832,945
	22,600,645	23,708,890	23,723,649
Intangible Assets			
Trademarks (Note 4(10))	54,893	48,726	39,925
Deferred pension cost (Note 4(15))	—	414,738	381,723
Other intangible assets (Notes 4(10) and 6)	691,627	748,207	779,287
	746,520	1,211,671	1,200,935
Other Assets			
Assets held for lease (Notes 4 (8) and 6)	1,042,993	1,013,137	721,860
Idle assets (Notes 4 (9) and 6)	454,467	474,226	692,158
Guaranteed deposits	118,422	117,518	167,828
Deferred expenses (Note 4(10))	405,113	393,495	355,314
Long-term receivables, net (Note 4(11))	44,176	40,846	21,945
Deferred income taxes (Note 4(20))	483,454	269,024	122,948
Other (Note 4(7))	445,127	461,725	514,085
	2,993,752	2,769,971	2,596,138
TOTAL ASSETS	$ 98,497,611	$107,344,403	$103,612,830

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS — (Continued)

December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term loans (Notes 4(12) and 6)	$11,348,040	$ 10,759,468	$ 11,497,458
Commercial papers payable (Notes 4(13) and 6)	3,568,293	3,118,350	2,219,832
Notes payable	218,569	20,370	18,117
Accounts payable (Note 5)	2,609,152	2,926,500	3,217,969
Income tax payable (Note 4(20))	67,762	80,421	49,302
Accrued expenses (Note 5)	2,462,069	2,487,286	2,538,427
Other payables (Note 5)	2,325,076	2,926,607	1,102,411
Advance receipts	138,578	81,367	72,184
Current portion of long-term liabilities (Notes 4(7), 4(14) and 6)	371,617	1,783,343	3,652,191
Other current liabilities	—	32,453	538
	23,109,156	24,216,165	24,368,429
Long-term liabilities			
Long-term loans (Notes 4(14) and 6)	27,181,223	32,864,386	29,141,550
Long-term payables (Note 4(7))	190,084	178,201	169,101
	27,371,307	33,042,587	29,310,651
Other Reserves			
Provision for assets appraisal increments tax (Note 4(7))	1,291,857	1,291,803	1,291,803
Other Liabilities			
Accrued pension liabilities (Note 4(15))	101,518	575,061	874,759
Customers' deposits	144,940	144,057	187,628
Other (Note 4(6))	6,976,449	6,681,319	6,302,763
	7,222,907	7,400,437	7,365,150
TOTAL LIABILITIES	58,995,227	65,950,992	62,336,033
Stockholders' Equity			
Common stock (Notes 1 and 4(16))	31,581,671	33,476,572	34,422,458
Capital reserve (Notes 4(7), 4(16) and 4 (17))	—		
Treasury Stock	504,186	—	125,165
Asset appraisal increments	21,997	452,131	452,131
Gain on disposal of property, plant and equipment	228	10,889	—
Donated capital	342,930	228	228
Long-term investments		439,806	418,488
Retained earnings (Notes 4(16), 4(17) and 4(18))			
Legal reserve	3,878,424	4,216,966	4,518,723
Special reserve	494,561	354,622	168,156
Unappropriated earnings	4,583,595	3,499,252	1,825,958
Unrealised loss on long-term investments	(158,399)	(163,447)	(151,953)
Cumulative translation adjustment	(252,294)	59,364	(107,858)
Unrealised pension cost	—	(8,616)	(216,695)
Treasury stock (Notes 3, 4(6) and 4(19))	(1,494,515)	(944,356)	(178,004)
	39,502,384	41,393,411	41,276,797
Contingent Liabilities and Commitments (Notes 5 and 7)			
Significant Subsequent Events (Note 9)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$98,497,611	$107,344,403	$103,612,830

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

See the report of independent accountants dated April 2, 2003.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars Except for Earnings per Share Amount)

	2000	2001	2002
Operating Revenues (Note 5)			
Gross sales	$ 52,606,812	$ 58,097,069	$ 60,775,870
Less: Sales returns	(482,882)	(380,326)	(351,336)
Sales allowance	(2,585,760)	(2,794,365)	(3,065,986)
Net operating revenues	49,538,170	54,922,378	57,358,548
Other operating revenues	2,038,208	2,443,205	3,534,788
Total operating revenues	51,576,378	57,365,583	60,893,336
Operating Costs (Note 5)			
Total operating costs	(36,189,982)	(41,427,271)	(42,099,748)
Other operating costs	(1,575,062)	(1,868,151)	(3,240,637)
Total operating costs	(37,765,044)	(43,295,422)	(45,340,385)
Gross profit	13,811,334	14,070,161	15,552,951
Operating Expenses (Note 5)			
Selling expenses	(9,588,917)	(10,089,021)	(11,191,232)
Administrative and general expenses	(2,968,174)	(3,364,478)	(3,275,823)
Research and development expenses	(259,486)	(285,499)	(293,611)
	(12,816,577)	(13,738,998)	(14,760,666)
Operating income	994,757	331,163	792,285
Non-operating Income			
Interest income (Note 5)	79,522	74,768	66,731
Investments income	215,210	130,906	126,102
Gain on disposal of property, plant and equipment (Note 5)	14,760	15,120	20,120
Gain on sale of investments (Note 5)	4,594,182	4,655,741	2,202,975
Gain on foreign exchange, net	—	70,037	—
Rental income (Notes 4(8) and 5)	216,699	463,380	377,169
Gain on market value recovery of short-term investments	—	—	1,051,145
Others (Note 5)	1,457,740	1,509,300	1,374,031
	6,578,113	6,919,252	5,218,273
Non-operating Expenses			
Interest expenses (Note 4(7))	(1,839,544)	(2,222,294)	(1,740,592)
Investments loss (Note 4(6))	(1,817,206)	(1,068,008)	(1,764,054)
Loss on disposal of property, plant and equipment	(33,063)	(41,834)	(46,471)
Loss on inventory taking	(7,236)	(4,479)	(2,721)
Loss on foreign exchange, net	(6,993)	—	(93,830)
Loss on provision for price decline in market value and obsolescence of inventories	(54,373)	(134,164)	(10,119)
Finance charges	(6,920)	(13,968)	(9,350)
Loss on temporary production stoppage	(66,269)	(41,082)	(101,857)
Others	(653,311)	(855,865)	(843,757)
	(4,484,915)	(4,381,694)	(4,612,751)
Income before income taxes, cumulative effect of changes in accounting principle and minority interests loss	3,087,955	2,868,721	1,397,807
Income tax expense (Note 4(20))	74,287	(95,829)	(271,813)
Income before cumulative effect of changes in accounting principle and minority interests loss	3,162,242	2,772,892	1,125,994
Cumulative effect of changes in accounting principle, less applicable income tax of $2,603 in 2002 (Notes 3 and 4(20))	—	—	(7,810)
Minority interests loss	222,953	240,868	390,576
Net income	$ 3,385,195	$ 3,013,760	$ 1,508,760

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME — (Continued)

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars
Except for Earnings per Share Amount)

	2000		2001		2002	
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Basic Earnings Per Common Share (Note 4(21))						
Income before cumulative effect of changes in accounting principle and minority interests loss	$ 0.90	$ 0.98	$ 0.83	$ 0.81	$ 0.41	$ 0.33
Cumulative effect of changes in accounting principle, less applicable income tax	—	—	—	—	—	—
Minority interests loss	0.02	0.07	0.07	0.07	0.12	0.12
Net income	$ 0.92	$ 1.05	$ 0.90	$ 0.88	$ 0.53	$ 0.45
Pro forma amounts as if the shares of the Company held by the Company's subsidiaries are not treated as treasury stock:						
Net income	$3,087,955	$3,385,195	$2,868,721	$3,013,760	$1,514,392	$1,635,758
Basic earnings per common share						
Net income	$ 0.90	$ 0.98	$ 0.83	$ 0.88	$ 0.45	$ 0.48
Pro forma amounts assuming retroactive application of change in method of accounting for inventory cost						
Net income	$3,087,955	$3,385,195	$2,858,308	$3,005,950	$1,397,807	$1,516,570
Basic earnings per common share						
Net income	$ 0.90	$ 0.98	$ 0.83	$ 0.87	$ 0.41	$ 0.45

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

See the report of independent accountants dated April 2, 2003.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings							
2000	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealised Loss on Long-term Investments	Cumulative Translation Adjustment	unrecognised Pension Cost	Treasury Stock	Total
Balance at January 1, 2000	$29,242,288	$ 963,344	$3,534,016	$ —	$ 6,719,373	$ —	$(494,561)	$—	$(1,594,457)	$38,370,003
Distribution of net income of 1999:										
Appropriation of legal reserve	—	—	344,408	—	(344,408)	—	—	—	—	—
Appropriation of special reserve	—	—	—	494,561	(494,561)	—	—	—	—	—
Payment of directors' and supervisors' remuneration	—	—	—	—	(60,214)	—	—	—	—	(60,214)
Payment of employees' bonuses	—	—	—	—	(60,214)	—	—	—	—	(60,214)
Payment of cash dividends	—	—	—	—	(2,339,383)	—	—	—	—	(2,339,383)
Issuance of stock dividends	2,222,414	—	—	—	(2,222,414)	—	—	—	—	—
Capital reserve transferred to common stock	116,969	(116,969)	—	—	—	—	—	—	—	—
Net income for 2000	—	—	—	—	3,385,195	—	—	—	—	3,385,195
Gain on disposal of property, plant and equipment transferred to capital reserve	—	12,441	—	—	(12,441)	—	—	—	—	—
Gain on disposal of property, plant and equipment of the subsidiaries transferred to capital reserve	—	15,021	—	—	(15,021)	—	—	—	—	—
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries' issuance of new shares	—	22,966	—	—	—	—	—	—	—	22,966
Adjustment of capital reserve due to the disposal of the subsidiaries' stock	—	(27,683)	—	—	27,683	—	—	—	—	—
Adjustment of capital reserve in proportionate to the Company's share in the subsidiaries due to the subsidiaries' receipts of donated assets	—	221	—	—	—	—	—	—	—	221
Adjustment of unrealised loss on market value decline of long-term investments	—	—	—	—	—	(158,399)	—	—	—	(158,399)
Cumulative translation adjustment	—	—	—	—	—	—	242,267	—	—	242,267
Treasury stock	—	—	—	—	—	—	—	—	99,942	99,942
Balance at December 31, 2000	$31,581,671	$ 869,341	$3,878,424	$494,561	$ 4,583,595	$(158,399)	$(252,294)	$ —	$(1,494,515)	$39,502,384

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings							
2001	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealised Loss on Long–term Investments	Cumulative Translation Adjustment	unrecognised Pension Cost	Treasury Stock	Total
Balance at January 1, 2001	$31,581,671	$869,341	$3,878,424	$ 494,561	$ 4,583,595	$(158,399)	$(252,294)	$ —	$(1,494,515)	$39,502,384
Reversal of special reserve	—	—	—	(242,267)	242,267	—	—	—	—	—
Distribution of net income of 2000:										
Appropriation of legal reserve	—	—	338,542	—	(338,542)	—	—	—	—	—
Appropriation of special reserve	—	—	—	102,328	(102,328)	—	—	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(58,891)	—	—	—	—	(58,891)
Employees' bonuses	—	—	—	—	(117,782)	—	—	—	—	(117,782)
Payment of cash dividends	—	—	—	—	(1,894,900)	—	—	—	—	(1,894,900)
Issuance of stock dividends	1,831,738	—	—	—	(1,831,738)	—	—	—	—	—
Capital reserve transferred to common stock	63,163	(63,163)	—	—	—	—	—	—	—	—
Net income for 2001	—	—	—	—	3,013,760	—	—	—	—	3,013,760
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries' issuance of new shares	—	77,545	—	—	—	—	—	—	—	77,545
Gain on disposal of property, plant and equipment of the subsidiaries transferred to capital reserve	—	1,315	—	—	(1,315)	—	—	—	—	—
Adjustment of capital reserve due to the disposal of the subsidiaries' stock	—	(5,126)	—	—	5,126	—	—	—	—	—
Adjustment of capital reserve in proportionate to the Company's share in the subsidiaries due to the subsidiaries' receipts of donated assets	—	133	—	—	—	—	—	—	—	133
Adjustment of unrealised loss on market value decline of long-term investments	—	—	—	—	—	2,129	—	—	—	2,129
Adjustment of unrealised loss on market value decline of long-term investments due to the Company's proportionate share in the subsidiaries	—	—	—	—	—	(7,177)	—	—	—	(7,177)
Adjustment of the Company's subsidiaries' unrecognised pension cost in proportionate to the Company's share in the subsidiaries	—	—	—	—	—	—	—	(8,616)	—	(8,616)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(58,543)	(58,543)
Adjustment in proportionate to the Company's share in the subsidiaries due to the Company's subsidiaries' retirement of treasury stock	—	23,009	—	—	—	—	—	—	—	23,009
Cumulative translation adjustment	—	—	—	—	—	—	311,658	—	—	311,658
Treasury stock	—	—	—	—	—	—	—	—	608,702	608,702
Balance at December 31, 2001	$33,476,572	$903,054	$4,216,966	$ 354,622	$ 3,499,252	$(163,447)	$ 59,364	$(8,616)	$ (944,356)	$41,393,411

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings							
2002	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealised Loss on Long–term Investments	Cumulative Translation Adjustment	unrecognised Pension Cost	Treasury Stock	Total
Balance at January 1, 2002	$33,476,572	$ 903,054	$4,216,966	$ 354,622	$ 3,499,252	$(163,447)	$59,364	$(8,616)	$(944,356)	$41,393,411
Reversal of special reserve	—	—	—	(252,293)	252,293	—	—	—	—	—
Distribution of net income of 2001:										
Appropriation of legal reserve	—	—	301,757	—	(301,757)	—	—	—	—	—
Appropriation of special reserve	—	—	—	65,827	(65,827)	—	—	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(54,779)	—	—	—	—	(54,779)
Employees' bonuses	—	—	—	—	(164,337)	—	—	—	—	(164,337)
Payment of cash dividends	—	—	—	—	(2,005,192)	—	—	—	—	(2,005,192)
Issuance of stock dividends	1,002,596	—	—	—	(1,002,596)	—	—	—	—	—
Capital reserve resulting from gain on disposal of property, plant and equipment transferred to unappropriated earnings	—	(10,889)	—	—	10,889	—	—	—	—	—
Adjustment of capital reserve in proportionate to the Company's share in the subsidiaries due to the Company's subsidiaries transferred capital reserve resulting from gain on disposal of property, plant and equipment to unappropriated earnings	—	(149,252)	—	—	149,252	—	—	—	—	—
Net income for 2002	—	—	—	—	1,508,760	—	—	—	—	1,508,760
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries' issuance of new shares	—	63,465	—	—	—	—	—	—	—	63,465
Adjustment of capital reserve in proportionate to the Company's share in the subsidiaries due to the subsidiaries' receipts of donated assets	—	42,068	—	—	—	—	—	—	—	42,068
unrecognised pension cost	—	—	—	—	—	—	—	(196,810)	—	(196,810)
Adjustment of the Company's subsidiaries' unrecognised pension cost in proportionate to the Company's share in the subsidiaries	—	—	—	—	—	—	—	(11,269)	—	(11,269)
Adjustment of unrealised loss on market value decline of long-term investments	—	—	—	—	—	110,798	—	—	—	110,798
Adjustment of unrealised loss on market value decline of long-term equity investments due to the Company's proportionate share in the subsidiaries	—	—	—	—	—	(99,304)	—	—	—	(99,304)
Retirement of treasury stock	(56,710)	(1,833)	—	—	—	—	—	—	58,543	—
Purchase of treasury stock	—	—	—	—	—	—	—	—	(178,004)	(178,004)
Adjustment due to the Company's subsidiaries' treasury stock transactions	—	21,619	—	—	—	—	—	—	—	21,619

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings							
2002	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealised Loss on Long-term Investments	Cumulative Translation Adjustment	Unrecognised Pension Cost	Treasury Stock	Total
Adjustment due to the Company's share held by the subsidiaries are treated as treasury stock	—	—	—	—	—	—	—	—	(1,260,735)	(1,260,735)
Adjustment due to the Company's shares sold by the subsidiaries are treated as sale of treasury stock	—	126,998	—	—	—	—	—	—	1,260,735	1,387,733
Adjustment in proportionate to the Company's share in the subsidiaries due to the Company's subsidiaries' conversion premium of convertible bonds	—	782	—	—	—	—	—	—	—	782
Cumulative translation adjustment	—	—	—	—	—	—	(167,222)	—	—	(167,222)
Treasury stock	—	—	—	—	—	—	—	—	885,813	885,813
Balance at December 31, 2002	$34,422,458	$996,012	$4,518,723	$168,156	$1,825,958	$(151,953)	$(107,858)	$(216,695)	$(178,004)	$41,276,797

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

See the report of independent accountants dated April 2, 2003.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,385,195	$ 3,013,760	$ 1,508,760
Minority interests loss	(222,953)	(240,868)	(390,576)
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for decline in market value of short-term investments	718,905	345,068	—
Reversal of provision for decline in market value of short-term investments	—	—	(1,051,145)
Allowance for doubtful accounts	80,748	86,162	100,225
Reversal of allowance for doubtful accounts	(19,027)	(28,254)	(69,264)
Reversal of allowance for doubtful accounts recognised as other income	(1,281)	—	—
Loss on provision for price decline in market value and obsolescence of inventories	54,373	134,164	10,119
Reversal of provision for price decline in market value and obsolescence of inventories	(4,773)	(7,491)	(5,569)
Investment loss accounted for under the equity method	1,001,386	562,061	1,704,321
Permanent impairment on long-term investments accounted for under the cost method	—	167,989	45,026
Cash dividends from long-term investments accounted for under the equity method	959,918	915,316	957,967
Gain on sale of long-term investments	(3,660,693)	(4,792,989)	(2,376,885)
Depreciation	1,990,850	2,247,842	2,541,455
Gain on disposal of property, plant and equipment, idle assets and other assets	(14,760)	(15,120)	(20,120)
Loss on disposal of property, plant and equipment, idle assets and other assets	33,063	41,834	46,471
Write-off of property, plant and equipment	—	2,139	—
Amortisation	112,517	116,672	190,827
Amortisation of excess between cost and book value acquired	1,012	1,012	1,012
Effect of exchange rate changes on foreign currency holdings	1,816	(5,419)	(10,868)
Changes in assets and liabilities			
Notes receivable	99,411	7,724	(73,148)
Accounts receivable – third parties	348,012	(137,182)	(526,237)
Accounts receivable – related parties	(780,411)	(253,232)	(589,982)
Other receivables – third parties	(501,716)	179,987	(71,333)
Other receivables – related parties	(325,314)	(40,597)	16,528
Inventories	57,881	821,638	(335,023)
Prepayments	(183,242)	(32,770)	(15,922)
Deferred income tax assets-current	(9,648)	(215,813)	(26,369)
Other current assets	86,500	(119,381)	(498,507)
Deferred pension cost	—	(414,738)	33,015
Long-term receivables	(23,710)	(10,711)	43,437
Deferred income tax assets-non-current	(148,010)	214,430	146,076
Notes payable	(511,078)	(198,199)	(2,253)
Accounts payable	369,294	317,348	291,469
Income tax payable	58,185	12,659	(31,119)
Accrued expenses	700,645	25,217	51,141
Other payables	395,662	306,559	(216,068)
Advance receipts	94,185	(57,211)	(9,183)
Other current liabilities	—	32,453	(31,915)
Accrued pension liabilities	32,148	473,543	102,888
Net cash provided by operating activities	4,175,090	3,455,602	1,439,251

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS — (Continued)

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in short-term investments	$ 3,640,377	$(4,278,169)	$ 3,800,801
Decrease (increase) in other receivable – related parties	242,405	59,416	(30,148)
(Increase) decrease in certificate of deposit-restricted	(88,741)	34,623	(1,722)
Purchase of long-term investments-subsidiaries	(16,228,776)	(1,971,695)	(4,062,453)
Purchase of long-term investments-non-subsidiaries	(4,000,382)	(2,406,968)	(2,321,736)
Proceeds from sales of long-term investments-subsidiaries	2,658,830	689,781	105,747
Proceeds from sales of long-term investments-non-subsidiaries	2,428,447	5,525,329	6,053,308
Proceeds due to the subsidiaries' capital reduction	833,266	750	46,160
Proceeds due to the subsidiaries' liquidation distribution	41,855	1,960	72,594
Purchase of property, plant and equipment, assets held for lease and other assets	(4,556,374)	(4,109,120)	(3,136,500)
Proceeds from disposal of property, plant and equipment, assets held for lease, idle assets and other assets	174,334	423,504	462,898
(Increase) decrease in guaranteed deposits	147,301	904	(50,310)
Increase in trademarks, land occupancy right and deferred expenses	(283,575)	(155,467)	(174,925)
Decrease in employees' car loans	3,692	9,621	6,359
Increase in other assets-other	3,186	(11,636)	(8,474)
Net cash (used in) provided by investing activities	(14,984,155)	(6,187,167)	761,599
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	2,492,356	(588,572)	737,990
Increase (decrease) in commercial papers payable	2,277,217	(449,943)	(898,518)
Increase (decrease) in other payable – related parties	10,087	(909,490)	—
Increase (decrease) in long-term loans	7,585,124	7,094,804	(1,854,323)
(Decrease) increase in customers' deposits	(40,954)	(883)	43,571
Decrease in minority interests	1,193,120	(22,226)	(17,346)
Increase (decrease) in other liabilities	32,219	(39,079)	(36,178)
Payments of directors' and supervisors' remuneration	(60,214)	(58,891)	(54,779)
Payments of employees' bonuses	(60,214)	(117,782)	(164,337)
Payments of cash dividends	(2,339,383)	(1,894,900)	(2,005,192)
Payments of treasury stock	—	(58,543)	(178,004)
Decrease in treasury stock	71,125	—	1,683,968
Net cash provided by (used in) financing activities	11,160,483	2,954,495	(2,743,148)
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY HOLDINGS	(1,816)	5,419	10,868
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	349,602	228,349	(531,430)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,073,177	2,422,779	2,651,128
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,422,779	$ 2,651,128	$ 2,119,698
Supplemental disclosures of cash flow information			
1. Interest paid (not including capitalised interest)	$ 1,864,539	$ 2,133,257	$ 1,692,881
2. Income taxes paid	$ 29,189	$ 89,544	$ 178,263
3. Fair value of the subsidiaries on the date of acquisition during the period:			
Uni-President Glass Industrial Co., Ltd.			
Cash balance	$ —	$ 5,256	$ —
Total price for acquiring Uni-President Glass Industrial Co., Ltd. (Based on 100% ownership)	$ —	$ 397,366	$ —
Less: Cash balance of Uni-President Glass Industrial Co., Ltd. (Based on 100% ownership)	—	(5,256)	—
Cash payment for acquiring of Uni-President Glass Industrial Co., Ltd. (Based on 100% ownership)	$ —	$ 392,110	$ —

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS — (Continued)

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
(2)Kai Nan Investment Co., Ltd.			
Cash balance	$ 600,000	$ —	$—
Total price for acquiring Kai Nan Investment Co., Ltd. (Based on 100% ownership)	$ 600,000	$ —	$—
Less: Cash balance of Kai Nan Investment Co., Ltd. (Based on 100% ownership)	(600,000)	—	—
Cash payment for acquiring of Kai Nan Investment Co., Ltd. (Based on 100% ownership)	$ —	$ —	$—
(3)U-Chains Enterprises Corp.			
Cash balance	$ 42,850	$ —	$—
Inventories	43,260	—	—
Property, plant and equipment	221,272	—	—
Accounts payable	(73,976)	—	—
Total	$ 233,406	$ —	$—
Total price for acquiring U-Chains Enterprises Corp. (Based on 100% ownership)	$ 214,830	$ —	$—
Less: Cash balance of U-Chains Enterprises Corp. (Based on 100% ownership)	(42,850)	—	—
Cash payment for acquiring of U-Chains Enterprises Corp. (Based on 100% ownership)	$ 171,980	$ —	$—
(4)Uni-President Dream Parks Corp.			
Cash balance	$ 31,000	$ —	$—
Total price for acquiring Uni-President Dream Parks Corp. (Based on 100% ownership)	$ 31,000	$ —	$—
Less: Cash balance of Uni-President Dream Parks Corp. (Based on 100% ownership)	(31,000)	—	—
Cash payment for acquiring of Uni-President Dream Parks Corp. (Based on 100% ownership)	$ —	$ —	$—
(5)President Digital Network Corp.			
Cash balance	$ 65,000	$ —	$—
Total price for acquiring President Digital Network Corp. (Based on 92% ownership)	$ 59,800	$ —	$—
Less: Cash balance of President Digital Network Corp. (Based on 92% ownership)	(59,800)	—	—
Cash payment for acquiring of President Digital Network Corp. (Based on 92% ownership)	$ —	$ —	$—
(6)Uni-President Oven Bakery Corp.			
Cash balance	$ 180,000	$ —	$—
Total price for acquiring Uni-President Oven Bakery Corp. (Based on 60% ownership)	$ 108,000	$ —	$—
Less: Cash balance of Uni-President Oven Bakery Corp. (Based on 60% ownership)	(108,000)	—	—
Cash payment for acquiring of Uni-President Oven Bakery Corp. (Based on 60% ownership)	$ —	$ —	$—
4. Fair value of the subsidiaries on the date of disposal during the period:			
(1) Tone Chu Enterprises Corp.			
Cash balance	$ —	$ 22,047	$—
Total proceeds from sale of Tone Chu Enterprises Corp. (Based on 51% ownership)	$ —	$ 21,051	$—
Less: Cash balance of Tone Chu Enterprises Corp. (Based on 51% ownership)	—	(11,244)	—
Proceeds from sale of Tone Chu Enterprises Corp. (Based on 51% ownership)	$ —	$ 9,807	$—

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UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS — (Continued)

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
(2) Mech-President Corp.			
Cash balance	$ —	$ 38,277	$ —
Total proceeds from sale of Mech-President Corp. (Based on 47.3% ownership)	$ —	$ 85,283	$ —
Less: Cash balance of Mech-President Corp. (Based on 47.3% ownership)	$ —	(18,105)	$ —
Proceeds from sale of Mech-President Corp. (Based on 47.3% ownership)	$ —	$ 67,178	$ —
(3) Retail Support International Corp.			
Cash balance	$ —	$ 1,272	$ —
Total proceeds from sale of Retail Support International Corp. (Based on 31% ownership)	$ —	$ 237,180	$ —
Less: Cash balance of Retail Support International Corp. (Based on 31% ownership)	—	(394)	—
Proceeds from sale of Retail Support International Corp. (Based on 31% ownership)	$ —	$ 236,786	$ —
(4) Uni – President Oven Bakery Corp.			
Cash balance	$ —	$ 16,617	$ —
Total proceeds from sale of Uni – President Oven Bakery Corp. (Based on 20% ownership)	$ —	$ 38,584	$ —
Less: Cash balance of Uni – President Oven Bakery Corp. (Based on 20% ownership)	—	(3,323)	—
Proceeds from sale of Uni – President Oven Bakery Corp. (Based on 20% ownership)	$ —	$ 35,261	$ —
(5) San – President Enterprises Corp.			
Cash balance	$ 95,853	$ —	$ —
Total proceeds from sales of San – President Enterprises Corp. (Based on 99.83% ownership)	$ 95,853	$ —	$ —
Less: Cash balance of San – President Enterprises Corp. (Based on 99.83% ownership)	(95,690)	—	—
Proceeds from sales of San – President Enterprises Corp. (Based on 99.83% ownership)	163	—	—
(6) President Chain Store Corp.			
Cash balance	$ 490,013	$ —	$ —
Total proceeds from sales of President Chain Store Corp. (Based on 4.64% ownership)	$ 2,508,898	$ —	$ —
Less: Cash balance of President Chain Store Corp. (Based on 4.64% ownership)	(22,737)	—	—
Proceeds from sales of President Chain Store Corp. (Based on 4.64% ownership)	$ 2,486,161	$ —	$ —
Investing and financing activities with partial cash payment			
1. Purchase of long-term investments	$20,069,173	$ 5,876,072	$4,886,780
Add: Notes payable, beginning of year	159,985	—	—
Other payables, beginning of year	—	—	1,497,409
Less: Other payables, end of year	—	(1,497,409)	—
Cash paid for purchase of long-term investments	$20,229,158	$ 4,378,663	$6,384,189

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UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS — (Continued)

Years ended December 31,
(Expressed in Thousands of New Taiwan Dollars)

	2000	2001	2002
2. Sales of long-term investments	$5,087,277	$ 7,275,527	$5,098,638
Add: Other payables, beginning of year	—	—	1,060,417
Less: Other payables, end of year	—	(1,060,417)	—
Proceeds from sales of long-term investments	$5,087,277	$ 6,215,110	$6,159,055
3. Purchase of property, plant and equipment, assets held for lease and other assets	$4,607,408	$ 3,804,375	$3,017,016
Plus: Notes payable, beginning of year	31,629	—	—
Other payables, beginning of year	423,301	516,483	223,536
Long-term payables, beginning of year	232,761	222,242	210,444
Less: Other payables, end of year	(516,483)	(223,536)	(112,817)
Long-term payables, end of year	(222,242)	(210,444)	(201,679)
Cash paid for purchase of property, plant and equipment, assets held for lease and other assets	$4,556,374	$ 4,109,120	$3,136,500
Investing or financing activities with no cash flow effect			
1. Provision (reversal of provision) for loss on decline in market value of short-term investments which were reclassified as treasury stock	$ 28,817	$ 608,702	
2. Long-term investments transferred to treasury stock	$ 4,030	$ —	$1,260,735

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

See the report of independent accountants dated April 2, 2003.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000, 2001 and 2002
(Expressed in Thousands of New Taiwan Dollars, Except as Otherwise Indicated)

Note 1. HISTORY AND ORGANISATION

(1) Uni-President Enterprises Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China in August 1967 with initial capital of $32,000. As of December 31, 2002, authorised and issued outstanding capital amounted to $34,422,458, consisted of 3,442,246,000 shares of common stock at $10 (in dollars) par value per share. The Company primarily engages in the manufacture, processing and sales of various soft drinks, foods, flour and animal feeds.

The common shares of the Company have been listed on the Taiwan Stock Exchange since December 1987.

(2) Name of consolidated subsidiaries, their major business activities and percentage owned by the Company

Name of subsidiaries	Major business activities	Percentage owned by the Company		
		2000	2001	2002
Cayman President Holding Ltd. (Note 1)	General Investing	100.00%	100.00%	100.00%
Nanlien International Corp.	Trading	99.99%	99.99%	99.99%
President International Development Corp.	Development and management of shopping malls	58.50% (Note2)	58.50% (Note2)	58.50% (Note2)

(Note 1) The consolidated entities of Cayman President Holding Ltd. were changed due to a change of its consolidated subsidiaries in the consolidated financial statements of Cayman President Holding Ltd. as of December 31, financial 2002. Accordingly, Cayman President Holding Ltd. and the Company restated their respective consolidated financial statements for the years ended December 31, 2000 and 2001.

(Note 2) As of December 31, 2000, 2001 and 2002, 0%, 0.67% and 0.67% of President International Development Corp. was owned by Nanlien International Corp..

(3) Non-consolidated subsidiaries

Name of subsidiaries	Percentage owned by the Company			Reason for non-consolidation
	December 31, 2000	December 31, 2001	December 31, 2002	
President International Trade and Investment Corp.	100.00%	100.00%	100.00%	(Note 1)
Kai Nan Investment Co., Ltd.	100.00%	100.00%	100.00%	(Note 1)
Kai Yu Investment Co., Ltd.	100.00%	100.00%	100.00%	(Note 1)
President Global Corp.	100.00%	100.00%	100.00%	(Note 1)
Uni-President Glass Industrial Co., Ltd.	—	100.00%	100.00%	(Note 1)
U-Chains Enterprises Corp.	100.00%	100.00%	100.00%	(Note 1)
Tone Sang Construction Corp.	100.00%	100.00%	100.00%	(Note 1)
Uni-President Dream Parks Corp.	100.00%	100.00%	100.00%	(Note 1)
President Baseball Team Corp.	100.00%	100.00%	100.00%	(Note 1)
President Digital Net work Corp.	92.00%	100.00%	100.00%	(Note 1)
President Natural Industrial Corp.	74.85%	74.85%	74.85%	(Note 1)
President Entertainment Corp.	61.80%	61.80%	61.80%	(Notes 1 and 2)
Parabola Creative Inc.	51.00%	60.00%	60.00%	(Note 1)
President Pharmaceutical Corp.	73.74%	73.74%	53.74%	(Note 1)
President Nisshin Corp.	51.00%	51.00%	51.00%	(Note 1)
Ton Yi Pharmaceutical Corp.	51.00%	51.00%	51.00%	(Note 1)
President Fair Development Corp.	50.00%	50.00%	42.86%	(Notes 1 and 2)
Uni-President Oven Bakery Corp.	60.00%	40.00%	40.00%	(Note 3)
Retail Support International Corp.	51.00%	20.00%	20.00%	(Note 3)
Mech-President Corp.	67.30%	20.00%	20.00%	(Note 3)
Tone Chu Enterprises Corp.	51.00%	—	—	(Note 3)

(Note 1) Such majority owned subsidiary's total assets and total operating revenues constitute less than 10% of the respective non-consolidated accounts of the Company.

(Note 2) As of December 31, 2002, 38.20% of President Entertainment Corp. and 42.85% of President Fair Development Corp. were owned by President International Development Corp..

(Note 3) The Company's equity ownerships in these investee companies have been reduced to below 50.00% since 2001. Accordingly, these investee companies were not consolidated in the 2001 and 2002 financial statements and the 2000 consolidated financial statements were restated.

(4) Adjustment for different accounting period of subsidiaries: None.

(5) Special operating risk on foreign subsidiaries: None.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Principles of consolidation

The consolidated financial statements include all majority owned subsidiaries, except for subsidiaries with total assets and operating revenues constituting less than 10% of the Company's respective non-consolidated accounts. Irrespective of the above test, if the combined operating revenues or total assets of all such non-consolidated subsidiaries exceed 30% of the Company's respective non-consolidated accounts, then each individual subsidiary with total assets or operating revenue greater than 3% of the Company's respective non-consolidated accounts is consolidated.

The consolidated financial statements are prepared in accordance with R.O.C. FASB. No. 7, "Consolidated Financial Statements," and all intercompany transactions have been eliminated.

2. Foreign currency transactions and translation

The Company and its consolidated subsidiaries maintain their accounts in New Taiwan dollars, except that the accounts of Cayman President Holding Ltd. are maintained in US dollars. Foreign currency transactions, except for derivative financial instruments, are measured and recorded in their functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into their functional currencies at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses are included in the current year's net income.

3. Foreign currency forward contracts

Forward exchange contracts entered into for hedging purposes are measured based on the spot rate at the date of inception of the contract. Discount or premium on the forward contract arising from the difference between the contracted forward rate and spot rate at the date of inception of the contract is amortised over the life of the contract. For those designated as hedges of foreign currency fluctuation arising from the net investments in foreign entities, gains or losses on which are reported as "translation adjustments", a separate component of stockholders' equity. Gains or losses on a forward exchange designated to hedge an identifiable foreign currency commitment are deferred until the related transaction occurs and are included in the measurement of the related foreign currency transaction as an adjustment to the transaction price. However, losses are not deferred if it is expected that deferral would lead to recognising losses in later accounting periods. If the amount of a forward exchange contract exceeds the amount of the related commitment, the gain or loss (net of tax) pertaining to the excess portion is included in the current net income.

4. Cash equivalent

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risk of change in value because of changes in interest rates.

5. Short-term investments

Short-term investments are stated at the lower of cost or market value. Cost is determined using the weighted average method. Any excess of aggregate cost over the market value is recognised in the current period. Subsequent recovery in market value is recognised to the extent of the original cost and is reflected as non-operating income.

6. Allowance for doubtful accounts

Allowance for doubtful accounts is determined based on historical experience of occurrence of bad debts and evaluation of the collectibility and the aging of accounts receivable, notes receivable and other receivables.

7. Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the weighted average method (the Company used the first-in-first-out "FIFO" method prior to January 1, 2002) except for livestock, which was based on the cost less allowance for decline in value. The cost of livestock is amortised over the actual breeding and production periods. Market value for raw materials, raw materials in transit and supplies is based on the replacement cost, and market values for merchandise, work in process, livestock in process, finished goods and by products, is based on net realisable value. Appropriate consideration is given to deterioration, obsolescence and other factors in evaluating allowance for inventory obsolescence.

The subsidiaries adopt the same accounting principle for inventories as the Company except for the following companies:

Subsidiaries	Accounting Principle
Hong Kong President Holdings Limited	FIFO
President Enterprises (China) Investment Co., Ltd.	FIFO
Uni-President (Thailand) Limited	FIFO
Uni-President International (HK) Company Limited	FIFO
Uni-President (Philippines) Corp.	FIFO
Zhangjiagang President Nisshin Food Co., Ltd.	FIFO
RFM President Enterprises Corporation.	FIFO

8. Long-term investments

Long-term investments in which ownership interest exceeds 20%, or in which the Company has the ability to exercise significant influence, are accounted for using the equity method. The difference between the acquisition cost and the Company's share of the investee company's net book value on the date of acquisition is capitalised and amortised over a period of five years.

Long-term investments in which the Company owns less than 20% of the investee company's voting rights, and in which the Company has no ability to exercise significant influence, are stated at the lower of cost or market value for listed companies and at cost for unlisted companies. The market value of listed companies is

determined by the average closing price of the last month during the accounting period and the unrealised loss on decline in market value is recorded under the stockholders' equity. If it becomes evidently clear that there has been a permanent impairment in value and the chance of recovery is minimal, then loss on decline in market value is recognised in the current period.

"Cumulative Translation Adjustment" resulting from translation of all assets and liabilities of the foreign investee companies, which are accounted for using the equity method, are recognised proportionally based on the percentage of ownership of the Company and are reflected in the stockholders' equity account.

9. Property, plant and equipment, assets held for lease, idle assets and other assets

Property, plant and equipment, assets held for lease, idle assets and other assets are stated at either cost or cost plus appraisal increments. Interest incurred in connection with the purchase or construction required to bring the assets to the condition and location for their intended use is capitalised. Major renewals, betterments and additions are capitalised. Maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated economic useful lives of depreciable assets. Fully depreciated assets still in use are depreciated based on the residual value over the estimated remaining useful lives. The useful lives of major depreciable assets are: buildings 2-55 years, other assets 2-30 years.

When an asset is sold or retired, the cost and accumulated depreciation are removed from respective accounts and any gain or loss on disposal of property, plant and equipment, assets held for lease, idle assets and other assets is recorded as non-operating income or expenses. Prior to December 31, 2001, disposal gains, net of applicable income tax, were required to be transferred to capital reserve in the current year. Effective January 1, 2002, such requirement was removed and the gains are no longer required to be transferred to capital reserve.

Idle fixed assets are stated at the lower of book value or net realisable value and are reclassified as other assets. The difference between the book value and net realisable value is recorded as a loss in the current period. Depreciation expense recognised for the period is recorded as non-operating expenses.

10. Intangible assets

Trademarks are stated at cost and amortised on the straight-line basis over the estimated useful life of 10 years. Land occupancy right is stated at cost and amortised on the straight-line basis over the contract period of 50 years.

11. Deferred expenses

The Company leases its dairy and juice packing machines. The minimum advance rental payments are amortised over 12 years, the estimated economic lives of the packing machines. The incremental rent paid quarterly or based on unit-of-production is recorded as current expense.

Other deferred expenses are amortised over a period of 3-10 years.

12. Retirement plan and net periodic pension cost

The Company and its consolidated subsidiaries, Nanlien International Corp. and President International Development Corp., have their respective non-contributory and funded defined benefit retirement plans covering all regular employees. Monthly contribution is deposited into the respective independently administrated retirement trust funds.

R.O.C. FAS No. 18, "Accounting for Pension " was adopted to account for pension expenses. Net periodic pension cost includes service cost, interest cost, expected return on plan assets, amortisation of unrecognised prior service cost, amortisation of unrecognised loss and amortisation of unamortised net transition assets (obligations).

The subsidiary, Cayman President Holdings Ltd., is operated by the Company's employees and hence it does not have its own employees. Accordingly, Cayman President Holdings Ltd. does not have a retirement plan in place.

13. Treasury stock

The cost of treasury stock acquired by the Company and its subsidiaries are accounted for under the weighted average method. The treatments are as follows :

(1) Acquisition: shares purchased are based on the cost; shares donated are based on the fair value.

(2) Disposal: if the disposal value is higher than the cost, any excess is recorded as capital reserve—treasury stock; if the disposal value is lower than the cost, the difference is first charged against capital reserve—treasury stock; any deficiency is charged against retained earnings.

(3) Retirement: The cost is charged against treasury stock, and the related additional paid-in capital and common stock. If the cost of the treasury stock is higher than the sum of the par value and the additional paid-in capital, the difference is charged against capital reserve-treasury stock; any deficiency is charged against retained earnings; if the cost of the treasury stock is lower than the sum of par value and the additional paid – in capital, the difference is credited to capital reserve—treasury stock.

Effective January 1, 2002, the Company adopted R.O.C FAS No. 30, "Accounting for Treasury Stock" and accordingly began to treat the Company's stocks held by the subsidiaries as treasury stock when recognising investment income or loss and when preparing the consolidated financial statements.

14. Income tax

The Company adopted R.O.C. FAS No. 22, "Accounting for Income Tax", whereby income tax is provided based on accounting income after adjusting for permanent differences. The tax effect of taxable temporary differences was recorded as a deferred tax liability; while the tax effect of deductible temporary differences, net operating loss carry forwards and income tax credits were recorded as deferred tax assets. A valuation

allowance is provided for deferred tax assets to the extent that it is more likely than not that the tax benefits will not be realised. Deferred tax assets or liabilities are classified into current or non-current items in accordance with the nature of the balance sheet accounts or the period realisation is expected. Adjustments of prior years' income tax liabilities are included in the current year's income tax expense.

The Company adopted R.O.C FAS No. 12, "Accounting for Income Tax Credits", whereby investment tax credits from the purchase of machinery and equipment, research and development expenditures, training expenditures and equity investments are recognised as incurred.

Except for Cayman President Holding Ltd., the additional 10% corporate income tax on earnings of the Company and its consolidated subsidiaries derived on or after January 1, 1998, which are not distributed in the following year, is included in the income tax expense in the year when the shareholders approve the resolution to retain the earnings.

15. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue, cost of revenue and expenses during the reporting period. Actual results could differ from those estimates.

16. Revenues, costs and expenses

Revenues are recognised when the earning process is completed and realised or realisable; costs and expenses associated with the revenues are recorded as incurred.

17. amortisation of excess between cost and book value acquired

The difference between the investment cost and the Company's equity shares of the subsidiaries' net book value at the investment date is amortised over a five year period.

Note 3. CHANGES IN ACCOUNTING PRINCIPLES

1. Effective January 1, 2002, the Company changed the method of accounting for certain inventory costs from the FIFO method to the weighted average method, which was approved under SFC Ruling (2001) Tai-Tsai-Cheng (6) No. 176690. The net cumulative effect of this change in accounting principle amounted to $7,810, which was included in net income for the year ended December 31, 2002.

2. Effective January 1, 2002, the Company adopted R.O.C FAS No. 30, "Accounting for Treasury Stock" and accordingly began to treat the Company's stocks held by the subsidiaries as treasury stock when recognising investment income or loss and when preparing the financial statements. As a result of this change in accounting principle, net income decreased by $126,998 for the year ended December 31, 2002.

Note 4. DETAILS OF SIGNIFICANT ACCOUNTS

1. CASH AND CASH EQUIVALENTS

	December 31, 2000	December 31, 2001	December 31, 2002
Cash:			
Cash on hand	$ 45,406	$ 34,534	$ 47,188
Checking deposits	14,947	71,731	60,397
Demand deposits	1,756,517	1,785,234	1,717,959
Time deposits	578,092	716,141	269,088
	2,394,962	2,607,640	2,094,632
Cash equivalents:			
Commercial papers	27,817	43,488	25,066
	$2,422,779	$2,651,128	$2,119,698

2. SHORT-TERM INVESTMENTS

	December 31, 2000	December 31, 2001	December 31, 2002
Mutual funds	$ 4,689	$4,761,254	$1,546,015
Common stocks of listed companies	1,860,456	1,507,655	1,278,385
Convertible bonds	—	186,000	117,838
Government bonds	599,725	288,130	—
	2,464,870	6,743,039	2,942,238
Less: Valuation allowance	(942,368)	(678,734)	(425,744)
	$1,522,502	$6,064,305	$2,516,494

3. NOTES RECEIVABLE, NET

	December 31, 2000	December 31, 2001	December 31, 2002
Notes receivable	$979,694	$971,970	$1,045,118
Less: Allowance for doubtful accounts	(23,279)	(76,204)	(81,799)
	$956,415	$895,766	$ 963,319

4. ACCOUNTS RECEIVABLE, NET—THIRD PARTIES

	December 31, 2000	December 31, 2001	December 31, 2002
Accounts receivable	$1,580,520	$1,717,702	$2,243,939
Less: Allowance for doubtful accounts	(178,541)	(179,104)	(235,365)
	$1,401,979	$1,538,598	$2,008,574

5. INVENTORIES

	December 31, 2000	December 31, 2001	December 31, 2002
Merchandise	$1,649,910	$ 695,260	$ 976,873
Raw materials	1,188,204	1,337,845	1,549,900
Raw materials in transit	322,800	438,459	596,511
Supplies	490,441	472,544	386,331
Work in process	161,651	213,314	167,872
Livestock in process	107,243	82,190	12,495
Finished goods	1,183,967	1,098,917	1,014,813
Livestock	151,337	85,450	25,509
Less: Allowance for decline in value of livestock	(49,620)	(40,059)	(11,801)
By-products	77	452	892
	5,206,010	4,384,372	4,719,395
Less: Provision for price decline in market value and obsolescence of inventories	(124,119)	(250,792)	(255,342)
	$5,081,891	$4,133,580	$4,464,053

6. LONG-TERM INVESTMENTS

(1) Details of long-term investments

Name of investees	December 31, 2000 Amount	December 31, 2000 Percentage of ownership	December 31, 2001 Amount	December 31, 2001 Percentage of ownership	December 31, 2002 Amount	December 31, 2002 Percentage of ownership
Accounted for under the equity method:						
President (BVI) International Investment Holdings Ltd. (Note 1)	$ 3,029,155	100.00%	$ 5,070,297	100.00%	$ 5,338,103	100.00%
President International Trade and Investment Corp. (Note 1)	1,757,873	100.00%	1,399,024	100.00%	2,832,231	100.00%
President Life Sciences Co. Ltd. (Note 1)	1,557,768	100.00%	1,507,920	100.00%	1,353,464	100.00%
President Entertainment Corp. (Note 1)	1,582,386	100.00%	1,432,997	100.00%	1,303,582	100.00%
President Fair Development Corp. (Note 1)	3,214,123	100.00%	3,113,207	100.00%	3,151,419	85.72%
President Chain Store Corp.	5,334,194	45.37%	6,624,385	44.28%	5,487,271	44.59%
Ton Yi Industrial Corp.	7,831,792	43.34%	7,296,883	43.34%	7,169,548	43.34%
President Securities Corp.	3,626,783	23.47%	4,047,060	25.50%	4,129,476	26.48%
Presicarre Corp.	2,538,778	40.00%	2,213,302	30.50%	1,720,861	20.50%
Toppoly Optoelectronics Inc. (Note 2)	5,381,306	24.17%	5,437,219	24.17%	4,707,514	19.69%
Others (less than 2%) (Notes 1 and 2)	11,154,315	14.28% ~ 100.00%	10,787,186	10.00% ~ 100.00%	11,953,021	10.00%~100.00%
	47,008,473		48,929,480		49,146,490	
Accounted for under the cost method:						
New Century Info-Comm. Co., Ltd.	3,800,000	8.82%	3,800,000	8.82%	3,800,000	8.82%
Others (less than 2%)	5,841,898	0.06% ~ 15.00%	6,069,944	0.06% ~ 18.06%	5,234,574	0.02%~19.00%
	9,641,898		9,869,944		9,034,574	
	56,650,371		58,799,424		58,181,064	
Less: allowance for excess of cost over market value of long-term investments	(158,399)		(156,270)		(45,472)	
	$56,491,972		$58,643,154		$58,135,592	

(2) Credit balance of long-term investments (recorded as other liabilities)

Name of investees	December 31, 2000 Amount	December 31, 2000 Percentage of ownership	December 31, 2001 Amount	December 31, 2001 Percentage of ownership	December 31, 2002 Amount	December 31, 2002 Percentage of ownership
Accounted for under the equity method:						
Nella Limited (Note 1)	$13,709	100.00%	$17,695	100.00%	$ 68,397	100.00%
Prospect Top Developments Limited	36,652	20.00%	38,216	20.00%	50,226	20.00%
Latin America Development Co., Ltd. (Note 2)	—	—	—	—	4,325	7.14%
Cargill Holdings President Pte Ltd.	—	—	1,493	50.00%	—	—
	$50,361		$57,404		$122,948	

(Note 1) Total assets and total operating revenues of each of these majority owned subsidiaries constituted less than 10% of the Company's respective non-consolidated accounts. In addition, total assets and operating revenues of all of these subsidiaries constituted less than 30% of the respective non-consolidated accounts of the Company. Accordingly, these subsidiaries were not consolidated.

(Note 2) Investments in Topply Optoelectronics Inc., Allianz President Life Insurance Co., Ltd., Latin America Development Co. Ltd. and President Information Corp. are accounted for under the equity method due to the Company's ability to exercise significant influence over the investees, even though the Company's ownership in these investee companies was less than 20%.

(3) Long-term investment loss accounted for under the equity method of $1,001,386, $562,061 and $1,704,321 was based on the audited financial statements of the investee companies in 2000, 2001 and 2002, respectively.

(4) Impairment loss resulting from decline in market value of $0, $167,989 and $45,026 was recognised in 2000, 2001 and 2002, respectively, which was due to it became evidently clear that there was a permanent impairment in value and the chance of recovery was minimal, then loss on decline in market value was recognised in the current period.

(5) As of December 31, 2001, Kai Yu Investment Co., Ltd. and President International Development Corp., the Company's wholly owned subsidiaries held 60,665,000 shares (cost $1,446,163) and 72,370,000 shares (cost $1,720,417), respectively, of the Company's common stock and with book value of $23.84 (in dollars) and $23.77 (in dollars) per share, respectively. In accordance with R.O.C FAS NO. 30 "Accounting for Treasury Stock", the Company recognised the treasury stock cost of $1,260,735 based on the Company's stock market price of $12.24 (in dollars) per share as of December 31, 2001 and its equity ownership in above-mentioned subsidiaries. In 2002, Kai Yu investment Co., Ltd. and President International Development Corp. sold the Company's common stock at the average price of $13.36 (in dollars) and $13.51 (in dollars) per share, respectively. As of December 31, 2002, Kai Yu Investment Co., Ltd. and President International Development Corp., did not hold any of the Company's common stock.

7. PROPERTY, PLANT AND EQUIPMENT, NET

(1) As of December 31, 2000, 2001 and 2002, revalued cost and accumulated depreciation of property, plant and equipment are listed as follows:

	December 31, 2000		December 31, 2001		December 31, 2002	
Assets	Revalued cost	Accumulated depreciation	Revalued cost	Accumulated depreciation	Revalued cost	Accumulated depreciation
Land	$2,215,507	$ —	$2,215,507	$ —	$2,215,507	$ —
Buildings	135,239	1,544,112	136,797	1,838,495	127,798	2,021,827
Machinery and equipment	66,399	5,616,893	64,684	6,644,067	61,511	7,476,644
Electrical installations	10,511	397,249	8,725	442,632	8,342	487,457
Transportation equipment	1,178	323,702	1,178	310,551	1,178	324,850
Furniture and fixtures	331	1,583,779	300	1,680,598	293	1,767,411
Leased property	—	61,685	—	79,199	—	97,216
Leasehold improvement	—	98,124	—	85,284	—	96,698
Other equipment	32,828	1,956,028	29,885	2,212,421	25,707	2,537,355
	$2,461,993	$11,581,572	$2,457,076	$13,293,247	$2,440,336	$14,809,458

(2) In the years 1975, 1979, 1981, 1983, 1990 and 1995, the Company revalued certain property, plant and equipment (including assets held for lease and idle assets) in accordance with the Regulations for the Revaluation of Assets in the Republic of China. Total amount of appraisal increments credited to capital reserve, net of applicable tax, was $1,984,813. The balance of capital reserve arising from asset appraisal increments was $504,186, $452,131 and $452,131 as of December 31, 2000, 2001 and 2002, respectively.

(3) The balance of the provision for asset appraisal increments tax on December 31, 2000, 2001 and 2002 was $1,291,857, $1,291,803 and $1,291,803, respectively.

(4) Interest expenses before capitalisation, interest capitalised and interest rates range in 2000, 2001 and 2002 were $2,059,114, $219,570, 6.18%~6.90%, $2,434,023, $211,729, 5.04%~5.58%, and $1,905,579, $164,987, 4.03%~5.58%, respectively.

(5) As of December 31, 2000, 2001 and 2002, the Company owned certain agriculture land in the amount of $59,304 for expansion of plant facilities. This land has yet to be rezoned for industrial purposes, accordingly, the land title has not been officially transferred to the Company. However, the Company has secured the land deeds and other ownership documents.

(6) Leased property

The terms of the major leased properties are summarised below:

A. Upon the expiration of the lease contracts, the title of the leased properties under capital leases will be transferred to the Company at no additional cost.

The rental payments and the leased properties are listed below:

Category of property	Present value based on the implicit interest rate	Period
Buildings, electrical installations and other equipment	$240,904	8.1997-7.2012 180 equal monthly instalments
Buildings	13,536	1.1998-8.2005 92 equal monthly instalments
Transportation equipment	4,830	5.2002-4.2007 60 equal monthly instalments
	$259,270	

B. As of December 31, 2002, total amount of future rental payments and their present value are listed as follows:

	Present value of future rental payments	Total future rental payments
2003	$ 32,578	$ 35,381
2004	30,347	36,012
2005	26,744	34,947
2006	22,840	32,659
2007	20,238	31,238
2008 and thereafter	68,932	141,847
	201,679	$312,084
Less: Liabilities under capital lease within one year	(32,578)	
Long-term liabilities under capital lease (classified as long- term payables)	$169,101	

8. ASSETS HELD FOR LEASE

	Cost			Accumulated depreciation			
December 31, 2000	**Historical cost**	**Revaluation**	**Total**	**Historical cost**	**Revaluation**	**Total**	**Book value**
Land	$ 204,960	$215,383	$ 420,343	$ —	$ —	$ —	$ 420,343
Buildings	629,869	13,573	643,442	(185,986)	(11,503)	(197,489)	445,953
Machinery and equipment	420	—	420	(156)	—	(156)	264
Electrical installations	31,255	—	31,255	(17,158)	—	(17,158)	14,097
Furniture and fixtures	2,388	—	2,388	(1,999)	—	(1,999)	389
Other equipment	277,215	4,299	281,514	(115,270)	(4,297)	(119,567)	161,947
	$1,146,107	$233,255	$1,379,362	$(320,569)	$(15,800)	$(336,369)	$1,042,993
December 31, 2001							
Land	$ 231,835	$215,383	$ 447,218	$ —	$ —	$ —	$ 447,218
Buildings	636,820	14,075	650,895	(217,655)	(12,399)	(230,054)	420,841
Machinery and equipment	420	—	420	(203)	—	(203)	217
Electrical installations	31,255	—	31,255	(20,059)	—	(20,059)	11,196
Furniture and fixtures	2,221	—	2,221	(2,002)	—	(2,002)	219
Other equipment	277,930	4,299	282,229	(144,486)	(4,297)	(148,783)	133,446
	$1,180,481	$233,757	$1,414,238	$(384,405)	$(16,696)	$(401,101)	$1,013,137
December 31, 2002							
Land	$ 107,584	$215,383	$ 322,967	$ —	$ —	$ —	$ 322,967
Buildings	531,601	14,075	545,676	(203,624)	(12,616)	(216,240)	329,436
Machinery and equipment	420	—	420	(250)	—	(250)	170
Electrical installations	30,172	—	30,172	(22,160)	—	(22,160)	8,012
Furniture and fixtures	3,709	—	3,709	(2,785)	—	(2,785)	924
Other equipment	180,674	4,299	184,973	(120,325)	(4,297)	(124,622)	60,351
	$ 854,160	$233,757	$1,087,917	$(349,144)	$(16,913)	$(366,057)	$ 721,860

(1) Rental revenues in 2000, 2001 and 2002 were $193,569, $210,581 and $152,842, respectively.

(2) The Company revalued certain assets held for lease in accordance with the Regulations for the Revaluation of Assets in the Republic of China. Please refer to Note 4(7) PROPERTY, PLANT AND EQUIPMENT, NET.

9. IDLE ASSETS

	Cost			Accumulated depreciation			
December 31, 2000	**Historical cost**	**Revaluation**	**Total**	**Historical cost**	**Revaluation**	**Total**	**Book value**
Land	$ 178,825	$35,477	$ 214,302	$ —	$ —	$ —	$214,302
Buildings	122,938	3,357	126,295	(52,295)	(2,555)	(54,850)	71,445
Machinery and equipment	385,611	514	386,125	(223,378)	(514)	(223,892)	162,233
Electrical installations	7,263	—	7,263	(7,222)	—	(7,222)	41
Furniture and fixtures	1,798	—	1,798	(1,348)	—	(1,348)	450
Other equipment	33,423	180	33,603	(27,427)	(180)	(27,607)	5,996
	$ 729,858	$39,528	$ 769,386	$(311,670)	$ (3,249)	$(314,919)	$454,467
December 31, 2001							
Land	$ 201,030	$35,284	$ 236,314	$ —	$ —	$ —	$236,314
Buildings	141,688	1,297	142,985	(61,313)	(1,225)	(62,538)	80,447
Machinery and equipment	394,417	526	394,943	(240,728)	(526)	(241,254)	153,689
Electrical installations	7,472	—	7,472	(7,356)	—	(7,356)	116
Furniture and fixtures	4,903	—	4,903	(4,685)	—	(4,685)	218
Other equipment	26,466	394	26,860	(23,024)	(394)	(23,418)	3,442
	$ 775,976	$37,501	$ 813,477	$(337,106)	$ (2,145)	$(339,251)	$474,226
December 31, 2002							
Land	$ 205,834	$35,284	$ 241,118	$ —	$ —	$ —	$241,118
Buildings	235,428	10,296	245,724	(168,196)	(10,168)	(178,364)	67,360
Machinery and equipment	868,304	1,175	869,479	(499,617)	(1,175)	(500,792)	368,687
Electrical installations	10,898	352	11,250	(10,645)	(352)	(10,997)	253
Furniture and fixtures	4,639	—	4,639	(4,536)	—	(4,536)	103
Other equipment	89,733	4,366	94,099	(75,096)	(4,366)	(79,462)	14,637
	$1,414,836	$51,473	$1,466,309	$(758,090)	$(16,061)	$(774,151)	$692,158

(1) The Company revalued certain idle assets in accordance with the Regulations for the Revaluation of Assets in the Republic of China. Please refer to Note 4(7) PROPERTY, PLANT AND EQUIPMENT, NET.

(2) Nanlien International Corp. has obtained the title for the land with cost of $84,842. However, certain buildings on the land were acquired through auctions. Accordingly, Nanlien International Corp. has not been able to use the land. Nanlien International Corp. filed a lawsuit and the Court's rule was that the Company is entitled to receive annual rent of $189 from the users of those buildings. However, the Company has filed an appeal as the annual rent was considered undervalued. The Company did not accrue the rental income in order to be conservative.

10. INTANGIBLE ASSETS AND DEFERRED EXPENSES (DEFERRED PENSION COST EXCLUDED)

	2000	2001	2002
Beginning balance	$ 976,545	$1,151,633	$1,190,428
Additions	292,310	159,002	175,544
Decreases	(4,705)	(3,535)	(619)
Amortisation	(112,517)	(116,672)	(190,827)
Ending balance	$1,151,633	$1,190,428	$1,174,526

The decreases in 2000, 2001 and 2002 represented purchase allowance of the design of website software and returns of vending machine.

11. LONG-TERM RECEIVABLES, NET

	December 31, 2000	December 31, 2001	December 31, 2002
Long-term notes receivable	$ —	$ 2,215	$ 1,500
Long-term accounts receivable	35,583	44,079	1,357
Employee car loans	37,279	27,658	21,299
	72,862	73,952	24,156
Less: Allowance for doubtful accounts	(28,686)	(33,106)	(2,211)
	$ 44,176	$ 40,846	$21,945

12. SHORT-TERM LOANS

	December 31, 2000	December 31, 2001	December 31, 2002	Collateral or security
Unsecured bank loans	$ 8,644,763	$ 8,439,464	$ 10,964,458	—
Secured bank loans	2,106,177	2,046,906	533,000	Short-term investments, certificate of deposit-restricted, land, buildings, machinery and equipment, and land occupancy right
Repurchase agreement	597,100	273,098	—	—
	$ 11,348,040	$ 10,759,468	$ 11,497,458	
Range of interest rates	1.01%~15%	0.6%~7.61%	0.50%~4.79%	

13. COMMERCIAL PAPERS PAYABLE

	December 31, 2000	December 31, 2001	December 31, 2002	Collateral or security
Commercial papers payable	$ 3,603,000	$ 3,125,000	$ 2,230,000	Short-term investments, long-term investments, land and buildings
Less: Prepaid interest	(34,707)	(6,650)	(10,168)	
	$ 3,568,293	$ 3,118,350	$ 2,219,832	
Range of interest rates	5.33% ~ 6.30%	2.02% ~ 5.70%	1.37% ~ 2.93%	

14. LONG-TERM LOANS

	December 31, 2000	December 31, 2001	December 31, 2002	Collateral or security
Unsecured bank loan	$ 18,652,738	$ 24,009,309	$ 17,615,000	—
Secured bank loans	—	2,000,000	9,762,447	Short-term investments, long-term investments, buildings, machinery and equipment, construction in progress
Note issuance facilities	9,000,000	8,669,602	5,409,190	Long-term investments, land and buildings
	27,652,738	34,678,911	32,786,637	
Less: Prepaid interest	(132,056)	(63,425)	(25,474)	
Current portion of long-term loans	(339,459)	(1,751,100)	(3,619,613)	
	$ 27,181,223	$ 32,864,386	$ 29,141,550	
Range of maturity date	2.10.2001 ~ 10.5.2005	7.21.2002 ~ 11.2.2006	2.12.2003 ~ 9.18.2007	
Range of interest rates	3.00% ~ 7.69%	2.50%~6.65%	1.37%~7.98%	

15. RETIREMENT PLANS

(1) In accordance with the retirement plans of the Company, Nanlien International Corp. and President International Development Corp., an employee may retire when he or she either (i) attains the age of 55 and with 15 years of service, or (ii) has more than 25 years of service, or (iii) has reached the age of 60, or (iv) is unable to work (involuntary retirement). An employee accrues two units of credits for each year of service for the first 15 years, and one unit of credit for each year of service thereafter. Any fraction of a year which is equal to or greater than six months shall

be counted as one year of service, and any fraction of a year which is less than six months shall be counted as half year of service. Each employee can accumulate a maximum of 45 units of credits. Each unit of credit is based on the average of six-month's salaries prior to retirement. Calculation of average salary is in accordance with the Labour Standards Law of the R.O.C.

(2) The Company's and its consolidated subsidiaries contributions to the independent retirement trust fund were $86,163, $604,349 and $497,515 for 2000, 2001 and 2002, respectively. As of December 31, 2000, 2001 and 2002, the Company's retirement fund balance with the Central Trust of China was $1,797,891, $2,412,111 and $2,779,546, respectively.

(3) The net periodic pension costs recognised by the Company and its consolidated subsidiaries, for the periods ended December 31, 2000, 2001 and 2002 consists of the following components:

2000	The Company	Nanlien International Corp.	President International Development Corp.	Total
Service cost	$ 113,230	$ 3,427	$ —	$ 116,657
Interest cost	146,020	3,410	—	149,430
Expected return on plan assets	(110,366)	(577)	—	(110,943)
Amortisation of unrecognised net transition obligations	25,763	590	—	26,353
Net periodic pension cost	$ 174,647	$ 6,850	$ —	$ 181,497
2001				
Service cost	$ 120,319	$ 3,723	$ 478	$ 124,520
Interest cost	152,171	4,164	25	156,360
Expected return on plan assets	(110,127)	(852)	—	(110,979)
Amortisation of unrecognised net transition obligations	25,763	590	7	26,360
Amortisation of the unrecognised plan asset losses	4,365	—	—	4,365
Net periodic pension cost	$ 192,491	$ 7,625	$ 510	$ 200,626
2002				
Service cost	$ 119,421	$ 4,724	$ 870	$ 125,015
Interest cost	137,716	4,003	263	141,982
Expected return on plan assets	(78,248)	(669)	(20)	(78,937)
Amortisation of unrecognised net transition obligations	25,763	590	7	26,360
Amortisation of unrecognised prior service cost	16,276	—	263	16,539
Amortisation of the unrecognised plan asset losses	23,623	1,403	—	25,026
Net periodic pension cost	$ 244,551	$10,051	$1,383	$ 255,985

(4) The Company and its consolidated subsidiaries adopted FAS No.18, "Accounting for Pension". The assumptions used to measure the funded status of the various retirement plans are as follows:

2000	The Company	Nanlien International Corp.	President International Development Corp.
Discount rate	5.75%	5.75%	5.75%
Rate of increase in salary	3.75%	3.25%	4.00%
Expected return rate on plan assets	5.75%	5.75%	5.75%
2001			
Discount rate	4.25%	4.25%	4.25%
Rate of increase in salary	2.82%	3.00%	4.00%
Expected return rate on plan assets	4.00%	4.00%	4.00%
2002			
Discount rate	4.00%	4.00%	4.00%
Rate of increase in salary	2.82%	3.00%	3.50%
Expected return rate on plan assets	3.25%	3.25%	3.25%

(5) The funded status of the plans for 2000, 2001 and 2002 were as follows:

2000	The Company (Note 1)	Nanlien International Corp. (Note 2)	President International Development Corp. (Note 2)	Total
Benefit Obligation:				
Vested benefit obligation	$ (658,686)	$ (3,908)	$ —	$ (662,594)
Non-vested benefit obligation	(1,150,204)	(46,468)	(182)	(1,196,854)
Accumulated benefit obligation	(1,808,890)	(50,376)	(182)	(1,859,448)
Additional benefit based on projected future salaries increase	(837,566)	(22,044)	(249)	(859,859)
Projected benefit obligations	(2,646,456)	(72,420)	(431)	(2,719,307)
Plan assets at fair value	1,915,246	14,822	—	1,930,068
Plan funded status	(731,210)	(57,598)	(431)	(789,239)
Unrecognised net transition obligations	257,628	5,896	100	263,624
Unrecognised plan asset loss	317,029	5,577	—	322,606
Accrued pension liabilities	$ (156,553)	$ (46,125)	$ (331)	$ (203,009)
Minimum liabilities	$ —	$ (35,554)	$ (182)	$ (35,736)
Vested benefit	$ 933,468	$ 3,908	$ —	$ 937,376
2001				
Benefit Obligation:				
Vested benefit obligation	$ (913,275)	$ (11,497)	$ —	$ (924,772)
Non-vested benefit obligation	(1,550,994)	(54,820)	(3,113)	(1,608,927)
Accumulated benefit obligation	(2,464,269)	(66,317)	(3,113)	(2,533,699)
Additional benefit based on projected future salaries increase	(776,117)	(27,867)	(3,081)	(807,065)
Projected benefit obligations	(3,240,386)	(94,184)	(6,194)	(3,340,764)
Plan assets at fair value	1,956,213	16,722	510	1,973,445
Plan funded status	(1,284,173)	(77,462)	(5,684)	(1,367,319)
Unrecognised net transition obligations	231,865	5,307	94	237,266
Unrecognised plan asset loss	187,180	—	4,737	191,917
Unrecognised plan asset loss	583,886	23,454	524	607,864
Additional minimum pension liabilities	—	(894)	(2,274)	(3,168)
Accrued pension liabilities	$ (281,242)	$ (49,595)	$(2,603)	$ (333,440)
Minimum liabilities	$ (508,056)	$ (49,595)	$(2,603)	$ (560,254)
Vested benefit	$ 1,107,031	$ 15,285	$ —	$ 1,122,316
2002				
Benefit Obligation:				
Vested benefit obligation	$(1,068,364)	$ (15,970)	$ —	$(1,084,334)
Non-vested benefit obligation	(1,627,633)	(66,819)	(3,690)	(1,698,142)
Accumulated benefit obligation	(2,695,997)	(82,789)	(3,690)	(2,782,476)
Additional benefit based on projected future salaries increase	(750,825)	(32,742)	(2,882)	(786,449)
Projected benefit obligations	(3,446,822)	(115,531)	(6,572)	(3,568,925)
Plan assets at fair value	1,891,627	23,168	905	1,915,700
Plan funded status	(1,555,195)	(92,363)	(5,667)	(1,653,225)
Unrecognised net transition obligations	206,102	4,717	87	210,906
Unrecognised plan asset loss	170,904	—	4,473	175,377
Unrecognised plan asset loss	760,605	34,732	(223)	795,114
Additional minimum pension liabilities	—	(6,707)	(1,455)	(8,162)
Accrued pension liabilities	$ (417,584)	$ (59,621)	$(2,785)	$ (479,990)
Minimum liabilities	$ (804,370)	$ (59,621)	$(2,785)	$ (866,776)
Vested benefit	$ 1,280,379	$ 20,584	$ —	$ 1,300,963

(Note 1) The measurement dates of the actuarial valuation for the years ended December 31, 2000, 2001 and 2002 were November 30, 2000, 2001 and 2002, respectively.

(Note 2) The measurement dates of the actuarial valuation for the years ended December 31, 2000, 2001 and 2002 were December 31, 2000, 2001 and 2002, respectively.

16. COMMON STOCK

(1) On June 23, 2000, the stockholders at their annual meeting resolved to capitalise capital reserve of $116,969 and unappropriated retained earnings of $2,222,414 as stock dividends which was approved under the SFC Ruling (2000) Tai-Tsai-Cheng (1) No.60239. After the issuance of stock dividends, the total common stock was $31,581,671, consisted of 3,158,167,000 shares of common stock issued and outstanding with par value of $10 (in dollars) per share.

(2) On June 1, 2001, the stockholders at their annual meeting resolved to capitalise capital reserve of $63,163 and unappropriated retained earnings of $1,831,738 as stock dividends which was approved under the SFC Ruling (2001) Tai-Tsai-Cheng (1) No. 139435. After the issuance of stock dividends, the total common stock was $33,476,572, consisted of 3,347,657,000 shares of common stock issued and outstanding with par value of $10 (in dollars) per share.

(3) The Company retired 5,671,000 shares of treasury stock on April 17, 2002, which was approved under the MOEA Ruling (2002) Ching-Shou-Shang No.09101173320. After the retirement of treasury stocks, the total common stock was $33,419,862, consisted of 3,341,986,000 shares of common stock issued and outstanding with par value of $10 (in dollars) per share.

(4) On June 28, 2002, the stockholders at their annual meeting resolved to capitalise unappropriated retained earnings of $1,002,596 as stock dividends which was approved under the SFC Ruling (2002) Tai-Tsai-Cheng (1) No.0910138403. After the issuance of stock dividends, the total common stock was $34,422,458, consisted of 3,442,246,000 shares of common stock issued and outstanding with par value of $10 (in dollars) per share.

(5) As approved by the stockholders' meeting, the Company issued 50,000,000 shares of Global Depositary Shares (the "GDSs") by means of issuing the first overseas registered common stocks on April 10, 1992. The proceeds from the issuance of the GDSs were collected on November 24, 1992. The holders of the GDSs have the same rights and responsibilities as holders of common shares. Under the R.O.C. laws and the "Description of Global Depositary Receipts", the terms were as follows:

(A) Exercise of voting rights

Holders of the GDSs will not have the right to exercise voting rights with respect to the underlying common shares. However, if the trustee receives identical instructions with respect to any matter to be voted on at such meeting from holders of at least 51% of the GDSs, the trustee will in respect of such matter vote all common shares represented by the GDSs in accordance with such instructions insofar as practicable and permitted under applicable law and the Articles of Incorporation of the Company.

(B) The conversion of the GDSs

Under the conversion method, current shares represented by GDSs may be withdrawn by holders of GDSs. After the expiration of a three-month period after the closing of the GDS offering, a holder of the GDSs may request the trustee to sell or cause to be sold on behalf of such holder the common shares represented by such GDSs through TSE.

(C) Dividends

The holders of the GDSs have the same rights to receive dividends as holders of registered common shares.

17. CAPITAL RESERVE

(1) According to the R.O.C. Company Law, capital reserve shall be exclusively used to offset against accumulated deficit. However, capital reserve arising from paid-in capital in excess of par value and donation can be used to increase capital, after covering accumulated deficit.

(2) On June 28, 2002, the stockholders at their annual meeting resolved to transfer capital reserve from gain on disposal of property, plant and equipment of $10,889 to unappropriated earnings, which was approved under the MOEA Ruling (2002) Chian-Shou-Shang No.09102050200.

18. RETAINED EARNINGS

(1) According to the R.O.C. Company Law, the annual net income should be used initially to cover any accumulated deficit; thereafter 10% of annual net income should be set aside as legal reserve until the legal reserve has reached 100% of contributed capital. Under the R.O.C. Company Law, the legal reserve shall be exclusively used to cover accumulated deficit or, if the balance of reserve exceeds 50% of contributed capital, to increase capital not exceeding 50% of reserve balance and shall not be used for any other purpose.

(2) According to the Company's Articles of Incorporation, 10% of annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the undistributed retained earnings from prior years composed accumulated unappropriated retained earnings, which can be distributed in accordance with a resolution passed by a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount distributed by the Company, stockholders' dividends are to represent 50% to 100% of the accumulated unappropriated retained earnings, 2% of the remaining earnings is for directors' and supervisors' remuneration and not less than 0.2% is for employees' bonuses.

(3) As of April 2, 2003, the Company has not yet held the Board of Directors meeting to discuss the earnings distribution proposal for 2002. The related information will be available from the Market Observation Post System website of Taiwan Stock

Exchange Corporation once the resolution is approved by the Board of directors and stockholders. The information on the distribution of 2001 earnings in accordance with the resolution adopted by the Board of Director and approved in the stockholders' meetings was as follows:

	Approved in the stockholders' meeting
A. Distribution:	
(i) Employees' cash bonuses	$164,337
(ii) Employees' stock bonuses	—
(iii) Directors' and supervisors' remuneration	54,779
B. Information about earnings per share ("EPS") (in dollars)	
(i) Original EPS (Note 1)	0.90
(ii) Imputed EPS (Note 2)	0.84

(Note 1) The original EPS was not retroactively adjusted for the capitalisation of capital reserve and retained earnings and employees' bonuses.

(Note 2) Imputed EPS = (net income – employees' bonuses – directors' and supervisors' remuneration)/weighted average number of shares outstanding during 2001.

(4) As of December 31, 2000, 2001 and 2002, the balance of unappropriated earnings were as follows:

	2000	2001	2002
(A) Unappropriated earnings before 1997	$1,198,179	$ 485,556	$ 157,057
(B) Unappropriated earnings since 1998			
A: Net yet imposed the 10% income tax	3,385,416	3,012,445	1,508,760
B: Imposed the 10% income tax	—	1,251	160,141
	$4,583,595	$3,499,252	$1,825,958

(5) As of December 31, 2000, 2001 and 2002, the imputation tax credit account balance of the Company amounted to $16,511, $10,851 and $740, respectively. The Company distributed 2001 net income as dividends in accordance with the resolution adopted at the stockholders' meeting on June 28, 2002, and the date of dividends distribution was August 23, 2002 in accordance with a resolution approved at a meeting of Board of Directors. The creditable tax ratio was 19.08%. As of December 31, 2002, the estimated creditable tax ratio was 0.04%. The amount of deductible tax distributable by the Company to its stockholders shall be limited to an amount not exceeding the amount of the imputation tax credit account balance on the date of distribution of the dividends. Accordingly, the actual creditable ratio for the distribution of 2002 net income will be based on the imputation tax credit account balance up to the date of distribution of the dividends.

(6) According to the R.O.C. SFC Ruling, the debit balance of $476,506 of stockholders' equity as of December 31, 2002, should be appropriated as special reserve and not be distributed.

19. TREASURY STOCK

The changes in treasury stock purchased by the Company in 2001 and 2002 were as follows: There were no such transactions in 2000.

Unit: In thousands of shares

	2001			
Purpose of acquisition	Beginning balance	Addition	Reduction	Ending balance
To maintaining credit rating of the Company and stockholders' equity	—	5,671	—	5,671

Unit: In thousands of shares

	2002			
Purpose of acquisition	Beginning balance	Addition	Reduction	Ending balance
To maintaining credit rating of the Company and stockholders' equity	5,671	17,859	(5,671)	17,859

(A) According to the R.O.C. Securities Exchange Law, the number of shares of treasury stock shall not exceed 10% of the total shares of common stocks issued by the Company and the total amount of treasury stock may not exceed the total amount of retained earnings, paid-in capital in excess of par value and realised capital reserve. As of December 31, 2000, 2001 and 2002, the outstanding balances of treasury stock were $0, $58,543 and $178,004, respectively.

(B) According to the R.O.C. Securities Exchange Law, treasury stock cannot be pledged and bears no shareholders' rights before the stock is reissued.

(C) According to the R.O.C. Securities Exchange Law, the treasury stock acquired for maintaining credit rating of the Company and stockholders' equity should be retired within six months of acquisition.

(D) As of December 31, 2001 and 2002, President International Development Corp., a wholly owned subsidiary, owned 72,370,000 shares (cost $885,713) and 0 shares (cost $0), respectively, of the Company's common stock and were accounted for as short-term investments in this subsidiary's financial statements. In accordance with R.O.C. FAS No.30, "Accounting for Treasury Stock", the Company's stock held by President International Development Corp., is accounted for as treasury stock.

20. DEFERRED INCOME TAX AND INCOME TAXES EXPENSES

(1) Adjustments for corporate income tax expense (benefit) and income tax payable (refund) are as follows:

	2000	2001	2002
Corporate income tax benefit before cumulative effect of changes in accounting principle	$(117,967)	$ (99,851)	$ (20,119)
10% additional income tax on unappropriated earnings	43,680	195,680	291,932
	(74,287)	95,829	271,813
Income tax benefit due to cumulative effect of changes in accounting principle	—	—	(2,603)
Corporate income tax expense	(74,287)	95,829	269,210
Net changes of deferred income tax assets	157,658	1,383	(119,707)
Income tax on separately taxed income	(743)	(1,017)	(144)
(Under) Over provision of prior years' income tax	193	31,299	(18,090)
Prepaid income taxes	(15,059)	(47,142)	(82,048)
Income tax payable (Note)	$ 67,762	$ 80,352	$ 49,221
(Note) Income tax payable	$ 67,762	$ 80,421	$ 49,302
Income tax refund	—	(69)	(81)
	$ 67,762	$ 80,352	$ 49,211

(2) The details of deferred income tax assets or liabilities resulting from temporary differences, loss carryforward tax credit and investment tax credits as follows:

	December 31, 2000		December 31, 2001		December 31, 2002	
	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
CURRENT ITEMS:						
Temporary differences						
Bad debt expense	$ 5,268	$ 1,317	$ 115,724	$ 28,931	$ 172,918	$ 43,230
Unrealised inventory decline and obsolescence loss	75,909	18,977	210,073	52,518	220,192	55,047
Expenses carried forward	26,011	6,503	22,123	5,531	61,155	15,288
Unrealised loss on foreign currency transaction	62,733	15,683	2,849	712	180	45
Other	8,320	2,080	10,722	2,681	12,528	3,132
Investment tax credit	—	30,000	—	200,000	—	200,000
		$ 74,560		$ 290,373		$ 316,742
NON-CURRENT ITEMS:						
Temporary differences						
Expenses carried forward	$ 33,110	$ 8,277	$ 25,627	$ 6,407	$ 18,168	$ 4,542
Depreciation expenses	(2,011,918)	(502,979)	(2,322,129)	(580,532)	(2,363,900)	(590,975)
Investment income or loss	2,654,592	663,648	1,610,011	402,503	1,338,604	334,651
Pension cost	—	—	5,635	1,409	220,512	55,128
Loss carryforwards	574,744	143,686	1,701,496	425,374	1,014,501	253,625
Investment tax credits	—	382,239	—	260,810	—	155,399
Valuation allowance	—	(211,417)	—	(246,947)	—	(89,422)
		$ 483,454		$ 269,024		$ 122,948

(3) As of December 31, 2002, unused loss carryforwards amounted to $253,625, which will expire between 2003 and 2007.

(4) As of December 31, 2002, unused investments tax credits for purchase of machinery and equipment, research and development expenditures, personnel training expenditures, expenditures on the development of international trademark and Y2K expenditures were $355,399, which will expire between 2003 and 2005.

(5) The Company's income tax returns for the years through 1999 have been assessed and approved by the Tax Authority. As of April 2, 2003, there were no disputes existing between the Company and the Tax Authority.

21. BASIC EARNINGS PER COMMON SHARE ("EPS")

	2000				
	Amount		Weighted average number of shares outstanding during the year(shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$3,087,955	$3,385,195	3,442,246	$0.90	$0.98

	2001				
	Amount		Weighted average number of shares outstanding during the year(shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$2,868,721	$3,013,760	3,442,246	$0.83	$0.88

	2002				
	Amount		Weighted average number of shares outstanding during the year(shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$1,387,394	$1,508,760	3,374,846	$0.41	$0.45

Weighted average number of shares outstanding during 2000 and 2001 has been adjusted retroactively to reflect the capitalisation of capital reserve and retained earnings in 2000, 2001 and 2002.

Note 5. RELATED-PARTY TRANSACTIONS

1. Related parties and their relationship with the Company

Name of related parties	Relationship with the Company
President International Trade and Investment Corp.	An investee company accounted for under the equity method
Kai Yu Investment Co., Ltd.	An investee company accounted for under the equity method
President Global Corp.	An investee company accounted for under the equity method
U-Chains Enterprises Corp.	An investee company accounted for under the equity method
Uni-President Dream Parks Corp.	An investee company accounted for under the equity method
President Baseball Team Corp.	An investee company accounted for under the equity method
President Nisshin Corp.	An investee company accounted for under the equity method
President Kikkoman Inc.	An investee company accounted for under the equity method
President Chain Store Corp.	An investee company accounted for under the equity method
Ton Yi Industrial Corp.	An investee company accounted for under the equity method
Uni-President Oven Bakery Corp.	An investee company accounted for under the equity method
Tong-Jeng Development Corp.	An investee company accounted for under the equity method
Tung Ho Development Co., Ltd.	An investee company accounted for under the equity method
Presicarre Corp.	An investee company accounted for under the equity method
Ztong Yee Industrial Co., Ltd.	An investee company accounted for under the equity method
TTET Union Corp.	An investee company accounted for under the equity method
President Packaging Ind. Corp.	An investee company accounted for under the equity method
Qware Systems & Services Corp.	An investee company accounted for under the equity method
President Tokyo Corp.	An investee company accounted for under the equity method
Uni-President Cold-Chain Corp.	An investee company accounted for under the equity method
Retail Support International Corp.	An investee company accounted for under the equity method
President Pepsi Food Co., Ltd.	An investee company accounted for under the equity method (Note 1)
Prince Housing Development Corp.	Common chairman
Tainan Spinning Corp.	The chairman of Tainan spinning Corp. is the chairman of the Company
Kao Chuan Investment Co., Ltd.	The chairman of Kao Chuan Investment Co., Ltd. is the vice-chairman of the Company.
RFM President Land Corporation.	An investee company of Cayman President Holdings Ltd.
Prospect Top Development Ltd.	An investee company of Cayman President Holdings Ltd. (Note 2)
Tone Yee Investments & Developments.	The Company has significant influence over its operations.
Kai Yu Investment (BVI) Co., Ltd.	An investee company of Kai Yu Investment Co., Ltd. accounted for under the equity method.
Uni-President Vender Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for under the equity method.
Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for under the equity method.
Nella Limited.	An investee company of Nanlien Investment Corp. accounted for under the equity method.
Tung Yu Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method.
Union Chinese Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method.
Kuan Chang Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method.
Tung Hsing Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method. (Note 3)
Ding-Tung Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method. (Note 3)
Tone Chu Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method. (Note 4)
Tung—Tse Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method.

Name of related parties	Relationship with the Company
Lien Lu Enterprises Corp.	An investee company of Nanlien Investment Corp. accounted for under the equity method.
President International Investment (BVI) Corp.	An investee company of President International Development Corp. accounted for under the equity method.
G—Advanced Semiconductor Technology Corp.	An investee company of President International Development Corp. accounted for under the equity method.
Prospect Top Development Ltd.	An investee company of Hong Kong President Holding Ltd. accounted for under the equity method.
Tong Shou Investment Corp.	An investee company of President International Development Corp. accounted for under the equity method.
Tong Cheng Investment Corp.	An investee company of President International Development Corp. accounted for under the equity method.
Tung Yu Investment Corp.	An investee company of President International Development Corp. accounted for under the equity method.

(Note 1) Effective December 2000, President Pepsi Food Co., Ltd. was no longer a related party due to the Company's disposal of its ownership.

(Note 2) An investee company was initially accounted for under the equity method by Hong Kong President Holding Co., The relationship was changed due to Hong Kong President Holding Ltd. sold its shares in December 2001.

(Note 3) An investee company was initially accounted for under the equity method by Kai Yu Investment Co Effective August 2001, Kai Yu Investment sold its shares to Nanlien International Corp.

(Note 4) An investee company was initially accounted for under the equity method by the Company. Effective September 2001, the Company sold its shares to Nanlien International Corp.

2. Significant transactions with related parties are as follows:

(1) Purchases

	2000	2001	2002
President Kikkoman Inc.	$ 679,452	$ 698,307	$ 709,765
TTET Union Corp.	375,684	548,889	480,711
President Packaging Ind. Corp.	342,795	389,660	420,542
President Nisshin Corp.	242,730	257,105	307,311
President Pepsi Food Co., Ltd.	396,810	2,198,211	1,110,273
Other (less than 10%)	1,284,271	4,072,258	12,080,674
	$3,321,742	$2,471,123	$ 2,399,487

The terms of purchases and payments of the Company (due within one month) from the related parties were the same as those with regular vendors except for the following companies:

(A) TTET Union Corp. closes its account at the end of each month, and pays within one week with post dated checks due in 30-45 days.

(B) Ton Yi Industrial Corp. pays its account within 50 days.

(C) President Nisshin Corp. pays its account within 15 days.

The purchase terms of Cayman President Holding Ltd. and Nanlien International Corp. from the related parties were the same as those from other vendors.

(2) Sales

	2000	2001	2002
Tung Ang Enterprises Corp.	$ —	$ 572,332	$ 4,878,071
Uni-President Cold-Chain Corp.	3,319,935	3,659,928	4,233,571
President Chain Store Corp.	2,354,042	2,744,078	2,487,904
Retail Support International Corp.	2,070,725	2,198,221	1,110,273
Other (less than 10%)	12,004,440	14,072,258	12,808,674
	$19,749,142	$23,246,807	$25,518,493

(A) The terms of collection period for the year ended December 31, 2002 were two weeks after sales to third parties, one month by notes to related parties and 60~75 days after sales for foodstuffs and animal feed products and 10-15 days after sales of soybean products, except that the collection period is two months for sales to the corporations of outlet channels; one month for sales to the corporations that operate both in outlet channels and traditional channels; two weeks for sales to the corporations of traditional channels; 2 months for sales to Retail Support International Corp.; Uni-President Vender Corp. closes its accounts in 20 days within the end of each month; Tung Aug Enterprises Corp. closes its accounts in 10 days and remits in 40 days; Uni-President Cold Chain Corp. closes its accounts in 40 days from the end of each month; President Chain Store Corp. closes its accounts in 30 days from the end of each month. Except for the collection periods mentioned above, other terms of sales were the same to related parties as those to third parties.

(B) The sales terms of Cayman President Holding Ltd. and Nanlien International Corp. to the related parties were the same as those to other customers. (Term for Lien Lu Enterprise Corp. was 90 days.)

(3) Purchase of long-term investment

	2000	2001	2002
President Chain Store Corp.	$ —	$240,710	$ —
Kai Yu Investment Co., Ltd.	—	129,345	—
Tung Ho Development Co., Ltd.	—	102,800	—
Prince Housing Development Co., Ltd.	720,000	—	—
Tainan Spinning Corp.	720,000	—	—
Ton Yi Industrial Corp.	180,000	—	—
Kao Chuan Investment Corp.	180,000	—	—
	$1,800,000	$472,855	$ —

(A) In 2000, President International Development Corp. purchased shares of Tong-Jeng Development Corp. from Prince Housing Development Co., Ltd., (60,000,000 shares), Tainan Spinning Corp., (60,000,000 shares), Ton Yi Industrial Corp. (15,000,000 shares) and Kao Chuan Investment Corp. (15,000,000 shares) at $12 (in dollars) per share. The share prices were based on the security analysts' valuations.

(B) In 2001, the Company purchased 20,000,000 shares of Scinopharm Taiwan, Ltd. and 135,000 shares of Parabola Creative Inc. from President Chain Store Corp. with share prices based on the security analysts' valuations.

(C) In 2001, Nanlien International Corp. purchased stocks from Kai Yu Investment Co., Ltd., including 900,000 shares of Far-Tung Enterprises Corp., 420,000 shares of Tung Ding Food Corp., 197,800 shares of Ming Tung Enterprises Corp., 196,000 shares of Tung Hui Enterprises Corp., 1,200,000 shares of Tung Jun International Corp., 2,000,000 shares of Tung Guan Egg Corp., 8,000,000 shares of Tung Hsiang Enterprises Corp., and 10,000,000 shares of Uni-President International Co., Ltd. from Tung Ho Development Co., Ltd.. The share prices were based on the security analysts' valuations.

(4) Disposal of long-term investments

	2000			2001			2002		
	Selling price	Book value	Gain (loss)	Selling price	Book value	Gain	Selling price	Book value	Gain (loss)
President Chain Store Corp.	$ —	$ —	$ —	$764,451	$400,436	$364,015	$3,823,339	$ 878,887	$2,944,452
Tung Yu Investment Corp. . .	—	—	—	—	—	—	259,875	260,655	(780)
Tong Shou Investment Corp.	—	—	—	—	—	—	139,814	139,814	—
Tong Cheng Investment Corp.	—	—	—	—	—	—	111,300	111,300	—
Union Chinese Corp.	—	—	—	—	—	—	22,746	22,117	629
	$ —	$ —	$ —	$764,451	$400,436	$364,015	$4,357,074	$1,412,773	$2,944,301

(A) In 2002, the Company sold stocks to President Chain Store Corp., including 3,960,000 shares of President Pharmaceutical Corp. and 36,208,000 shares of Presicarre Corp. In 2001, the Company sold stocks to President Chain Store Corp., including 2,200,000 shares of Retail Support International Corp., 7,140,000 shares of Uni-President Cold Chain Corp., 5,250,000 share of President Transnet Corp., 10,440,000 shares of President Musashino Corp., 2,400,000 shares of President Information Corp., 31,219,000 shares of Mech-President Co., 1,658,000 shares of President Yamako Corp. and 3,600,000 shares of Uni-President Oven Barkery Corp. The share prices were based on the security analysts' valuations.

(B) Nanlien International Corp. sold 2,200,000 shares of Chi Fu Enterprises Corp. to Union Chinese Corp. in 2002 and sold 500,000 shares of President Information Co. and 1,000,000 shares of President Organics Co. to President Chain Store Corp in 2001. The share prices were based on the security analysts' valuations.

(C) In 2002, President International Development Corp. sold 2,850,000 shares of President Uni-Yellow Hat Corp. to President Chain Store Corp.; sold 10,000,000 shares of Tonpal Optoelectronics Inc., 735,000 shares of Energing Display Technologies Corp. and 1,100,000 shares of South Eqitaxy Corp. to Tong Shou Investment Corp.; sold 22,500,000 shares and 10,000,000 shares of Tonpal Optoelectronics Inc., respectively, to Tung Yu Investment Corp. and Tong

Cheng Investment Corp. In 2001, President International Development Corp. sold 10,500,000 shares of President Transnet Corp. to President Chain Store Corp. The share prices were based on the security analysts' valuations.

(5) Purchase of property, plant and equipment

	Items	2000	2001	2002
Nella Limited	Buildings, machinery and equipment and electrical installations	$117,536	$254,894	$205,114
Qware Systems & Services Corp.	Furniture and fixtures	39,711	59,352	27,221
Other (less than 10%)	Transportation equipment, furniture and fixtures and other equipment	11,527	21,050	13,484
		$168,774	$335,296	$245,819

The Company and its consolidated subsidiaries purchased certain property, plant and equipment from other related parties at negotiated prices.

(6) Disposal of property, plant and equipment

	2000			2001			2002		
	Selling price	Book value	Gain	Selling price	Book value	Gain	Selling price	Book value	Gain
Uni-President Cold-Chain Corp.	$ 41,273	$ 41,029	$244	$196,721	$195,729	$ 992	$257,557	$255,748	$1,809
President Fair Development Corp.	—	—	—	—	—	—	196,044	196,044	—
Uni-President Oven Bakery Corp.	—	—	—	96,816	96,816	—	—	—	—
President Tokyo Corp.	41,516	41,516	—	—	—	—	—	—	—
President Packaging Corp.	23,801	23,351	450	—	—	—	—	—	—
Other (less than 10%)	22,777	22,630	147	23,745	23,300	445	72,628	68,721	3,907
	$129,367	$128,526	$841	$317,282	$315,845	$1,437	$526,229	$520,513	$5,716

The Company and its consolidated subsidiaries sold certain property, plant and equipment to other related parties at negotiated prices.

(7) Rental income

	Rental collection terms	2000	2001	2002
Uni-President Vender Corp.	Monthly	$ —	$225,706	$201,413
Retail Support International Corp.	Monthly	105,705	104,231	56,071
Uni-President Cold-Chain Corp.	Monthly	53,241	58,916	35,387
Other (less than 10%)	Monthly	51,821	68,934	66,142
		$210,767	$457,787	$359,013

Rents are charged based on the existing lease agreements at negotiated prices.

(8) Interest income : Please see Note 5(3) Financing Section.

(9) Other income

	2000	2001	2002
Management and technical consulting fees			
Ztong Yee Industrial Co., Ltd.	$ 25,200	$ 25,200	$ 25,200
Other (less than 10%)	267,471	260,952	190,800
	292,671	286,152	216,000
Other income			
Tung-Yu Enterprises Corp.	—	—	43,626
Tung Hsiang Enterprises Corp.	—	51,122	40,454
Other (less than 10%)	252,463	326,657	198,504
	252,463	377,779	282,584
	$545,134	$663,931	$498,584

(10) Processing expenses

	2000	2001	2002
TTET Union Corp.	$78,642	$101,895	$133,355

(11) Management and freight expenses

	2000	2001	2002
President Chain Store Corp.	$12,707	$ 46,521	$ 7,563
Other (less than 10%)	14,136	70,070	96,330
	$26,843	$116,591	$103,893

(12) Other expenses

	2000	2001	2002
Uni-President Dream Parks Corp.	$ 222,587	$ 562,209	$ 646,610
Uni-President Cold-Chain Corp.	243,396	217,829	172,826
Other (less than 10%)	569,413	635,948	526,316
	$1,035,396	$1,415,986	$1,345,752

(13) Notes receivables

	December 31, 2000	December 31, 2001	December 31, 2002
Tung-Che Enterprises Corp.	$24,294	$12,033	$17,369
Lien Lu Enterprises Corp.	10,485	10,827	—
Tung Ang Enterprises Corp.	61	5,966	—
Other (less than 10%)	34,024	25,434	15,485
	$68,864	$54,260	$32,854

(14) Accounts receivable

	December 31, 2000	December 31, 2001	December 31, 2002
Uni-President Cold-Chain Corp.	$ 187,242	$ 256,154	$ 417,652
Tung Ang Enterprises Corp.	—	31,924	396,386
President Chain Store Corp.	315,888	231,302	314,470
Tung Hsiang Enterprises Corp.	329,922	376,370	273,943
Retail Support International Corp.	211,757	233,706	122,061
Other (less than 10%)	875,118	1,043,703	1,238,629
	$1,919,927	$2,173,159	$2,763,141

(15) Other receivable (including financings)

	December 31, 2000	December 31, 2001	December 31, 2002
G-Advanced Semiconductor Technology Corp.	$277,844	$254,767	$254,767
Prospect Top Development Ltd.	313,249	253,833	254,200
Presicarre Corp.	—	80,000	—
Other (less than 10%)	116,837	100,511	193,764
	$707,930	$689,111	$702,731

(16) Accounts payable

	December 31, 2000	December 31, 2001	December 31, 2002
President kikkoman Corp.	$ 50,925	$ 55,505	$ 63,671
TTET Union Corp.	96,035	26,729	56,639
President Packaging Corp.	55,009	39,325	42,336
President Nisshin Corp.	13,985	24,218	26,781
Ton Yi Industrial Corp.	17,422	27,807	22,393
Other (less than 10%)	43,900	64,161	50,340
	$277,276	$237,745	$262,160

(17) Accrued expenses

	December 31, 2000	December 31, 2001	December 31, 2002
Uni-President Dream Parks Corp.	$ 55,441	$ 67,001	$ 77,528
President Chain Store Corp.	22,212	50,605	25,466
Other (less than 10%)	221,969	197,684	254,336
	$299,622	$315,290	$357,330

3. Financings

The financing transactions between the Company and its consolidated subsidiaries with other related parties are as follows:

(1) Loans receivables from related parties (classified as other receivables-related parties)

	2000				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest income
Prospect Top Development Ltd.	2000.03.31	$313,249	$313,249	—	$ —
President International Investment (BVI) Corp.	2000.04.07	338,680	—	7.90%	7,399
Tone Yee Investments & Developments.	2000.10.01	165,150	—	—	—
			$313,249		$7,399

	2001				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest income
Prospect Top Development Ltd.	2001.01.01	$313,249	$253,833	—	$ —

	2002				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest income
Prospect Top Development Ltd.	2002.01.02	$254,200	$254,200	—	$ —
RMF President Land Corp.	2002.12.31	29,781	29,781	7.00%	1,972
			$283,981		$1,972

(2) Loans payables to related parties (classified as other receivables-related parties)

	2000				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest expense
President International Trade and Investment Corp.	2000.01.01	$1,105,349	$909,490	—	$—

	2001				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest expense
President International Trade and Investment Corp.	2001.01.01	$ 909,490	$ —	—	$—

The Company has no loans payables to related parties in 2002.

4. Contingent liabilities and commitments

(1) The details of endorsements and guarantees provided to related parties were as follows:

	December 31, 2000	December 31, 2001	December 31, 2002
Kai Yu Investment (BVI) Co., Ltd.	$1,614,287	$2,108,791	$2,211,482
Kai Yu Investment Co., Ltd.	1,153,500	1,017,000	1,138,000
President International Investment Corp.	493,372	918,400	710,964
Other (less than 10%)	4,964,014	4,400,148	4,590,952
	$8,225,173	$8,444,339	$8,651,398

(2) As of December 31, 2002, Tong Cheng Investment Corp. and Tung Yu Investment Corp. provided 30,000,000 shares ($342,300) of Toppoly Optoelectronics Corp. to President International Development Corp. as guarantees of short-term loans.

(3) On August 24, 1998 the Company and six other companies (including the President International Development Corp. and Prince Housing Development Corporation) jointly purchased a parcel of land (located in Shin-Yi District Lot No. 6) with an area of 9,643 m^2 from the Ministry of National Defense. The Company and President International Development Corp. owned 25% ownership of the land. According to the "PEC National Building Construction Contract" dated November 6, 1998, the Company and President International Development Corp. will contribute 25% of the capital in cash and receive the corresponding obligations and rights accordingly.

(4) In July 2001, President Chain Store Corp. signed a permanent technical cooperation contract (the "Contract") with the Southland Corporation. Under the terms of the Contract, the Company agreed that:

A. The Company guaranteed that President Chain Store Corp. will fulfil all payments or other obligations to Southland Corporation due under the Contract.

B. Without the written approval of Southland Corporation in advance, the Company may not sell, transfer, or pledge the ownership or the assets of President Chain Store Corp.

C. The Company should maintain no less than 45% ownership of President Chain Store Corp. In May 2002, the minimal ownership was revised to 40%.

Note 6. PLEDGED ASSETS

As of December 31, 2000, 2001 and 2002, the details of pledged assets were as follows:

	Purpose of collateral	December 31, 2000	December 31, 2001	December 31, 2002
Short-term investments (Including treasury stock)	Bank loans, commercial papers payable, long-term loans	$1,724,130	$ 1,127,081	$ 866,676
Certificate of deposit-restricted (Classified as other current assets)	Short-term loans	131,020	96,397	98,119
Long-term investments	Commercial papers payable, long-term loans	4,228,900	8,755,944	7,680,989
Land	Short-term loans, commercial papers payable, long-term loans	1,353,513	1,356,277	1,964,374
Buildings-net	Short-term loans, commercial papers payable, long-term loans	973,606	989,291	538,794
Machinery and equipment-net	Short-term loans, long-term loans	55,821	197	79,848
Construction in progress	Long-term loans	—	—	13,315
Land occupancy right (Classified as other intangible assets)	Short-term loans	128,061	318,207	—
		$8,595,051	$12,643,394	$11,242,115

Note 7. CONTINGENT LIABILITIES AND COMMITMENTS

(1) The remaining balance due for construction in progress and prepayments are as follows:

	December 31, 2000	December 31, 2001	December 31, 2001
Construction in progress	$ 941,850	$1,055,883	$1,055,883
Prepayments	811,843	411,633	411,633
	$1,753,693	$1,467,516	$1,467,516

(2) As of December 31, 2000, 2001 and 2002, the total amounts of unused letters of credit was $759,252, $1,188,857 and $1,210,321, respectively.

(3) In September 1998, the Company borrowed $4,300,000 under a 5-year syndicated loan agreement from September 25, 1998 to September 25, 2003 with ABN AMRO Bank N.V. Taipei Branch as the lead bank. Under the terms of the loan agreement, the Company agreed that:

(A) To ensure that current ratio calculated based on the audited annual non-consolidated financial statements shall not be less than 75%.

(B) To ensure that ratio of stockholders' equity to total assets calculated based on the audited annual non-consolidated financial statements shall not be less 40%.

(C) To ensure that total tangible stockholders' equity calculated based on the audited annual non-consolidated financial statements shall not be less than $15,000,000.

(D) To ensure that interest coverage ratio calculated based on the audited annual non-consolidated financial statements shall not be less than 260%.

(E) To ensure that tangible stockholders' equity, less treasury stocks calculated based on the audited annual consolidated financial statements shall not be less than $20,000,000.

(F) To ensure that total contingent liabilities based on the audited annual consolidated financial statements shall be less than tangible stockholders' equity.

(4) In November 1999, the Company borrowed $800,000 from China Development Industrial Bank under a 3-year loan agreement from November 15, 1999 to November 15, 2002. In December 2002, the repayment term of the loan agreement were revised to the period from November 15, 2001 to November 15, 2004. However, the credit term is from March 25, 2002 to March 25, 2005. Under the terms of the loan agreement, the Company agreed that:

(A) Maintain a current ratio above 70%.

(B) Maintain a debit ratio below 150%.

(C) If the ratios mentioned above do not meet the requirements, the Company will improve them within six months.

(5) In August 2001, the Company borrowed $4,200,000 under a 5-year term syndicated credit facility agreement from October 5, 2000 to October 5, 2005 led by Taiwan Industry Bank Corp., Union World Chinese Commercial Bank and Taiwan Land Bank. Under the terms of the loan agreement, the Company agreed that:

(A) To ensure that current ratio shall be above 70%.

(B) The debt ratio shall be below 100%.

(C) The ratio of liabilities and amount of guarantee to tangible net worth shall be below 150%.

(D) Any substantial investment plan such as purchase or disposal of assets, substantial change of business or organisation and sale, transfer, lease, and other arrangements of major assets shall have require written consent in writing from majority of banks.

(6) In June 2001, the Company borrowed $6,000,000 under a 5-year syndicated credit facility agreement from June 28, 2001 to June 28, 2006 led by I.C.B.C. and Chiao Tung Bank. Under the terms of the loan agreement, the Company agreed that:

(A) The current ratio shall be above 80%.

(B) Commencing form 2000, the debt ratio shall be below 100%.

(C) If the ratios mentioned above do not meet the requirements, the Company will improve them before June 30 of the next year.

(D) Any significant investment plan such as purchase or disposal of assets, or any significant change of business or organisation should be communicated to the management bank. The agent bank can hold a guarantee banks' meeting to discuss above events as needed.

(7) In September 2002, the Company signed a $6,000,000 5-year syndicated credit facility agreement, including note issuance facilities and unsecured bank loans from September 18, 2002 to September 18, 2007 led by Taiwan Bank, BNP PARIBAS, DBS Bank and Standard Chartered Bank. Under the terms of the loan agreement, the Company agreed that:

(A) Tangible net worth calculated based on the audited annual consolidated financial statements shall not be less than $30,000,000.

(B) The debt ratio calculated based on the audited annual non-consolidated financial statements shall not be above 150%.

(C) The interest coverage ratio calculated based on the audited annual non-consolidated financial statements shall not be below 200%.

(D) The current ratio calculated based on the annual audited non-consolidated financial statements shall not be below 80%.

(8) As of December 31, 2000, 2001 and 2002, certain banks have provided guarantee to Nanlien International Corp. a wholly owned subsidiary, in the amount of $20,450, $155,000 and $63,000, respectively, for the import of goods and lease of warehouses.

(9) President International Development Corp. obtained a medium–term loan and issued commercial papers. The significant terms of the agreements are as follows:

(A) Period: Medium-term loan is 5 years and commercial paper is 3 years.

(B) Limit and usage: Total limit is $3,000,000, including $2,000,000 for medium-term loan and $1,000,000 revolving credit for commercial papers.

(C) Commitment fee: annual commitment fee is charged based on 0.25% of unused facility, which is paid by quarter.

(D) Commercial paper guarantee fee: annual fee is charged based on 0.75% of amount of issued commercial papers.

(E) Collateral: the Company shall provide stock for collaterals.

(F) Covenants: The debit ratio, including contingent liabilities, shall not be above 110% and the tangible net worth shall not be less than $12,500,000.

Note 8. SIGNIFICANT LOSS OF NATURAL DISASTER: None.

Note 9. SIGNIFICANT SUBSEQUENT EVENT:

As approved by the meeting of the Board of Directors on November 28, 2002 the Company issued five-year secured domestic bonds for repaying the bank loan and reducing the cost of interest. The issue of the five-year secured domestic bonds has been approved by the SFC on January 8, 2003, and bonds were sold on January 28, 2003. The significant terms of the bonds were as follows:

(A) Total amount issued:

The Company issued five-year secured domestic bonds totalling $1,800,000, including $500,000 of A bonds, $300,000 of B bonds, $200,000 of C bonds and $400,000 of D and E bonds.

(B) Issue price: At par. Each bonds is with face value of $1,000.

(C) Coupon rate:

The five-year secured domestic bonds can be divided into five kinds of bonds, A, B, C, D and E.(Note) The coupon rate of A, B and D bonds is 3.95% less the floating interest rate. The coupon rate of C and E bonds is 3.951% less the floating interest rate.

(D) The term of interest repayment:

The interest of bonds are repayable in instalments every six months from January 28, 2003 on the coupon rate.

(E) The repayment term:

The A bonds are repayable starting from January 2006 to January 2008 in three annual instalments at the rate of 30%, 30% and 40%, respectively. The B, C, D and E bonds are repayable on January 28, 2008 upon the maturity of the bonds.

(F) Period: 5 years from January 28, 2003 to January 28, 2008.

(Note): The guarantee bank of A bonds is International Commercial Bank of China, the guarantee bank of B and C bonds is Chang Hwa Bank and the guarantee bank of D and E bonds is Bank of Taiwan.

Note 10. OTHER:

(1) INFORMATION OF INVESTMENT ON DERIVATIVE FINANCIAL INSTRUMENTS

The Company had no derivative financial instruments transactions in 2000, 2001 or 2002. The related information on the derivative financial instruments of its subsidiaries was disclosed in Note 11, 1(9).

(2) FAIR VALUE OF INVESTMENTS ON NON-DEVIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2000		December 31, 2001		December 31, 2002	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets with book value equal to fair value	$ 8,099,810	$ 8,099,810	$ 9,615,369	$ 9,615,369	$ 9,237,708	$ 9,237,708
Short-term investments	1,522,502	1,522,502	6,064,305	6,421,449	2,516,494	2,516,494
Long-term investments	56,491,972	67,824,310	58,643,154	68,222,574	58,135,592	69,549,584
Guaranteed deposits	118,422	118,422	117,518	117,518	167,828	167,828
Long-term receivables	44,176	44,176	40,846	40,846	21,945	21,945
Financial liabilities						
Financial assets with book value equal to fair value	22,970,578	22,970,578	24,102,345	24,102,345	24,295,707	24,295,707
Long-term loans	27,181,223	27,181,223	32,864,386	32,864,386	29,141,550	29,141,550
Long-term payables	190,084	190,084	178,201	178,201	169,101	169,101
Accrued pension liabilities	101,518	789,239	575,061	1,367,319	874,759	1,653,225
Customers' deposits	144,940	144,940	144,057	144,057	187,628	187,628

The methods and assumptions applied on the fair values of financial instruments are summarised as follows:

a. The carrying amounts of short-term non-derivative financial instruments, which include cash and cash equivalents, notes and accounts receivable, other receivables, short-term loans, commercial papers payables, notes and accounts payable, income tax payable, accrued expenses, other payables and current portion of long-term liabilities, approximate the fair values due to their short maturities.

b. Short-term investments:

   (i) Mutual funds—the fair value is estimated based on the net asset value at the balance sheet date.

   (ii) The fair value of common stocks of listed companies, government bonds and convertible bonds is estimated based on the closing price at the balance sheet date.

c. The fair value of long-term investments is estimated based on the market value. Market value is determined based on the closing price at the balance sheet date. The fair value of investments without any market value is estimated based on the net equities of the investee companies, whose financial statements are audited under the equity method or not audited under the cost method.

d. The fair value of guaranteed deposits and long-term receivables is based on the discounted value of expected future cash inflow, which is discounted based on the interest rate of one-year time deposit of the Postal Saving Systems at December 31, 2000, 2001 and 2002.

e. The fair value of long-term loans, long-term payables and customers' deposits is based on the discounted value of expected future cash inflow, which is discounted based on the interest rate of long-term loans at December 31, 2000, 2001 and 2002.

f. The fair value of accrued pension liabilities is based on the funded status presented on the actuarial report measured at the measurement dates.

(3) THE INTERCOMPANY TRANSACTIONS BETWEEN THE COMPANY AND THE SUBSIDIARIES

Transactions	2000 Uni-President Enterprises Corp.	Cayman President Holding Corp.	Nanlien International Corp.	President International Development Corp.
1. Elimination of long-term investments and stockholders' equity	$(9,567,608)	$339,365	$1,075,534	$ 8,358,391
2. Intercompany elimination of balance sheet accounts				
Accounts payable and receivable	11,644	(1,193)	(10,451)	—
3. Intercompany elimination of income statement accounts				
(1) Transactions of purchase and sales	(70,468)	(65,806)	136,274	—
(2) Unrealised gross profit	—	—	(2,972)	—
(3) Unrealised gains or losses	—	—	(202,710)	—
(4) Revenues and expenses	48,482	—	(40,146)	(8,336)
4. Intercompany elimination of reciprocal holding	1,494,515	—	—	(1,494,515)

Transactions	2001 Uni-President Enterprises Corp.	Cayman President Holding Corp.	Nanlien International Corp.	President International Development Corp.
1. Elimination of long-term investments and stockholders' equity	$(9,148,762)	$142,328	$1,187,051	$ 8,024,225
2. Intercompany elimination of balance sheet accounts				
Accounts payable and receivable	(16,017)	16,017	—	—
3. Intercompany elimination of income statement accounts				
(1) Transactions of purchase and sales	(91,556)	(19,880)	111,436	—
(2) Unrealised gross profit	—	—	(4,012)	—
(3) Unrealised gains or losses	—	—	(200,830)	—
(4) Revenues and expenses	12,126	43,011	(40,425)	(14,712)
4. Intercompany elimination of reciprocal holding	885,813	—	(102,800)	(783,013)

Transactions	2002 Uni-President Enterprises Corp.	Cayman President Holding Corp.	Nanlien International Corp.	President International Development Corp.
1. Elimination of long-term investments and stockholders' equity	$(9,090,939)	$569,309	$1,197,540	$ 7,525,095
2. Intercompany elimination of balance sheet accounts				
Accounts payable and receivable	14,591	(14,591)	—	—
3. Intercompany elimination of income statement accounts				
(1) Transactions of purchase and sales	(40,907)	—	40,907	—
(2) Unrealised gross profit	—	—	(1,874)	—
(3) Unrealised gains or losses	—	—	(199,131)	—
(4) Revenues and expenses	76,519	—	(76,519)	—
4. Intercompany elimination of reciprocal holding	—	—	(102,800)	102,800

(4) RECLASSIFICATION OF FINANCIAL STATEMENTS

Certain accounts of the 2000 and 2001 financial statements have been reclassified to conform to the presentation adopted for the 2002 financial statements.

Note. 11 ADDITIONAL DISCLOSURES INFORMATION

1. Significant Transactions Information (For the year ended December 31, 2002)

(1) Financing activities with any company or person (Units in thousands of currencies indicated)

Number	Name	Name of counterparty	Account	Maximum balance during 2002	Balance at December 31, 2002	Interest rate	Nature of financing activity (Note3)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity	Maximum amount available for loan
											Item	Value		
1	President International Trade and Investment Corp.	Kai Yu Investment (BVI) Co., Ltd.	Other receivables	US$ 80	$ 80	—	2	$ —	Working capital	$ —	—	$ —	US$ 80,000	US$ 100,000 (Note 1)
		Hong Kong President Holdings Ltd.	Other receivables	US$ 2	US$ —	—	2	—	Working capital	—	—	—	US$ 80,000	US$ 100,000 (Note 1)
2	Cayman President Holdings Ltd.	Prospect Top Development Ltd.	Receivable – related party	US$ 7,326	US$ 7,326	—	2	—	Investment loan	—	—	—	US$ 50,000	US$ 100,000 (Note 1)
3	President Global Corp.	President East Co.	Notes receivables	US$ 205	US$ 200	6.00%	1	US$ 650 (sales)	—	—	—	—	US$ 3,000	US$ 4,000 (Note 1)
		Tungpec Inc.	Notes receivables	US$ 40	US$ 40	—	1	US$ 389 (sales)	—	—	—	—	US$ 3,000	US$ 4,000 (Note 1)
4	President Asia Enterprises Inc.	The Torgan Group	Other receivables	CAN 6,285	CAN 6,088	7.06%	2	—	Investment loan	—	Land and Building second Mortgage	CAN 14,810	CAN 10,000	CAN 20,000 (Note 1)
5	Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Other receivables	$ 1,063,925	—	—	1	$ 3,439,198 (sales)	—	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
6	Mech-President Co., Ltd.	Shanghai President machine Co., Ltd.	Other receivables	$ 33,118	—	—	2	—	Working capital	—	—	—	$ 50,000	$ 188,244 (Note 1)
7	RFM President Enterprises Corp.	RFM President Land Corp.	Other receivables	PESO 45,650	PESO 45,650	7.00%	2	—	Investment loan	—	—	—	PESO 80,000	PESO 93,568 (Note 1)
8	Nella Ltd.	Prospect Top Development Ltd.	Other receivables	$ 111,254	$ 111,254	—	2	—	Investment loan	$64,441	—	—	$ 200,000	$ 300,000 (Note 1)
. .		Tunnel Internation Marketing	Other receivables	$ 7,488	$ 7,488	—	2	—	Investment loan	—	—	—	$ 200,000	$ 300,000 (Note 1)
		Tunnel 88 Internation Corp.	Other receivables	$ 695	$ 348	—	2	$ —	Investment loan	—	—	$ —	$ 200,000	$ 300,000 (Note 1)
9	Cayman Nanlien Holdings Ltd.	Nella Ltd.	Other receivables	$ 117,677	$ 117,677	—	2	—	Working capital	—	—	—	$ 200,000	$ 300,000 (Note 1)
10	President International investment (BVI) Holdings Ltd.	Hong Kong Xiang Lu Industrial Ltd.	Other receivables – related party	US$ 8,509	US$ 8,509	—	2	—	Investment loan	—	—	—	US$ 80,000	US$ 100,000 (Note 1)
11	Cayman Ton Yi Industrial Holdings Ltd.	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$ 5,214	US$ 5,021	—	2	—	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
		Changdu Ton Yi Industrial Packaging Corp.	Other receivables	US$ 1,811	US$ 1,276	—	1, 2	US$ 572 (sales)	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
		Cayman Fujian Ton Yi Holdings Ltd.	Other receivables	US$ 25	US$ 25	—	2	—	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)

Number	Name	Name of counterparty	Account	Maximum balance during 2002	Balance at December 31, 2002	Interest rate	Nature of financing activity (Note3)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged Item	Assets pledged Value	Loan limit per entity	Maximum amount available for loan
		Cayman Jiangsu Ton Yi Holdings Ltd.	Other receivables	US$ 19	US$ 19	—	2	—	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
12	President Life Sciences Cayman Co., Ltd.	A-Spine Holding Group Corp.	Other receivables	US$2,000	US$2,000	—	2	—	Investment loan	—	—	—	US$ 80,000	US$ 100,000 (Note 1)
		Aura Biosystems Inc.	Other receivables	US$1,000	US$1,000	—	2	—	Investment loan	—	—	—	US$ 80,000	US$ 100,000 (Note 1)
13	Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	US$3,833	US$3,833	—	2	—	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
14	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	US$3,833	US$3,833	—	1, 2	US$ 178 (sales)	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
		Changdu Ton Yi Industrial Packaging Corp.	Other receivables	US$1,208	US$ 986	—	1, 2	US$2,558 (sales) US$1,125 (purchases)	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)
15	Wuxi Ton Yi Industrial Packaging Corp.	Changdu Ton Yi Industrial Packaging Corp.	Other receivables	US$ 2,572	US$ 2,572	—	1, 2	US$ 335 (sales) US$ 853 (purchases)	Working capital	—	—	$ —	$ 4,135,555	$ 8,271,110 (Note 2)
		Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	US$ 6,465	—	—	1, 2	US$ 868 (sales) US$ 8,229 (purchases)	Working capital	—	—	—	$ 4,135,555	$ 8,271,110 (Note 2)

(Note 1) In accordance with related regulations, the loan requires the Board of Directors' approval and should be reported at the stockholders' meeting.

(Note 2) The maximum amount available for loan of Ton Yi Industrial Corp. and its subsidiaries is 50% of its net worth, while the maximum amount for any single entity is 25% of its net worth.

(Note 3) The codes for the nature of financing activities were as follows:

1. Trading partner.
2. Short-term financing.

(2) The Company provided endorsements and guarantees to the following entities (Units in thousands of currencies indicated):

Endorser		Endorsee								
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note 17)	Endorsement limit for a single entity	The highest balance during 2002	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
0	Uni- President Enterprises Corp.	Cayman President Holdings Ltd.	2	$20,605,004	$15,132,879	$14,158,712	$—	34.36	$41,210,007	(Note 1)
0		President International Development Corp.	2	$20,605,004	$ 3,200,000	$ 3,200,000	$—	7.77	$41,210,007	(Note 1)
0		Kai Yu Investment (BVI) Co., Ltd.	3	$20,605,004	$ 2,388,742	$ 2,211,482	$—	5.37	$41,210,007	(Note 1)
0		Kai Yu Investment Co., Ltd.	2	$20,605,004	$ 1,353,000	$ 1,138,000	$—	2.76	$41,210,007	(Note 1)
0		Tone Sang Construction Corp.	2	$20,605,004	$ 780,000	$ 670,000	$—	1.63	$41,210,007	(Note 1)
0		President International Investment (BVI) Co., Ltd.	3	$20,605,004	$ 1,429,552	$ 623,964	$—	1.51	$41,210,007	(Note 1)
0		President Asia Enterprises Inc.	3	$20,605,004	$ 805,096	$ 604,050	$—	1.47	$41,210,007	(Note 1)
0		Uni-President Vietnam Co., Ltd.	3	$20,605,004	$ 522,000	$ 552,000	$—	1.27	$41,210,007	(Note 1)
0		Uni-Splendor Corp.	6	$20,605,004	$ 475,000	$ 475,000	$—	1.15	$41,210,007	(Note 1)
0		Uni-President (Thailand) Co., Ltd.	3	$20,605,004	$ 450,060	$ 384,000	$—	0.93	$41,210,007	(Note 1)
0		Ztong Yee Industrial Co., Ltd.	6	$20,605,004	$ 310,000	$ 310,000	$—	0.75	$41,210,007	(Note 1)
0		Uni- President (USA), Inc.	3	$20,605,004	$ 311,500	$ 309,720	$—	0.75	$41,210,007	(Note 1)
0		President Pharmaceutical Corp.	2	$20,605,004	$ 210,000	$ 210,000	$—	0.51	$41,210,007	(Note 1)
0		Century Quick Service Restaurant Corp.	3	$20,605,004	$ 250,000	$ 200,000	$—	0.49	$41,210,007	(Note 1)
0		Uni-President Glass Industrial Co., Ltd.	2	$20,605,004	$ 200,000	$ 200,000	$—	0.49	$41,210,007	(Note 1)
0		Presitex Co., Ltd.	3	$20,605,004	$ 150,119	$ 96,940	$—	0.24	$41,210,007	(Note 1)
0		President Packaging Corp.	1	$20,605,004	$ 130,280	$ 60,341	$—	0.15	$41,210,007	(Note 1)
0		President Entertainment Corp.	2	$20,605,004	$ 50,000	$ 50,000	$—	0.12	$41,210,007	(Note 1)
0		President Global Corp.	2	$20,605,004	$ 35,080	$ 35,000	$—	0.08	$41,210,007	(Note 1)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Endorser		Endorsee		Endorsement limit for a single entity	The highest balance during 2002	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note 17)							
0		President Baseball Team Corp.	2	$ 20,605,004	$ 34,000	$ 34,000	$ —	0.08	$ 41,210,007	(Note 1)
0		President Digital Network Corp.	2	$ 20,605,004	$ 30,000	$ 30,000	$ —	0.07	$ 41,210,007	(Note 1)
0		Hong Kong President Holdings Ltd.	3	$ 20,605,004	$ 594,990	US$ —	$ —	—	$ 41,210,007	(Note 1)
0		President International Trade and Investment Corp.	2	$ 20,605,004	$ 224,134	US$ —	$ —	—	$ 41,210,007	(Note 1)
0		Kao Hsiung Rapid Transit Corp.	6	$ 20,605,004	$ 100,000	US$ —	$ —	—	$ 41,210,007	(Note 1)
1	President International Trade and Investment Corp.	Tianjing President International Food Co., Ltd.	3	US$ 39,829	US$ 2,802	US$ —	US$—	—	US$ 79,657	(Note 2)
2	Cayman President Holdings Ltd.	PT ABC President Enterprises Indonesia	6	US$ 20,000	US$ 2,750	US$ 2,750	US$—	8.84	US$ 100,000	(Note 3)
2		Xinjiang President Enterprises Food Co., Ltd.	3	US$ 20,000	US$ 1,610	US$ —	US$—	—	US$ 100,000	(Note 3)
2		Tianjiang President Enterprises Food Co., Ltd.	3	US$ 20,000	US$ 600	US$ —	US$—	—	US$ 100,000	(Note 3)
3	Kai Yu Investment Co., Ltd.	Uni- President Enterprises Corp.	4	$ 100,000	$ 2,000	$ 2,000	$ —	0.57	$ 500,000	(Note 4)
4	President Global Corp.	Ameripec Inc.	3	US$ 3,184	US$ 835	US$ —	US$—	—	US$ 5,306	(Note 5)
5	Nanlien International Corp.	Nella Ltd .	3	$ 500,000	$ 72,260	$ 51,350	$ —	4.04	$ 1,000,000	(Note 6)
5		Lien Lu Enterprises Corp.	3	$ 500,000	$ 20,000	$ 20,000	$ —	1.57	$ 1,000,000	(Note 6)
5		Wei Lian Enterprises Corp.	3	$ 500,000	$ 7,250	$ 5,000	$ —	0.39	$ 1,000,000	(Note 6)
5		Tung Jun International Corp.	3	$ 500,000	$ 10,000	$ 4,000	$ —	0.31	$ 1,000,000	(Note 6)
5		Uni- President Enterprises Corp.	4	$ 500,000	$ 2,000	$ 2,000	$ —	0.16	$ 1,000,000	(Note 6)
5		Cheng Miao Co., Ltd.	1	$ 500,000	$ 1,800	$ 396	$ —	0.03	$ 1,000,000	(Note 6)
5		Tung Yu Corp.	3	$ 500,000	$ 45,500	$ —	$ —	—	$ 1,000,000	(Note 6)
5		Hua Zuo Corp.	3	$ 500,000	$ 4,800	$ —	$ —	—	$ 1,000,000	(Note 6)
5		Chuan Jie Corp.	1	$ 500,000	$ 1,200	$ —	$ —	—	$ 1,000,000	(Note 6)
5		Tung Lien Enterprises Corp.	1	$ 500,000	$ 800	$ —	$ —	—	$ 1,000,000	(Note 6)

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Endorser		Endorsee		Endorsement limit for a single entity	The highest balance during 2002	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note 17)							
5		Jui Lai Enterprises Corp.	1	$ 500,000	$ 600	$ —	$—	—	$ 1,000,000	(Note 6)
5		Liang Tung Enterprises Corp.	1	$ 500,000	$ 525	$ —	$—	—	$ 1,000,000	(Note 6)
6	President International Development Corp.	President International Investment (BVI) Co., Ltd.	3	$ 652,079	US$ 5,000	US$ 2,500	$—	0.67	$ 2,608,316	(Note 7)
6		Presitex Co., Ltd.	3	$ 652,079	$ 14,655	$ 14,655	$—	0.11	$ 2,608,316	(Note 7)
6		Kao Hsiung Rapid Transit Corp.	6	$ 652,079	$ 100,000	$ —	$—	—	$ 2,608,316	(Note 7)
7	President Chain Store Corp.	Mech-President Co., Ltd.	3	$ 2,341,791	$ 820,000	$ 720,000	$—	6.15	$ 5,854,479	(Note 8)
7		President Transnet Corp.	3	$ 2,341,791	$ 460,000	$ 460,000	$—	3.93	$ 5,854,479	(Note 8)
7		President Drugstore Business Corp.	3	$ 2,341,791	$ 270,000	$ 270,000	$—	2.31	$ 5,854,479	(Note 8)
7		President Chain Store (BVI) Holdings Ltd.	3	$ 2,341,791	US$ 3,500	US$ 3,500	$—	1.04	$ 5,854,479	(Note 8)
7		Philippine Seven Corp.	3	$ 2,341,791	US$ 2,000 PESO 80,000	US$ 2,000 PESO 80,000	$—	1.04	$ 5,854,479	(Note 8)
7		President Packaging Ind. Corp.	6	$ 2,341,791	$ 134,495	$ 62,438	$—	0.53	$ 5,854,479	(Note 8)
7		President Yamako Corp.	3	$ 2,341,791	$ 35,000	$ 35,000	$—	0.30	$ 5,854,479	(Note 8)
7		Kao Hsiung Rapid Transit Corp.	6	$ 2,341,791	$ 100,000	$ —	$—	—	$ 5,854,479	(Note 8)
8	Ton Yi Industrial Corp.	Cayman President Industrial Holdings Ltd.	3	$ 11,579,554	US$ 267,530	US$ 153,683	$—	32.33	$11,579,554	(Note 9)
8		Wuxi Ton Yi Industrial Packaging Corp.	3	$ 11,579,554	US$ 22,430	US$ 14,196	$—	2.99	$11,579,554	(Note 9)
8		Fujian Ton Yi Tinplate Co., Ltd.	3	$ 11,579,554	US$ 33,200	US$ 12,526	$—	2.64	$11,579,554	(Note 9)
8		Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,579,554	US$ 38,339	US$ 5,000	$—	1.05	$11,579,554	(Note 9)
8		Chengdu Ton Yi Industrial Packaging Corp.	3	$ 11,579,554	US$ 1,972	US$ 1,972	$—	0.41	$11,579,554	(Note 9)
18	Guangzhou President Enterprises Co., Ltd.	Fuzhou President Enterprises Co., Ltd.	3	RMB49,697	RMB40,000	RMB40,000	$—	16.10	RMB149,090	(Note 16)
19	Wuhan President Enterprises Food Co., Ltd.	Shenyang President Enterprises Co., Ltd.	3	RMB59,771	RMB34,000	RMB23,000	$—	7.70	RMB179,313	(Note 16)
19		Nanchang President Enterprises Co., Ltd.	3	RMB59,771	RMB35,000	RMB5,000	$—	1.67	RMB179,313	(Note 16)

Endorser		Endorsee		Endorsement limit for a single entity	The highest balance during 2002	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note 17)							
9	Tong Ho Development Co., Ltd.	Gu Hsiang Corp.	3	$ 99,137	$ 136,000	$ 95,000	$ —	38.33	$ 123,922	(Note 10)
10	Kai Yu (BVI) Investment Co., Ltd.	Shanghai President Coffee Co., Ltd.	6	US$ 13,767	US$ 3,150	US$ 3,150	$ —	11.44	US$ 27,534	(Note 11)
11	President Hotel Inc.	President Asia Enterprises Inc.	3	CAN 20,000	CAN 18,000	CAN 18,000	CAN 18,000	—	CAN 40,000	(Note 12)
12	President Chain Store (BVI) Holdings Ltd.	Shanghai President Coffee Co., Ltd.	6	US$ 7,421	US$ 3,500	US$ 3,500	$ —	9.43	US$ 18,552	(Note 13)
13	Cayman Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,579,554	US$ 48,383	US$ 44,743	$ —	(Note 14)	$ 11,579,554	(Note 14)
13		Fujian Ton Yi Tinplate Co., Ltd.	3	$ 11,579,554	US$ 68,594	US$ 36,750	$ —	(Note 14)	$ 11,579,554	(Note 14)
13		Chengdu Ton Yi Industrial Packaging Corp.	3	$ 11,579,554	US$ 4,000	US$ 1,970	$ —	(Note 14)	$ 11,579,554	(Note 14)
13		Wuxi Ton Yi Industrial Packaging Corp.	3	$ 11,579,554	US$ 2,480	US$ 1,970	$ —	(Note 14)	$ 11,579,554	(Note 14)
14	President Enterprises (Chain) InvesGtment Co., Ltd.	Hefei President Enterprises Co., Ltd.	3	RMB 450,076	RMB 23,00	RMB —	$ —	—	RMB 1,350,229	(Note 15)
15	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Corp.	3	$ 11,579,554	US$ 5,704	US$ 5,704	$ —	(Note 14)	$ 11,579,554	(Note 14)
16	Wuxi Ton Yi Industrial Packaging Corp.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,579,554	US$ 7,420	US$ 7,420	$ —	(Note 14)	$ 11,579,554	(Note 14)
17	Kunshan President Enterprises Food Co., Ltd.	Hefei President Enterprises Co., Ltd.	3	RMB 78,170	RMB 63,000	RMB 46,000	$ —	11.77	RMB 234,509	(Note 16)
17		Shenyang President Enterprises Co., Ltd.	3	RMB 78,170	RMB 18,000	RMB 18,000	$ —	4.61	RMB 234,509	(Note 16)
17		President Enterprises (Chain) Investment Co., Ltd.	4	RMB 78,170	RMB 10,000	RMB —	$ —	—	RMB 234,509	(Note 16)
17		Xinjiang President Enterprises Food Co., Ltd.	3	RMB 78,170	RMB 8,000	RMB —	$ —	—	RMB 234,509	(Note 16)
17		Zhangjiagang President Nisshin Food Co., Ltd.	3	RMB 78,170	RMB 5,000	RMB —	$ —	—	RMB 234,509	(Note 16)
18	Guangzhou President Enterprises Co., Ltd.	Fuzhou President Enterprises Co., Ltd.	3	RMB 49,697	RMB 110,000	RMB 40,000	$ —	16,10	RMB 149,090	(Note 16)
19	Wuhan President Enterprises Food Co., Ltd.	Shenyang President Enterprises Co., Ltd.	3	RMB 50,771	RMB 34,000	RMB 23,000	$ —	7.70	RMB 179,313	(Note 16)
19		Nanchang President Enterprises Co., Ltd.	3	RMB 59,771	RMB 35,000	RMB 5,000	$ —	1.67	RMB 179,313	(Note 16)

Endorser		Endorsee		Endorsement limit for a single entity	The highest balance during 2002	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note 17)							
20	Shenyang President Enterprises Co., Ltd.	Harbin President Enterprises Co., Ltd	3	RMB31,570	RMB25,000	RMB15,000	$—	9.50	RMB94,710	(Note 16)
20		Beijing President Enterprises Drinks Co., Ltd.	3	RMB31,570	RMB34,000	RMB—	$—	—	RMB94,710	(Note 16)

(Note 1) The limit of total amount of endorsement equal to 100% of the Company's net worth, and the limit of endorsement for any single entity is 50% of the Company's net worth. All related information is to be submitted to stockholders' meeting for reference.

(Note 2) The limit of total amount of endorsement equal to 100% of the its net worth for President International Trade and Investment Corp. and the limit of endorsement for any single entity is 50% of the their net worth. All related information is to be submitted to their stockholders' meeting for reference.

(Note 3) The limit of total amount of endorsement for Cayman President Holdings Ltd. is US$100,000, and the limit of endorsement for any single entity is US$20,000. All related information is to be submitted to the stockholders' meeting for reference.

(Note 4) The limit of total amount of endorsement for Kai Yu Investment Co., Ltd is $500,000, and the limit of endorsement for any single entity is $100,000. All related informations is to be submitted to the stockholders' meeting for reference.

(Note 5) The limit of total amount of endorsement equal to 50% of the its net worth for President Global Corp. and the limit of endorsement for any single entity is 30% of the its net worth. All related information is to be submitted to the stockholders' meeting for reference.

(Note 6) The limit of total amount of endorsement for Nanlien International Corp. Ltd. is $1,000,000, and the limit of endorsement for any single entity is $500,000. All related informations is to be submitted to the stockholders' meeting for reference.

(Note 7) The limit of total amount of endorsement equal to 20% of the net worth for President International Development Corp. and the limit of transactions of endorsement for any single entity is 5% of the its net worth. All related information is to be submitted to the stockholders' meeting for reference.

(Note 8) The total amount of endorsement equal to 50% of the its net worth for President Chain Store Corp. and the limit of endorsement for any single entity is 20% of the its net worth. All related information is to be submitted to the stockholders' meeting for reference.

(Note 9) The limit of total amount of endorsement equal to 70% of its net worth for Ton Yi Industrial Corp. and the limit of endorsement for any single entity is 70% of its net worth. All related information is to be submitted to the stockholders' meeting for reference.

(Note 10) The limit of total amount of endorsement equal to 50% of the its net worth for Tung Ho Development Co., Ltd. and the limit of endorsement for any single entity is 40% of the its net worth. All related information is to be submitted to the stockholders' meeting for reference.

(Note 11) The limit of total amount of endorsement equal to 100% of the its net worth for Kai Yu Investment (BVI) Co., Ltd. and the limit of endorsement for any single entity is 50% of the its net worth. All related information is to be submitted to the stockholders' meeting for reference.

(Note 12) The limit of total amount of endorsement for President Hotel Inc. is CAN$40,000, and the limit of endorsement for any single entity is CAN$20,000. All related information is to be submitted to the Board of Directors' meeting for reference.

(Note 13) The limit of total amount of endorsement equal to 50% of the its net worth for President Chain Store (BVI) Holdings Ltd. and the limit of endorsement for any single entity is 20% of the its net worth. All related information is to be submitted to the Board of Directors' meeting for reference.

(Note 14) All endorsements issued by Cayman Ton Yi Industrial Holdings Ltd. for its mainland-subsidiaries are guaranteed by Ton Yi Industrial Corp. All endorsements are implemented based on the endorsement rules of Ton Yi Industrial Corp.

(Note 15) The limit of endorsement equal to 60% of its enrolled capital for President Enterprises (Chain) Investment Co., Ltd. and the limit of endorsement for any single entity is 20% of its enrolled capital.

(Note 16) For all subsidiaries of President Enterprises (China) Co., Ltd, the highest amount of endorsement equal to 60% of their respective net worth, and the limit of endorsement for any single entity is 20% of their respective net worth.

(Note 17) The codes represent the following relationships with the Company:

1. Trading partner.
2. Majority owned subsidiary.
3. A subsidiary jointly owned by the Company and the Company's directly-owned subsidiary.
4. A parent company.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

(3) The ending balance of securities held as of December 31, 2002 were summarised as follows (Units in thousands of currencies indicated):

					December 31, 2002				
Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
Uni-President Enterprises Corp.	Stock	President International Trade and Investment Corp.	A subsidiary	Long-term investments	45,012	$3,016,434	100%	$ 2,762,569	—
	Stock	Cayman President Holdings Ltd.	A subsidiary	Long-term investments	118,060	$ 569,309	100%	$ 1,019,143	—
	Stock	Kai Nan Investment Co., Ltd.	A subsidiary	Long-term investments	60,000	$ 417,204	100%	$ 542,669	—
	Stock	Kai Yu Investment Co., Ltd.	A subsidiary	Long-term investments	320,000	$ 350,691	100%	$ 353,615	—
	Stock	President Global Corp.	A subsidiary	Long-term investments	500	$ 318,827	100%	$ 331,915	—
	Stock	Uni-President Glass Industrial Co., Ltd.	A subsidiary	Long-term investments	36,000	$ 317,851	100%	$ 227,420	—
	Stock	U-Chains Enterprises Corp.	A subsidiary	Long-term investments	19,800	$ 232,944	100%	$ 207,414	—
	Stock	Tone Sang Construction Corp.	A subsidiary	Long-term investments	19,800	$ 146,382	100%	$ 146,382	—
	Stock	Nanlien International Corp.	A subsidiary	Long-term investments	99,999	$ 996,535	99.99%	$ 1,290,565	—
	Stock	President Entertainment Corp.	A subsidiary	Long-term investments	63,966	$ 805,630	61.80%	$ 805,630	—
	Stock	President International Development Corp.	A subsidiary	Long-term investments	877,500	$7,525,095	58.50%	$ 7,573,162	—
	Stock	President Nisshin Corp.	A subsidiary	Long-term investments	6,120	$ 118,538	51.00%	$ 120,634	—
	Stock	President Kikkoman Inc.	A subsidiary	Long-term investments	6,000	$ 144,876	50.00%	$ 147,233	—
	Stock	President Chain Store Corp.	An investee company accounted for by the equity method	Long-term investments	344,236	$5,487,271	44.59%	$18,087,884	—
	Stock	Ton Yi Industrial Corp.	An investee company accounted for by the equity method	Long-term investments	665,148	$7,169,548	43.34%	$ 6,330,877	—

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Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	President Fair Development Corp.	An investee company accounted for by the equity method	Long-term investments	150,000	$1,465,140	42.86%	$1,465,140	—
	Stock	Tung Ho Development Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	36,528	$ 132,961	42.18%	$ 183,005	—
	Stock	Eagle Cold Storage Enterprise Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	40,887	$ 489,399	37.36%	$ 260,857	—
	Stock	Mospec Semiconductor Corp.	An investee company accounted for by the equity method	Long-term investments	24,385	$ 265,842	30.84%	$ 331,557	—
	Stock	TTET Union Corp.	An investee company accounted for by the equity method	Long-term investments	47,207	$ 651,887	29.51%	$ 928,665	—
	Stock	President Securities Corp.	An investee company accounted for by the equity method	Long-term investments	302,014	$4,129,476	26.48%	$3,557,427	—
	Stock	Qware Systems & Services Corp.	An investee company accounted for by the equity method	Long-term investments	13,475	$ 133,113	24.76%	$ 157,379	—
	Stock	Presicarre Corp.	An investee company accounted for by the equity method	Long-term investments	74,228	$1,720,861	20.50%	$1,720,861	—
	Stock	Ztong Yee Industrial Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	18,042	$ 239,907	20.00%	$ 239,907	—
	Stock	Scino Pharm Taiwan Ltd.	An investee company accounted for by the equity method	Long-term investments	65,074	$ 537,710	17.59%	$ 270,907	—
	Stock	Allianz President Life Insurance Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	20,206	$ 164,177	10.10%	$ 48,029	—
	Stock	Tonpal Optoelectronics Inc.	An investee company accounted for by the equity method	Long-term investments	209,249	$2,327,645	9.71%	$2,773,632	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Grand Bills Finance Corp.	An investee company accounted for by the equity method	Long-term investments	78,219	$ 691,085	14.46%	$ 987,029	—
	Stock	Prince Housing Development Corp.	Director	Long-term investments	87,214	$ 747,878	9.53%	$ 320,949	—
	Stock	Sino-Aerospace Investment Corp.	Director	Long-term investments	21,000	$ 210,000	8.19%	$ 17,764	—
	Stock	Allianz President General Insurance Co., Ltd.	Director	Long-term investments	14,437	$ 145,360	7.22%	$ 88,159	—
	Stock	PK Venture Capital Corp.	Director	Long-term investments	10,000	$ 100,000	6.67%	$ 99,174	—
	Stock	Grand Commercial Bank	Director	Long-term investments	80,034	$ 713,302	4.99%	$ 679,726	—
	Stock	New Century Info-Comm Co., Ltd.	The subsidiary of President International Development Corp. is its director	Long-term investments	126,800	$ 1,268,000	2.67%	$ 1,214,744	—
	Stock	CDIB & Partners Investment Holding Corp.	The subsidiary of President International Development Corp. is its director	Long-term investments	27,000	$ 250,000	2.48%	$ 274,094	—
	Stock	Kaohsiung Rapid Transit Corp.	The subsidiary of President International Development Corp. is its director	Long-term investments	20,000	$ 203,714	2.00%	$ 200,524	—
	Stock	Global Securities Finance Corp.	—	Long-term investments	13,142	$ 115,664	1.75%	$ 148,795	—
	Stock	Uni-President Dream Parks Corp. etc.	Investee companies accounted for by the equity method etc.	Long-term investments	—	$ 952,473	0.53%~ 100.00%	$ 991,745	—
President International Trade and Investment Corp.	Beneficiary Certificates Stock	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	—	Short-term investments	270	US$ 27,392	—	US$ 27,058	—
		Uni-President (USA) Inc.	A subsidiary of President International Trade and Investment Corp.	Long-term investments	150	US$ 8,593	100.00%	US$ 8,593	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Shanghai President International Foods Co., Ltd. etc.	A subsidiary of President International Trade and Investment Corp.	Long-term investments	—	US$ 2,696	100.00%	US$ 2,696	—
Cayman President Holdings Ltd.	Beneficiary Certificates	Equity Certificates relating to ABN	—	Short-term investments	200	US$ 20,520	—	US$ 20,046	—
	Beneficiary Certificates	ABN Capital Proteted Unit	—	Short-term investments	183	US$ 18,734	—	US$ 18,302	—
	Stock	President Enterprises (China) Investment Co., Ltd.	A subsidiary of Cayman President Holdings Ltd.	Long-term investments	—	US$263,860	100.00%	US$271,874	—
	Stock	Uni-President (Vietnam) Co., Ltd.	A subsidiary of Cayman President Holdings Ltd.	Long-term investments	—	US$ 25,145	100.00%	US$ 25,145	—
	Stock	Zhangjiagang President Nisshin Food Co., Ltd.	A subsidiary of Cayman President Holdings Ltd.	Long-term investments	—	US$ 9,362	60.00%	US$ 9,362	—
	Stock	Gargill President Holdings Pte Ltd.	A subsidiary of Cayman President Holdings Ltd.	Long-term investments	10,000	US$ 9,356	50.00%	US$ 9,356	—
	Stock	PT ABC President Enterprises Indonesia	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	6,524	US$ 7,588	47.41%	US$ 7,588	—
	Stock	Queen Holding (BVI) Limited	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	5	US$ 16,265	45.40%	US$ 16,265	—
	Stock	PPG Investment Inc.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 3,801	45.40%	US$ 3,801	—
	Stock	Chongqing Carrefour Hypermarket Chainstore Co., Ltd.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 12,257	45.00%	US$ 12,257	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Jiafu (Tianjin) International Trading Co., Ltd.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 6,525	45.00%	US$ 6,525	—
	Stock	Guangzhou President Supermarket Co., Ltd.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 2,931	45.00%	US$ 2,931	—
	Stock	Zhuhai Kirin President Brewery Co., Ltd.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 22,857	30.00%	US$ 22,857	—
	Stock	President Energy Development (Cayman Island) Ltd.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Long-term investments	10,200	US$ 9,054	25.50%	US$ 9,054	—
	Stock	Asia Corporate Partners Fund Ltd.	—	Long-term investments	—	US$ 3,286	3.21%	US$ 3,286	—
	Stock	Uni-President International (HK) Co., Ltd. Etc.	Investee companies of Cayman President Holdings Ltd. accounted for by the equity method	Long-term iInvestments	—	US$ 8,241	0.01% ~ 100.00%	US$ 6,930	—
Kai Nan Investment Co., Ltd.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	1,261	$ 16,501	—	$ 16,652	—
	Stock	President Securities Corp.	An investee company accounted for by the equity method	Long-term investments	30,564	$ 526,015	2.68%	$ 360,016	(1)
Kai Yu Investment Co., Ltd.	Stock	Grand Commercial Bank	Director	Short-term investments	19,433	$ 330,717	—	$ 165,041	(2)
	Stock	Prince Housing Development Corp.	Director	Short-term investments	7,366	$ 68,628	—	$ 27,107	—
	Stock	Kai Yu Investment (BVI) Co., Ltd.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Long-term investments	51,778	$ 956,821	100.00%	$ 956,821	—

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Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	TTET Union Corp.	An investee company accounted for by the equity method	Long-term investments	8,037	$ 110,825	5.02%	$ 158,099	—
	Stock	Ton Yi Industial Corp.	An investee company accounted for by the equity method	Long-term investments	24,452	$ 158,190	1.59%	$ 232,738	(3)
	Stock	Tung Ang Enterprises Corp. etc.	Investee companies of Kai Yu Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	$ 168,684	- ~100.00%	$ 37,535	—
President Global Corp.	Stock	Ameripec Inc.	An investee company of President Global Corp. accounted for by the equity method	Long-term investments	3	US$ 3,951	100.00%	US$ 3,951	—
	Stock	President East Co., etc.	Investee companies of President Global Corp. accounted for by the equity method	Long-term investments	—	US$ 3,164	- ~50.00%	US$ 3,164	—
Uni-President Glass Industrial Co., Ltd.	Beneficiary Certificates	James Bond Fund	—	Short-term investments	1,033	$ 15,000	—	$ 15,018	—
Tone Sang Construction Corp.	Beneficiary Certificates	Tong Shing Fund	—	Short-term investments	100	$ 1,000	—	$ 1,119	—
	Stock	Huairen Corp.	The subsidary of Ton Sang Construction Corp. is its director	Long-term investments	10,000	$ 100,000	18.83%	$ 35,300	—
President Digital Network Corp.	Beneficiary Certificates	Home Run Fund etc.	—	Short-term investments	—	$ 7,723	—	$ 7,795	—
Nanlien International Corp.	Stock	Ton Yi Industrial Corp. etc.	Investee companies accounted for by the equity method	Short-term investments	—	$ 91,139	—	$ 42,189	—
	Stock	Union chinese Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Long-term investments	8,048	$ 105,255	80.00%	$ 105,988	—
	Stock	Retail Support International Corp.	An investee company accounted for by the equity method	Long-term investments	4,000	$ 141,956	20.00%	$ 72,326	—
	Stock	President International Development Corp.	An investee company accounted for by the equity method.	Long-term investments	10,000	$ 102,800	0.67%	$ 86,735	—

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					December 31, 2002				
Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Cayman Nanlien Holdings Ltd. etc.	Investee companies of Nanlien International Corp. accounted for by the equity method	Long-term investments	—	$1,003,615	2.50% ~ 100.00%	$ 889,400	—
President Natural Industrial Corp.	Stock	President Organics Co., Ltd. etc.	Investee companies accounted for by the equity method etc.	Long-term investments	—	$ 5,445	2.00% ~ 16.17%	$ 7,497	—
Tone Sang Construction Corp.	Beneficiary Certificates	Tong Shing Fund	—	Short-term investments	100	$ 1,000	—	$ 1,119	—
Parabola Creative Inc.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 9,757	—	$ 6,747	—
President International Development Corp.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	12,082	$ 159,502	—	$ 159,515	—
	Beneficiary Certificates	Chung Shing Taiwan Fund etc.	—	Short-term investments	—	$ 55,000	—	$ 54,686	—
	Convertible Bond	Taiwan Cellular Corp. Convertible Bond etc.	—	Short-term investments	—	$ 117,838	—	$ 117,374	—
	Stock	Ton Yi Industrial Corp.	An investee company accounted for by the equity method	Short-term investments	21,291	$ 432,729	—	$ 202,651	(4)
	Stock	Taiwan Cellular Corp.	—	Short-term investments	5,723	$ 193,511	—	$ 158,255	(5)
	Stock	World Global Intelligent Network	—	Short-term investments	5,966	$ 167,584	—	$ 127,619	(6)
	Stock	Grand Commercial Bank	Director	Short-term investments	7,456	$ 128,318	—	$ 63,326	(7)
	Stock	Formosa Chemicals & Fibre Corp. etc.	—	Short-term investments	—	$ 265,104	—	$ 259,367	—
	Stock	President International Investment (BVI) Holdings Ltd.	An investee company of President International Development Corp. accounted for by the equity method	Long-term investments	133,023	$5,338,103	100.00%	$5,338,103	—
	Stock	President Life Science Co., Ltd.	An investee company of President International Development Corp. accounted for by the equity method	Long-term investments	165,000	$1,353,464	100.00%	$1,353,464	(8)

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Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Ton Yu Investment Inc. etc.	Investee companies of President International Development Corp. accounted for by the equity method	Long-term investments	26,050	$ 260,206	100.00%	$ 260,206	—
	Stock	Ton Shou Investment Inc. etc.	Investee companies of President International Development Corp. accounted for by the equity method	Long-term investments	11,140	$ 150,024	100.00%	$ 150,024	—
	Stock	Ton Cheng Investment Inc. etc.	Investee companies of President International Development Corp.	Long-term investments	11,140	$ 111,328	100.00%	$ 111,328	—
	Stock	Ton-Jeng Development Corp.	An investee company accounted for by the equity method	Long-term investments	150,000	$1,686,279	42.86%	$1,465,238	—
	Stock	President Entertainment Corp.	An investee company accounted for by equity method	Long-term investments	39,534	$ 497,952	38.20%	$ 497,952	(9)
	Stock	Synersy Scientech Corp.	An investee company of President International Development Corp. accounted for by the equity method	Long-term investments	55,404	$ 494,993	35.07%	$ 437,606	(10)
	Stock	Kanh Na Hsiung Enterprise Co., Ltd.	An investee company of President International Development Corp. accounted for by the equity method	Long-term investments	43,839	$ 508,374	24.90%	$ 571,944	(11)
	Stock	United Venture Capital Corp.	The subsidiary of President International Development Corp is its director.	Long-term investments	10,000	$ 100,000	11.30%	$ 99,063	—
	Stock	Toppoly Optoelectronics Corp.	An investee company accounted for by the equity method	Long-term investments	215,179	$2,379,869	9.98%	$2,862,344	(12)

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Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				Note
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	Stock	South Epitaxy Corp.	The subsidiary of President International Development Corp is its director.	Long-term investments	10,700	$ 110,265	9.91%	$ 113,622	—
	Stock	Allianz President Life Insurance Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	15,926	$ 140,546	7.96%	$ 37,856	—
	Stock	Tong Ting Gas Corporation	The subsidiary of President International Development Corp is its director.	Long-term investments	39,113	$ 407,806	7.11%	$ 364,603	(13)
	Stock	New Century Info-Comm. Co., Ltd.	The subsidiary of President International Development Corp is its director.	Long-term investments	253,200	$2,532,000	6.15%	$2,772,025	(14)
	Stock	Scino Pharm Taiwan Ltd.	An investee company accounted for by the equity method	Long-term investments	21,247	$ 169,296	5.74%	$ 88,454	—
	Stock	CDIB & Partners Investment Holding Corp.	The subsidiary of President International Development Corp is its director.	Long-term investments	27,000	$ 250,000	2.48%	$ 274,621	(15)
	Stock	Kaohsiung Rapid Transit Corp.	The subsidiary of President International Development Corp is its director.	Long-term investments	20,000	$ 203,714	2.00%	$ 202,524	—
	Stock	President Medical Technologies Co., Ltd. etc.	An investee company of President International Development Corp. accounted for by the equity method	Long-term investments	—	$ 695,787	1.25%~ 50.00%	$ 510,780	—
President Pharmaceutial	Stock	President Information Corp.	An investee company accounted for by the equity method	Long-term investments	275	$ 2,500	2.08%	$ 3,613	—
President Nisshin Corp.	Beneficiary Certificates	Tong Shing Fund	—	Short-term investments	100	$ 1,000	—	$ 1,119	—
Ton Yi Pharmaceutical Corp.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 4,556	—	$ 4,961	—
President Kikkoman Inc.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 23,075	—	$ 22,285	—

(Continued on next page)

					December 31, 2002				
Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
President Asian Enterprises Inc.	Stock	T & T Supermarket Inc.	An investee company of President Asian Enterprises Inc. accounted for by the equity method	Long-term investments	—	CAN$ 3,437	20.00%	CAN$ 3,437	—
	Stock	President Canada Construction Inc. etc.	Investee companies of President Asian Enterprises Inc. accounted for by the equity method	Long-term investments	—	(CAN$ 2,228)	50.00%～100.00%	(CAN$ 2,228)	(16)
AIM Service Uni-President Co., Ltd.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	5,351	$ 69,480	—	$ 70,655	—
President Organics Co.,	Beneficiary Certificates	James Bond Fund	—	Short-term investments	600	$ 8,697	—	$ 8,734	—
President Chain Store Corp.	Beneficiary Certificates	President All Weather Fund etc.	—	Short-term investments	—	$ 50,060	—	$ 28,270	—
	Stock	First Commercial Bank etc.	—	Short-term investments	—	$ 504,408	—	$ 229,256	—
	Stock	PCS (BVI) Holdings Ltd.	An investee company of President Chain Store Corp. accounted for by the equity method	Long-term investments	46,405	$ 1,289,342	100.00%	$ 1,289,342	—
	Stock	President Drugstore Business Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Long-term investments	19,800	$ 185,042	100.00%	$ 184,299	—
	Stock	Ren-Hui Investment Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Long-term investments	19,800	$ 141,510	100.00%	$ 141,510	—
	Stock	Wisdom Distribution Service Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Long-term investments	9,433	$ 130,054	100.00%	$ 130,054	—
	Stock	President Transnet Corp.	An investee company accounted for by the equity method	Long-term investments	72,000	$ 157,557	80.00%	$ 32,658	—
	Stock	Mech-President Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	20,775	$ 306,095	62.95%	$ 296,248	—

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Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Uni-President Cold-chain Corp.	An investee company accounted for by the equity method	Long-term investments	19,563	$ 338,606	60.00%	$ 270,821	—
	Stock	President Musashino Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Long-term investments	29,880	$ 327,685	60.00%	$ 317,013	—
	Stock	President Information Corp.	An investee company accounted for by the equity method	Long-term investments	8,223	$ 127,985	54.17%	$ 108,036	—
	Stock	Retail Support International Corp.	An investee company accounted for by the equity method	Long-term investments	5,000	$ 112,385	25.00%	$ 90,277	—
	Stock	Dayeh Takashimaya Department Store Inc.	The president is its director	Long-term investments	20,000	$ 260,433	16.67%	$ 218,578	—
	Stock	Ton-Jeng Development Corp.	An investee company accounted for by the equity method	Long-term investments	50,000	$ 625,000	14.28%	$ 488,381	—
	Stock	Allianz President Life Insurance Co., Ltd.	An investee company accounted for by the equity method	Long-term investments	20,206	$ 202,064	10.10%	$ 48,028	—
	Stock	Presicarre Corp.	An investee company accounted for by the equity method	Long-term investments	36,208	$3,729,448	10.00%	$ 839,433	—
	Stock	Tonpal Optoelectronics Inc.	An investee company accounted for by the equity method	Long-term investments	209,249	$2,299,197	9.71%	$2,774,905	—
	Stock	RK Venture Capital Corp.	Director	Long-term investments	10,000	$ 100,000	6.67%	$ 99,174	—
	Stock	Allianz President General Insurance Co., Ltd.	Director	Long-term investments	11,000	$ 110,000	5.50%	$ 67,171	—
	Stock	Digital United Inc.	The president is its director	Long-term investments	6,000	$ 133,720	3.41%	$ 107,376	—
	Stock	President International Development Corp.	An investee company accounted for by the equity method	Long-term investments	50,000	$ 500,000	3.33%	$ 437,211	—
	Stock	President Securities Corp.	An investee company accounted for by the equity method	Long-term investments	29,329	$ 140,534	2.48%	$ 345,492	—

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					December 31, 2002				
Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Kaohsiung Rapid Transit Corp.	A subsidiary of President International Development Corp is its director.	Long-term investments	20,000	$ 203,714	2.00%	$ 200,524	—
	Stock	New Century Info-comm . Co., Ltd.	A subsidiary of President International Development Corp is its director.	Long-term investments	42,400	$ 424,000	1.03%	$ 424,000	—
	Stock	Uni-President Oven Bakery Corp. etc.	An investee company of President Chain Store Corp. accounted for by the equity method	Long-term investments	—	$ 848,658	0.02%~ 100.00%	$ 777,160	—
Ton Yi Industrial Corp.	Stock	Cayman Ton Yi Industrial Holdings Ltd.	An investee company of Ton Yi Industrial Corp. accounted for by the equity method	Long-term investments	4,001	$(715,950)	100.00%	$(715,950)	—
	Stock	Sino-Aerospace Investment Corp.	Director	Long-term investments	21,000	$ 210,000	8.19%	$ 17,764	—
	Stock	President International Development Corp.	An investee company accounted for by the equity method	Long-term investments	50,000	$ 500,000	3.33%	$ 431,520	—
	Stock	Global Securities Finance Corp.	—	Long-term investments	13,142	$ 115,664	1.75%	$ 148,795	—
	Stock	Tung Ang Enterprises Corp. etc.	Investee companies of Kai Yu Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	$ 138,137	0.02%~ 100.00%	$ 139,487	—
Tung Ho Development Co., Ltd.	Stock	Gu Hsiang Co., Ltd. etc.	Investee companies of Tung Ho Development Co., Ltd. accounted for by the equity method	Long-term investments	—	$ 197,857	100.00%	$ 172,448	—
Uni-President Oven Bakery Corp.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 48,824	—	$ 48,913	—
President Packaging Ind. Corp.	Beneficiary Certificates	James Bond Fund	—	Short-term investments	2,544	$ 37,000	—	$ 37,000	—
President Tokyo Corp.	Beneficiary Certificates	James Bond Fund	—	Short-term investments	26	$ 370	—	$ 391	—

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Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
Uni-President Cold-Chain Corp.	Beneficiary Certificates	James Bond Fund	—	Short-term investments	11,056	$ 160,646	—	$160,815	—
	Stock	President Logistics International Corp.	An investee company of Retail Support International Corp. accounted for by the equity method	Long-term investments	2,500	$ 27,615	25.00%	$ 29,235	—
Retail Support International Corp.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	22,069	$ 291,258	—	$291,380	—
	Beneficiary Certificates	James Bond Fund	—	Short-term investments	11,610	$ 168,731	—	$168,866	—
	Beneficiary Certificates	NTIC Bond Fund	—	Short-term investments	199	$ 1,994	—	$ 1,902	—
	Stock	President Logistics International Corp. etc.	Investee companies of Retail Support International Corp. accounted for by the equity method	Long-term investments	—	$ 90,073	2.50%~ 51.00%	$ 90,073	—
Mech-President Co., Ltd.	Stock	Safety Elevator Corp. etc.	Investee companies of Mech-President Co., Ltd. accounted for by the equity method	Long-term investments	—	$ 90,592	0.01%~ 100.00%	$ 90,052	—
President Transnet Corp.	Beneficiary Certificates	Quality Fune	—	Short-term investments	200	$ 2,000	—	$ 930	—
President Information Corp.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 55,229	—	$ 55,570	—
	Stock	Bank Pro E-Serrice Techology Company	—	Long-term investments	450	$ 4,500	5.00%	$ 2,666	—
President Enterprises (China) Investment Co., Ltd.	Stock	Kunshan President Enterprises Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB362,972	100.00%	RMB390,849	—
	Stock	Guangazhou President Enterprises Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB345,225	100.00%	RMB248,483	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Wuhan President Enterprises Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB290,063	100.00%	RMB298,855	—
	Stock	Chengdu President Enterprises Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB235,859	100.00%	RMB220,999	—
	Stock	Shenyang President Enterprises Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB151,873	100.00%	RMB157,850	—
	Stock	Zhongshan President Enterprises Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB107,312	100.00%	RMB106,998	—
	Stock	Xinjiang President Enterprises Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB95,045	100.00%	RMB43,739	—
	Stock	Hefei President Enterprises Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB92,791	100.00%	RMB92,799	—
	Stock	Harbin President Enterprises Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB84,689	100.00%	RMB84,957	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Meishan President Feed & Oil Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB62,593	100.00%	RMB64,384	—
	Stock	Tianjing President Enterprises Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB80,179	94.49%	RMB48,661	—
	Stock	Qingdao President Feed & Livestock Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB84,180	80.00%	RMB80,607	—
	Stock	Shanghai President Enterprises Livestock Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB23,499	78.25%	RMB3,943	—
	Stock	Beijng President Food Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB42,729	55.00%	RMB59,757	—
	Stock	Nanchang President Enterprises Co., Ltd.	An investee company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB48,222	49.00%	RMB46,546	—
	Stock	Beijing President Enterprises Drinks & Food Co., Ltd.	An investee Company of President Enterprises(China) Investment Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB26,149	33.33%	RMB29,038	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Kunshan Sanwa Food Industry Co., Ltd.	—	Long-term investments	—	RMB773	15.00%	RMB2,268	—
Kai Yu Investment (BVI) Co., Ltd.	Beneficiary Certificates	Kingston Yield Enhancement Fund	—	Short-term investments	6	US$ 55,064	—	US$39,502	—
	Beneficiary Certificates	ABN Capital Proteted Unit	—	Short-term investments	284	US$ 28,641	—	US$27,794	(17)
	Beneficiary Certificates	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	—	Short-term investments	175	US$ 17,955	—	US$17,540	—
	Stock	Fuchou President Co., Ltd.	An investee company of Kai Yu Investment (BVI) Co., Ltd. accounted for by the equity method	Long-term investments	—	US$ 9,118	100.00%	RMB75,473	—
	Stock	Beijing President Enterprises Drinks & Food Co., Ltd.	An investee company of Kai Yu Investment (BVI) Co., Ltd. accounted for by the equity method	Long-term investments	—	US$ 7,087	66.66%	RMB58,665	—
	Stock	Kunshan President Kikkoman Biotechnology Co., Ltd.	An investee company of Kai Yu Investment (BVI) Co., Ltd. accounted for by the equity method	Long-term investments	—	US$ 3,412	50.00%	RMB28,241	—
	Stock	Zhuhai Kirin President Brewery Co., Ltd.	An investee company of Kai Yu Investment (BVI) Co., Ltd. accounted for by the equity method	Long-term investments	—	US$ 7,677	10.00%	RMB63,760	—
	Stock	Tianjiang President Industrial Co., Ltd	—	Long-term investments	—	US$ 3,520	10.00%	RMB12,180	—
	Stock	President Coffee (Cayman) Holdings Co., Ltd. etc.	Investee companies of Kai Yu Investment (BVI) Co., Ltd. accounted for by the equity method	Long-term investments	—	US$ 4,961	6.10% ~ 100.00%	US$ 5,587	—
Uni-President Vender Corp.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	1,744	$ 23,000	—	$ 23,024	—
Union Chinese Corp.	Stock	Uni- President Enterprises Corp. etc.	The Company etc.	Short-term investments	—	$ 36,024	—	$ 12,756	—

(Continued on next page)

					December 31, 2002				
Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Chi Fu Enterprises Corp. etc.	Investee companies of Union Chinese Corp. accounted for by the equity method	Long-term investments	—	$ 24,725	—	$ 23,825	—
President	Stock	Impax Laboratories Inc. etc.	—	Short-term investments	—	US$ 6,222	—	US$ 7,389	—
International Investment (BVI) Holdings Ltd.	Stock	Uni- Home Tech Corp.	An investee company of President International Investment (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	42,472	US$57,910	50.00%	US$57,910	—
	Stock	Accuary Inc.	An investee company of President International Investment (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	7,833	US$ 9,541	40.35%	US$ 1,424	—
	Stock	President Energy Development (Cayman Islands) Ltd.	An investee company of President International Investment (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	15,834	US$14,513	39.58%	US$14,055	—
	Stock	Outlook Investment Pte Ltd.	An investee company of President International Investment (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	7,433	US$ 5,307	25.00%	US$ 5,307	—
	Stock	Xiang Lu Petrochemicals (Xiamen) Co., Ltd.	An investee company of President International Investment (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$49,248	19.12%	US$47,989	—
	Stock	RF Integrated Corp.	—	Long-term investments	4,000	US$ 4,000	10.00%	US$ 4,000	—

(Continued on next page)

					December 31, 2002				
Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Global Strategic investment	—	Long-term investments	3,000	US$ 3,000	3.77%	US$ 2,684	—
	Stock	Scino Pharn (Kunshan) Biochemical Technology Co., Ltd. etc.	Investee companies of President International Investment (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 13,256	0.45% ~ 45.31%	US$ 10,147	—
Nella Ltd.	Stock	Guangzhou Nella Ltd.	An investee company of Nella Ltd. accounted for by the equity method	Long-term investments	—	US$ (417)	80.00%	US$ (417)	—
President Life Science Co., Ltd.	Beneficiary Certificates	NTIC Taiwan Bond Fund etc.	—	Short-term investments	—	$ 95,734	—	$ 96,803	—
	Stock	President Life Science Cayman Co., Ltd.	An investee company of President Life Science Co., Ltd. accounted for by the equity method	Long-term investments	25,050	$ 523,580	100.00%	$ 523,580	—
		Origene Technologies, Inc.	—	Long-term investments	1,930	$ 198,180	12.56%	$ 5,414	—
		Athersys Inc.	—	Long-term investments	635	$ 312,787	3.55%	$ 44,306	—
		President Biosystem Co., Ltd. etc.	Investee companies of President Life Science Co., Ltd. accounted for by the equity method.	Long-term investments	—	$ 223,199	0.50%~ 100.00%	$ 117,316	—
TonYu Investment Inc.	Stock	Toppoly Optoelectronics Corp.	An investee company accounted for by the equity method	Long-term investments	22,500	$ 259,875	1.04%	$ 298,350	(18)
Tong Shou Investment Corp.	Beneficiary Certificates	Far Eastwen Alliance Taiwan Bond Fund	—	Short-term investments	888	$ 9,000	—	$ 9,092	—
	Stock	Emerging Display Technologing Corp.	—	Short-term investments	877	$ 17,761	—	$ 23,873	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Toppoly Optoelectronics Corp.	An investee company accounted for by the equity method	Long-term investments	10,000	$ 111,300	0.46%	$ 132,600	—
	Stock	South Eqitaxy Corp.	The subsidiary of President Interident Development Corp. is its director	Long-term investments	1,100	$ 11,336	1.00%	$ 10,682	—
Tong Cheng Investment Corp.	Stock	Toppoly Optoelectronics Corp.	An investee company of Tong Cheng Investment Corp. accounted for by the equity method	Long-term investments	10,000	$ 111,300	0.46%	$ 112,747	(19)
President Medical Beneficiary Technologies Corp., Ltd.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 17,516	—	$ 17,368	—
Gu Hsiang Co., Ltd.	Beneficiary Certificates	The Forever Fund	—	Short-term investments	46	$ 624	—	$ 624	—
President Chain Store (BVI) Holdings Ltd.	Stock	President Chain Store (Labuan) Holdings Ltd.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	19,910	US$ 16,020	100.00%	US$ 16,020	—
	Stock	President Coffee (Cayman) Holdings Ltd.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	3,000	US$ 1,828	50.00%	US$ 1,828	—
	Stock	Presiclerc Ltd.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	6,175	US$ 2,715	47.50%	US$ 2,715	—
	Stock	T&T Supermarket Inc.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 6,988	20.00%	US$ 5,156	—
	Stock	eASPNet Inc.	—	Long-term investments	2,500	US$ 2,500	5.88%	US$ 2,165	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Global Strategic Invesment Inc.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	3,000	US$ 3,000	3.77%	US$ 2,226	—
Ren-Hui Investments Corp.	Stock	Acer Peripherals, Inc etc.	—	Short-term investments	—	$ 245,230	—	$ 141,784	—
Wisdon Distribution Service Corp.	Beneficiary Certificates	Union Bond Fund etc.	—	Short-term investments	—	$ 127,000	—	$ 127,236	—
	Stock	President Logistics International Corp.	An investee company of Retail Support International Corp. accounted for by the equity method	Long-term investments	2,000	$ 19,800	20.00%	$ 23,388	—
President Muashino Corp.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	22,722	$ 300,000	—	$ 300,000	—
President Drugstore Business Corp.	Beneficiary Certificates	Phoenix Bond Fund	—	Short-term investments	4,946	$ 70,000	—	$ 70,000	—
President Direct Marketing Corp.	Beneficiary Certificates	Asia Pacific Bond Fund etc.	—	Short-term investments	—	$ 114,703	—	$ 104,339	—
Capital Inventory Service Corp.	Beneficiary Certificates	Phoenix Bond Fund etc.	—	Short-term investments	—	$ 58,887	—	$ 60,713	—
President Techology Corp.	Beneficiary Certificates	Home Run Fund etc.	—	Short-term investments	—	$ 20,000	—	$ 20,101	—
President Engineering Technology Corp.	Beneficiary Certificates	Well Pool Fund etc.	—	Short-term investments	—	$ 30,000	—	$ 30,350	—
Uni-President Takashimaya Co., Ltd.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 100,000	—	$ 101,131	—
Duskin Serve Taiwan Co., Ltd.	Beneficiary Certificates	Home Run Fund	—	Short-term investments	1,556	$ 20,000	—	$ 20,542	—
Cayman Ton Yi Industrial Holdings Ltd.	Stock	Wuxi Ton Yi Industrial Packaging Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 4,754	100.00%	US$ 4,754	—
	Stock	Chengdu Ton Yi Industrial Packaging Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 2,579	100.00%	US$ 2,579	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	Stock	Hong Kong Ton Yi Industrial Holdings Ltd. etc.	Investee companies of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 227	100.00%	US$ 227	—
	Stock	Cayman Fujian Ton Yi Industrial Holdings Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 27,809	88.58%	US$ 27,809	—
	Stock	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. Corp. accounted for by the equity method	Long-term investments	—	US$ 16,154	87.93%	US$ 16,154	—
Retail Support Taiwan Corp.	Beneficiary Certificates	James Bond Fund	—	Short-term investments	199	$ 2,890	—	$ 2,892	—
	Stock	President Logistics Internation Corp.	An investee company of Retail support International Corp. accounted for by the equity method	Long-term investments	543	$ 5,425	5.43%	$ 6,350	—
President Logistics Internation Corp.	Beneficiary Certificates	James Bond Fund etc.	—	Short-term investments	—	$ 77,073	—	$ 77,099	—
Kunshan President Enterprises Food Co., Ltd.	Stock	Guangzhou Wang Sheng Industrial Co., Ltd.	An investee company of Kunshan President Enterprises Food Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB 2,551	50.00%	RMB 2,539	—
Wuhan President Enterprises Food Co., Ltd.	Stock	Nanchang President Enterprises Co., Ltd.	An investee company of Wuhan President Enterprises Food Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB48,446	51.00%	RMB48,446	—
	Stock	Guangzhou Wang Sheng Industrial Co., Ltd.	An investee company of Wuhan President Enterprises Food Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB 2,551	50.00%	RMB 2,539	—

(Continued on next page)

Investors	Type of securities	*Name of securities*	Relationship with the issuer	General ledger accounts	December 31, 2002				
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
Meishan President Feed & Oil Co., Ltd.	Stock	President Fuche (Qingdo) Co., Ltd.	An investee company of Meishan President Feed & Oil Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB 3,196	50.00%	RMB 3,196	—
Qingdao President Feed & Livestock Co., Ltd.	Stock	San Tong Wanfu (Qingdo) Food Co., Ltd.	An investee company of Qingdao President Feed &Livestock Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB 24,831	30.00%	RMB 24,831	—
President Life	Stock	Arena Pharmaceutical Inc. etc.	—	Short-term investments	—	US$ 3,463	—	US$ 3,102	—
Sciences Cayman Co., Ltd.	Stock	Orchid Biosciences Inc.	—	Long-term investments	1,000	US$ 5,470	3.02%	US$ 493	—
	Stock	Plantaceutica, Inc, etc.	Investee companies accounted for by the equity method.	Long-term investments	—	US$ 8,469	14.90% ~ 70.88%	US$ 2,939	—
President Biosystem Co., Ltd.	Beneficiary Certificates	Entrust Kirin Bond Fund etc.	—	Short-term investments	—	$ 20,508	—	$ 21,160	—
President Chain Store (Labuan) Holding Ltd.	Stock	Philippine Seven Corp.	An investee company accounted for by the equity method.	Long-term investments	119,575	US$ 15,999	50.40%	US$ 15,999	—
President Coffee (Cayman) Holding Ltd.	Stock	Shanghai President Coffee Corp.	An investee company accounted by the equity method.	Long-term investments	—	US$ 3,283	100.00%	US$ 3,283	—
Philippine Seven Corp.	Stock	Convenience Distribution INC. etc.	An investee company accounted for by the equity method.	Long-term investments	—	PESO87,111	40.00% ~ 100.00%	PESO87,111	—
Mech-President (BVI) Corp.	Stock	Shanghai President machine Co., Ltd.	An investee company accounted for by the equity method.	Long-term investments	—	US$ 2,418	100.00%	US$ 2,418	—
Cayman Fujian Ton Yi Holding Ltd.	Stock	Fujian Ton Yi Tinplate Co., Ltd.	An investee company accounted for by the equity method.	Long-term investments	—	US$ 31,299	83.58%	US$ 31,299	—
Cayman Jiangsu Ton Yi Holding Ltd.	Stock	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company accounted for by the equity method.	Long-term investments	—	US$ 18,394	82.86%	US$ 18,394	—

(Note 1) 120 thousand shares of the outstanding common stock with market value of $1,413 were used as collateral for short-term loan of Kai Nan Investment Co., Ltd.

(Note 2) 18,127 thousand shares of the outstanding common stock with market value of $153,949 were used as collateral for issuance of commercial papers of Kai Yu Investment Co., Ltd.

(Note 3) 18,000 thousand shares of the outstanding common stock with market value of $116,449 were used as collateral for issuance of commercial papers of Kai Yu Investment Co., Ltd.

(Note 4) 2,300 thousand shares of the outstanding common stock with market value of $21,892 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 5) 1,250 thousand shares of the outstanding common stock with market value of $34,566 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 6) 500 thousand shares of the outstanding common stock with market value of $10,695 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 7) 6,597 thousand shares of the outstanding common stock with market value of $56,031 were used as collateral for short-term loan and issuance of commercial papers of President International Development Corp.

(Note 8) 149,994 thousand shares of the outstanding common stock with market value of $1,230,373 were used as collateral for short-term loan of President International Development Corp.

(Note 9) 39,100 thousand shares of the outstanding common stock with market value of $492,486 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 10) 55,400 thousand shares of the outstanding common stock with market value of $494,957 were used as collateral for short-term loan and issuance of commercial papers of President International Development Corp.

(Note 11) 40,600 thousand shares of the outstanding common stock with market value of $470,813 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 12) 196,500 thousand shares of the outstanding common stock with market value of $2,173,280 were used as collateral for short-term loan and issuance of commercial papers of President International Development Corp.

(Note 13) 19,875 thousand shares of the outstanding common stock with market value of $207,224 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 14) 251,000 thousand shares of the outstanding common stock with market value of $2,510,000 were used as collateral for short-term loan of President International Development Corp.

(Note 15) 11,000 thousand shares of the outstanding common stock with market value of $101,852 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 16) 1 thousand shares of the outstanding common stock with market value of (CAN 1,184)) were used as collateral for short-term loan of President Asian Enterprises Inc.

(Note 17) 284 thousand shares of the outstanding common stock with market value of US$27,794 were used as collateral for short-term loan of Kai Yu Investment (BVI) Co., Ltd.

(Note 18) 20,000 thousand shares of the outstanding common stock with market value of $231,000 were used as collateral for short-term loan of President International Development Corp.

(Note 19) 10,000 thousand shares of the outstanding common stock with market value of $111,300 were used as collateral for short-term loan of President International Development Corp.

(4) Accumulative additions and disposals of individual marketable securities exceeding $100,000 or 20% of the contributed capital (Units in thousands of currencies indicated):

Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Uni-President Enterprises Corp.	Beneficiary Certificates:															
	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	Short-term investments	—	—	457	$1,623,821	311	$1,107,757	(768)	$2,686,695	$(2,731,578)	$ (44,883)	—	$ —	—	$ —
	Home Run Fund	Short-term investments	—	—	—	—	41,489	$ 540,000	(41,489)	$ 540,394	$ (540,000)	$ 394	—	$ —	—	$ —
	James Bond Fund	Short-term investments	—	—	—	—	25,027	$ 355,300	(25,027)	$ 355,752	$ (355,300)	$ 452	—	$ —	—	$ —
	Phoenix Bond Fund	Short-term investments	—	—	—	—	23,055	$ 318,000	(23,055)	$ 318,875	$ (318,000)	$ 875	—	$ —	—	$ —
	Ta-Chong Bond Fund	Short-term investments	—	—	—	—	16,677	$ 200,000	(16,677)	$ 200,234	$ (200,000)	$ 234	—	$ —	—	$ —
	Stock: President Chain Store Corp.	Long-term investments	—	—	307,116	$6,624,385	2,171	$ 137,409	—	$ —	$ —	$ —	34,949	$(1,274,523)	344,236	$5,487,271
	President International Trade and Investment Corp.	Long-term investments	Capital increase	—	12	$1,583,227	45,000	$1,531,800	—	$ —	$ —	$ —	—	$ (98,593)	45,012	$3,016,434
	Presicarre Corp.	Long-term investments	(Note 1)	(Note 1)	87,561	$2,213,302	—	$ —	(36,208)	$3,718,259	$ (836,708)	$(2,881,551)	22,875	$ 344,267	74,228	$1,720,861
	Cayman President Holding Ltd.	Long-term investments	Capital increase	—	100,060	$ 142,328	18,000	$ 618,894	—	$ —	$ —	$ —	—	$ (191,913)	118,060	$ 569,309
	Scino Pharm Taiwan Ltd.	Long-term investments	Capital increase	—	48,750	$ 527,100	16,324	$ 163,238	—	$ —	$ —	$ —	—	$ (152,628)	65,074	$ 537,710
	Tong Sang Construction Corp.	Long-term investments	Capital increase	—	19,800	$ 7,696	18,500	$ 185,000	—	$ —	$ —	$ —	(18,500)	$ (46,314)	19,800	$ 146,382
Cayman President	Beneficiary Certificates:															

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase(decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Holding Ltd.	Equity Certificates Relating to ABN AMRL Global Retail Index	Short-term investments	—	—	—	$ —	200	US$ 20,520	—	$ —	$ —	$ —	—	$ —	200	US$ 20,520
	ABN Equity Certificates	Short-term investments	—	—	19,107	US$ 35,158	—	$ —	(19,107)	US$ 35,217	US$ (35,158)	US$ 59	—	$ —	—	$ —
	Genesis Special Growth Fund	Short-term investments	—	—	3	US$ 24,981	—	$ —	(3)	US$ 24,763	US$ (24,981)	US$ 218	—	$ —	—	$ —
	Stock:															
	Uni-President Vietnam Co., Ltd.	Long-term investments	Capital increase	—	—	US$ 19,611	—	US$ 9,000	—	$ —	$ —	$ —	—	US$ (3,466)	—	US$ 25,145
	Cargill Holdings President Pte. Ltd.	Long-term investments	Capital increase	—	50	US$ (43)	9,950	US$ 9,950	—	$ —	$ —	$ —	—	US$ (551)	1,000	US$ 9,356
	Hong Kong President Holdings Ltd.	Long-term investments	Capital increase	—	80,000	US$ (5,719)	16,400	US$ (16,400)	—	$ —	$ —	$ —	(96,400)	US$ (10,681)	—	$ —
Kai Yu Investment Co., Ltd.	Beneficiary Certificates:															
	Phoenix Bond Fund	Short-term investments	—	—	182	$ 2,500	27,279	$ 380,100	(27,461)	$ 382,954	$ (382,600)	$ 354	—	$ —	—	$ —
	Home Run Fund	Short-term investments	—	—	—	$ —	14,203	$ 85,200	(14,203)	$ 185,382	$ (185,200)	$ 182	—	$ —	—	$ —
	Stock:															
	Uni-President Enterprises Corp.	Short-term investments	—	—	60,665	$ 1,446,163	—	$ —	(60,950)	$ 817,770	$ (1,446,163)	$ (628,393)	285	$ —	—	$ —
	Kai Yu (BVI) Investment Co., Ltd.	Long-term investments	Capital increase	—	26,878	$ 513,478	24,900	$ 857,094	—	$ —	$ —	$ —	—	$ (414,114)	51,778	$ 956,821

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase(decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
	Century Quick Service Restaurant Corp.	Long-term investments	Capital increase	—	14,250	$ 95,223	15,000	$ 150,000	—	$ —	$ —	$ —	—	$(146,759)	29,250	$ 98,464
Nanlien International Corp.	Beneficiary Certificites:															
	Home Run Fund	Short-term investments	—	—	31,143	$400,000	10,118	$ 130,000	(41,261)	$ 531,270	$ (530,000)	$ 1,270	—	$ —	—	$ —
President	Beneficiary Certificites:															
Pharmaceutical Corp.	James Bond Fund	Short-term investments	—	—	—	$ —	11,305	$ 161,000	(11,305)	$ 161,160	$ (161,000)	$ 160	—	$ —	—	$ —
President Internationa Development Corp.	Beneficiary Certificites:															
	Home Run Fund	Short-term investments	—	—	—	$ —	87,731	$1,148,600	(75,649)	$ 990,049	$ (989,098)	$ 951	—	$ —	12,082	$159,502
	James Bond Fund	Short-term investments	—	—	—	$ —	83,014	$1,185,650	(83,014)	$1,187,444	$(1,185,650)	$ 1,794	—	$ —	—	$ —
	Government Bond:															
	Centre Government Bonds	Short-term investments	—	—	—	$288,130	—	$5,514,680	—	$5,856,659	$(5,802,810)	$ 53,849	—	$ —	—	$ —
	Convertible Bond: Optoma Corp.	Short-term investments	—	—	1,800	$180,000	—	$ —	(1,400)	$ 243,127	$ (140,000)	$103,127	(400)	$ (40,000)	—	$ —
	Stock:															
	Taiwan Cellular Corp.	Short-term investments	—	—	4,114	$171,698	3,024	$ 114,029	(2,449)	$ 83,237	$ (92,216)	$ (8,979)	1,034	$ —	5,723	$193,511
	Unimicron Technology Corp.	Short-term investments	—	—	875	$ 29,479	7,519	$ 230,428	(2,740)	$ 83,009	$ (92,323)	$ 9,314	312	$ —	5,966	$167,584
	Formosa Chemicals & Fibre Corp.	Short-term investments	—	—	—	$ —	3,459	$ 117,473	(2,409)	$ 80,414	$ (79,030)	$ 1,384	—	$ —	1,050	$ 38,443
	Eternal Chemicals & Electronic Corp.	Short-term investments	—	—	—	$ —	4,771	$ 117,874	(3,746)	$ 94,001	$ (91,323)	$ 2,678	95	$ —	1,120	$ 26,551
	Taiwan Semiconductor Manufacturing Co., Ltd.	Short-term investments	—	—	—	$ —	3,065	$ 182,016	(2,593)	$ 158,138	$ (157,488)	$ 650	28	$ —	500	$ 24,528

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase(decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
	Bonkon (Thailand) Bank	Short-term investments	—	—	2,080	$ 155,846	830	$ 43,639	(2,530)	$129,023	$ (174,870)	$ (45,847)	—	$ (6,265) (Note 2)	380	$ 18,350
	Compal Electronics Inc.	Short-term investments	—	—	2,027	$ 84,903	1,774	$ 51,455	(4,030)	$143,411	$ (131,548)	$ 11,863	385	$ —	156	$ 4,810
	Uni-President Enterprise Corp.	Short-term investments	—	—	72,370	$1,720,417	—	$ —	(72,575)	$980,452	$(1,720,417)	$(739,965)	205	$ —	—	$ —
	United Microelectronics Corp.	Short-term investments	—	—	—	$ —	3,487	$148,294	(3,487)	$140,298	$ (148,294)	$ (7,996)	—	$ —	—	$ —
	Nan Ya Plastics Corp.	Short-term investments	—	—	1,776	$ 105,398	600	$ 19,593	(2,376)	$ 82,483	$ (124,991)	$ 42,508	—	$ —	—	$ —
	Sunplus Technology Co., Ltd.	Short-term investments	—	—	—	$ —	1,226	$111,406	(1,271)	$100,669	$ (111,406)	$ (10,737)	45	$ —	—	$ —
	President International Development Corp. (BVI)	Long-term investments	Capital increase	—	118,449	$5,070,297	14,574	$501,327	—	$ —	$ —	$ —	—	$(233,521)	133,023	$5,338,103
	Tonpal Optoelectronics Inc.	Long-term investments	(Note 3)	(Note 3)	279,001	$3,105,302	—	$ —	(63,822)	$843,082	$ (718,855)	$ 125,007	—	$ (6,578)	215,179	$2,379,869
	President Life Sciences Co., Ltd.	Long-term investments	—	—	150,000	$1,507,920	15,000	$150,000	—	$ —	$ —	$ —	—	$(304,456)	165,000	$1,353,464
	Tung Yu Investment Corp.	Long-term investments	New establishment	—	—	$ —	26,050	$260,500	—	$ —	$ —	$ —	—	$ (294)	26,050	$ 260,206
	Scino Pharm Taiwan Ltd.	Long-term investments	Capital increase	—	—	$ —	21,247	$212,474	—	$ —	$ —	$ —	—	$ (43,178)	21,247	$ 169,296
	Tong Shuo Investment Corp.	Long-term investments	New establishment	—	—	$ —	11,140	$150,000 (Note 4)	—	$ —	$ —	$ —	—	$ 24	11,140	$ 150,024
	Tong Cheng Investment Corp.	Long-term investments	New establishment	—	—	$ —	11,140	$111,400	—	$ —	$ —	$ —	—	$ (72)	11,140	$ 111,328
President	Beneficiary Certificates:															
Kikkoman Inc.	The First Global Investment Trust Duo Libond Fund	Short-term investments	—	—	725	$ 11,039	9,635	$149,000	(10,360)	$160,424	$ (160,039)	$ 385	—	$ —	—	$ —

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
President Asia Enterprises Inc.	Stock: T&T Supermarket Inc.	Long-term investments	(Note 5)	(Note 5)	—	CAN5,278	—	$ —	—	CAN12,000	CAN(2,965)	CAN9,035	—	CAN1,124	—	CAN3,437
AIM Service	Beneficiary Certificates:															
Uni-President Co., Ltd.	Home Run Fund	Short-term investments	—	—	7,775	$ 99,500	6,473	$ 84,441	(8,897)	$ 115,941	$ (114,461)	$1,480	—	$ —	5,351	$694,480
President Chain	Beneficiary Certificates:															
Store Corp.	James Bond Fund	Short-term investments	—	—	2,271	$ 32,000	306,307	$4,436,000	(308,578)	$4,474,285	$(4,468,000)	$6,285	—	$ —	—	$ —
	Home Run Fund	Short-term investments	—	—	—	$ —	283,048	$3,720,000	(283,048)	$3,725,527	$(3,720,000)	$5,527	—	$—	—	$ —
	Jardine Fleming (Taiwan) Bond Fund	Short-term investments	—	—	—	$ —	83,541	$1,194,000	(83,541)	$1,196,113	$(1,194,000)	$2,113	—	$—	—	$ —
	Asia – Pacific Bond Fund	Short-term investments	—	—	—	$ —	71,949	$ 849,000	(71,949)	$ 852,393	$ (849,000)	$3,393	—	$—	—	$ —
	Grand Cathey Bond Fund	Short-term investments	—	—	3,801	$ 45,000	56,853	$ 688,000	(60,654)	$ 734,742	$ (733,000)	$1,742	—	$—	—	$ —
	Jih Sun Bond Fund	Short-term investments	—	—	—	$ —	52,686	$ 666,000	(52,686)	$ 667,201	$ (666,000)	$1,201	—	$—	—	$ —
	Tiim Bond Fund	Short-term investments	—	—	6,992	$ 90,000	49,066	$ 648,000	(56,058)	$ 741,796	$ (738,000)	$3,796	—	$—	—	$ —
	Long River Bond Fund	Short-term investments	—	—	—	$ —	58,528	$ 635,000	(58,528)	$ 639,367	$ (635,000)	$4,367	—	$—	—	$ —
	Financial Return Bond Fund	Short-term investments	—	—	—	$ —	38,711	$ 528,000	(38,711)	$ 529,581	$ (528,000)	$1,581	—	$—	—	$ —
	NTIC Bond Fund	Short-term investments	—	—	—	$ —	3,212	$ 495,989	(3,212)	$ 496,639	$ (495,989)	$ 650	—	$—	—	$ —
	Solomon Bond Fund	Short-term investments	—	—	13,396	$ 140,000	41,766	$ 448,000	(55,162)	$ 592,101	$ (588,000)	$4,101	—	$—	—	$ —
	Cathay Bond Fund	Short-term investments	—	—	—	$ —	35,992	$ 388,000	(35,992)	$ 388,392	$ (388,000)	$ 392	—	$—	—	$ —
	Prudential Bond Fund	Short-term investments	—	—	7,632	$ 108,000	26,629	$ 382,010	(34,261)	$ 493,965	$ (490,010)	$3,955	—	$—	—	$ —
	Trustwell Bond Fund	Short-term investments	—	—	7,747	$ 90,000	29,582	$ 350,000	(37,329)	$ 442,172	$ (440,000)	$2,172	—	$—	—	$ —
	The Forever Fund	Short-term investments	—	—	17,474	$ 230,000	25,935	$ 349,000	(43,409)	$ 584,081	$ (579,000)	$5,081	—	$—	—	$ —
	Shinkong Chi-Shin Fund	Short-term investments	—	—	—	$ —	24,369	$ 328,000	(24,369)	$ 328,149	$ (328,000)	$ 149	—	$—	—	$ —

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
	Ta-chong Bond Fund	Short-term investments	—	—	4,207	$ 50,000	24,625	$ 298,000	(28,832)	$349,301	$(348,000)	$1,301	—	$ —	—	$ —
	Union Bond Fund	Short-term investments	—	—	—	$ —	23,716	$ 289,000	(23,716)	$289,637	$(289,000)	$ 637	—	$ —	—	$ —
	Sheng Hua 1699 Bond Fund	Short-term investments	—	—	7,118	$ 80,000	18,855	$ 215,000	(25,973)	$299,170	$(295,000)	$4,170	—	$ —	—	$ —
	Truswell Premier Fund	Short-term investments	—	—	—	$ —	20,415	$ 210,000	(20,415)	$210,717	$(210,000)	$ 771	—	$ —	—	$ —
	Duo Li Fund	Short-term investments	—	—	6,752	$ 90,000	11,926	$ 160,000	(18,678)	$252,161	$(250,000)	$2,161	—	$ —	—	$ —
	Kirin Bond Fund	Short-term investments	—	—	9,497	$ 95,000	14,659	$ 150,000	(24,156)	$248,254	$(245,000)	$3,254	—	$ —	—	$ —
	KGI Kai-Hsuan Bond Fund	Short-term investments	—	—	—	$ —	11,975	$ 120,000	(11,975)	$120,224	$(120,000)	$ 224	—	$ —	—	$ —
	Prudential Well Pool Fund	Short-term investments	—	—	—	$ —	12,820	$ 150,000	(12,820)	$150,093	$(150,000)	$ 93	—	$ —	—	$ —
	Barits Bond Fund	Short-term investments	—	—	8,651	$ 96,000	8,907	$ 100,000	(17,558)	$197,669	$(196,000)	$1,669	—	$ —	—	$ —
	Fuh-Hwa Albatross Fend	Short-term investments	—	—	—	$ —	9,728	$ 100,000	(9,728)	$101,787	$(100,000)	$1,787	—	$ —	—	$ —
	Far Easter Ailliance Taiwan Bond Fund	Short-term investments	—	—	4,792	$ 48,000	8,931	$ 90,000	(13,723)	$138,068	$(138,000)	$ 68	—	$ —	—	$ —
	Cash Reserves	Short-term investments	—	—	2,837	$ 30,000	6,354	$ 69,000	(9,191)	$100,116	$ (99,000)	$1,116	—	$ —	—	$ —
	Financial Return Fund	Short-term investments	—	—	22,928	$ 290,202	—	$ —	(22,928)	$291,497	$(290,202)	$1,295	—	$ —	—	$ —
	VStock:															
	President Chain Store (BVI) Holding Ltd.	Long-term investments	Capital increase	—	37,443	$1,179,960	8,962	$ 313,699	—	$ —	$ —	$ —	—	$(204,317)	46,405	$1,289,342
	Presicarre Corp.	Long-term investments	(Note 6)	(Note 6)	—	$ —	36,208	$3,729,448	—	$ —	$ —	$ —	—	$ —	36,208	$3,729,448
	President Transnet Corp.	Long-term investments	Capital increase	—	39,600	$ 161,680	32,400	$ 324,000	—	$ —	$ —	$ —	—	$(328,123)	72,000	$ 157,557
	Digital United Holdings Ltd.	Long-term investments	(Note 5)	(Note 5)	—	$ —	2,400	$ 133,720	—	$ —	$ —	$ —	2,400	$(133,720) (Note 7)	—	$ —
	Tong-Jeng Development Corp.	Long-term investments	Capital increase	—	—	$ —	50,000	$ 625,000	—	$ —	$ —	$ —	—	$ —	50,000	$ 625,000

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
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Tung Ho	Beneficiary Certificates:															
Development Co., Ltd.	Urion Bond Fund	Short-term investments	—	—	—	$ —	9,349	$ 104,800	(9,349)	$ 104,843	$ (104,800)	$ 43	—	$—	—	$ —
	James Bond Fund	Short-term investments	—	—	—	$ —	7,298	$ 104,000	(7,298)	$ 104,026	$ (104,000)	$ 26	—	$—	—	$ —
Uni-President Oven Bakery Corp.	Home Run Fund	Short-term investments	—	—	4,822	$ 61,219	13,601	$ 176,803	(15,098)	$ 195,664	$ (194,202)	$1,462	—	$—	3,325	$ 43,820
President Packaging Ind. Corp.	Beneficiary Certificates:															
	James Bond Fund	Short-term investments	—	—	212	$ 3,000	15,324	$ 222,000	(12,992)	$ 188,234	$ (188,000)	$ 234	—	$—	2,544	$ 37,000
Uni-President Cold-Chain Corp.	Beneficiary Certificates:															
	James Bond Fund	Short-term investments	—	—	2,762	$ 39,000	246,974	$3,552,000	(238,680)	$3,435,217	$(3,430,354)	$4,863	—	$—	11,056	$160,646
	Prubential Bond Fund	Short-term investments	—	—	—	$ —	22,717	$ 330,000	(22,717)	$ 330,321	$ (330,000)	$ 321	—	$—	—	$ —
	Home Run Fund	Short-term investments	—	—	1,721	$ 22,074	11,661	$ 150,000	(13,382)	$ 172,232	$ (172,074)	$ 158	—	$—	—	$ —
	Ta-chong Bond Fund	Short-term investments	—	—	—	$ —	11,650	$ 140,000	(11,650)	$ 140,151	$ (140,000)	$ 151	—	$—	—	$ —
	Yuanda Duo Li Fund	Short-term investments	—	—	—	$ —	9,701	$ 150,000	(9,701)	$ 150,159	$ (150,000)	$ 159	—	$—	—	$ —
	Yuanda Duo Li Fund	Short-term investments	—	—	229	$ 3,062	7,391	$ 100,000	(7,620)	$ 103,161	$ (103,062)	$ 99	—	$—	—	$ —
	The Wai Tai Securities Investment Trust Fund	Short-term investments	—	—	—	$ —	7,607	$ 100,000	(7,607)	$ 100,090	$ (100,000)	$ 90	—	$—	—	$ —
Retail Support International Corp.	Beneficiary Certificates:															
	Home Run Fund	Short-term investments	—	—	88	$ 1,125	600,776	$7,841,160	(578,785)	$7,555,562	$(7,551,027)	$4,535	—	$—	22,069	$291,258
	James Bond Fund	Short-term investments	—	—	7,918	$111,966	542,155	$7,795,445	(538,463)	$7,742,947	$(7,738,680)	$4,267	—	$—	11,610	$168,731
	NITC Taiwan Bond Fund	Short-term investments	—	—	1	$ 157	200,934	$3,206,780	(20,935)	$3,208,691	$(3,206,937)	$1,754	—	$—	—	$ —
President	Stock:															

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Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
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Enterprises (China) investment Co., Ltd.	Nanchang President Enterprises Co., Ltd.	Long-term investments	New establish-ment	—	—	$ —	RMB48,800	$ —	—	$ —	$ —	$ —	—	RMB(578)	—	RMB48,222
Kai Yu (BVI) Investment Co., Ltd.	Beneficiary Certificates:															
	ABN Capital Protected Unit	Short-term investments	—	—	110	US$ 11,220	284	US$ 28,641	(110)	US$ 14,160	US$ (11,220)	US$ 2,940	—	$ —	284	US$ 28,641
	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	Short-term investments	—	—	—	$ —	175	US$ 17,955	—	$ —	$ —	$ —	—	$ —	175	US$ 17,955
	Stock:															
	Fuzhou President Enterprises Co., Ltd.	Long-term investments	Capital increase	—	—	US$ 1,432	—	US$ 8,500	—	$ —	$ —	$ —	—	US$ (814)	—	US$ 9,118
Uni-President Vender Corp.	Beneficiary Certificates:															
	Home Run Fund	Short-term invest- ments	—	—	1,171	$ 15,000	13,110	$ 172,000	(12,537)	$ 164,315	$ (164,000)	$ 315	—	$ —	1,744	$ 23,000
	Duo Li Fund	Short-term investments	—	—	—	$ —	18,602	$ 289,000	(18,602)	$ 289,441	$ (289,000)	$ 441	—	$ —	—	$ —
	Prudential Bond Fund	Short-term investments	—	—	—	$ —	11,681	$ 169,000	(11,681)	$ 169,221	$ (169,000)	$ 221	—	$ —	—	$ —
President International (BVI) Co., Ltd.	Stock:															
	Xiang Lu Petro-chemicals (Xiamen) Co., Ltd.	Long-term investments	Capital increase	—	—	US$ 46,467	—	US$ 2,900	—	$ —	$ —	$ —	—	US$ (119)	—	US$ 49,248
	Accuary Inc.	Long-term investments	Capital increase	—	4,833	US$ 11,500	3,000	US$ 3,000	—	$ —	$ —	$ —	—	US$ (4,959)	7,833	US$ 9,541
	Presiclerc Ltd.	Long-term investments	(Note 5)	(Note 5)	4,750	US$ 4,750	—	$ —	(4,750)	US$ 4,992	US$ (4,750)	US$ 242	—	$ —	—	$ —
President Life Sciences Co., Ltd.	President Life Sciences Cayman Co., Ltd.	Long-term investments	Capital increase	—	20,250	$ 634,745	4,800	$ 167,046	—	$ —	$ —	$ —	—	$ (278,211)	25,050	$ 523,580

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Tung Yu Investment Corp.	Stock: Tonpal Opto electronics Inc.	Long-term investments	(Note 8)	(Note 8)	—	$ —	22,500	$ 259,875	—	$ —	$ —	$ —	—	$ —	22,500	$ 259,875
Tong Shuo Investment Corp.	Stock: Tonpal Optoelectronics Inc.	Long-term investments	(Note 8)	(Note 8)	—	$ —	10,000	$ 111,300	—	$ —	$ —	$ —	—	$ —	10,000	$ 111,300
Tong Cheng Investment Corp.	Stock: Tonpal Optoelectronics	Long-term investments	(Note 8)	(Note 8)	—	$ —	10,000	$ 111,300	—	$ —	$ —	$ —	—	$ —	10,000	$ 111,300
President Chain Store (BVI) Holding Ltd.	Stock: T & T supermarket Inc.	Long-term investments	(Note 9)	(Note 9)	—	$ —	—	US$ 7,537	—	$ —	$ —	$ —	—	US$ (549)	—	US$ 6,988
	Presiclerc Ltd.	Long-term investments	(Note 10)	(Note 10)	—	$ —	6,175	US$ 6,418	—	$ —	$ —	$ —	—	US$(3,703)	6,175	US$ 2,715
	Digital United Holdings Ltd.	Long-term investments	(Note 1)	(Note 1)	2,400	US$ 3,909	—	$ —	(2,400)	US$ 3,909	US$ (3,909)	$ —	—	$ —	—	$ —
Wisdom Distribution Services Corp.	Beneficiary Certificates: Jamrs Bond Fund	Short-term investments	—	—	—	$ —	28,052	$ 406,000	(24,678)	$ 357,429	$ (357,000)	$ 429	—	$ —	3,374	$ 49,000
	Union Bond Fund	Short-term investments	—	—	3,148	$ 35,000	61,257	$ 693,000	(60,642)	$ 686,126	$ (685,000)	$1,126	—	$ —	3,763	$ 43,000
	Long River Bond Fund	Short-term investments	—	—	—	$ —	91,341	$ 1,000,000	(91,341)	$ 1,001,030	$ (1,000,000)	$1,030	—	$ —	—	$ —
	Cash Reserves Bond Fund	Short-term investments	—	—	—	$ —	11,181	$ 121,000	(11,181)	$ 121,246	$ (121,000)	$ 246	—	$ —	—	$ —
	Central Diamond Bond Fund	Short-term investments	—	—	—	$ —	10,136	$ 107,000	(10,136)	$ 107,061	$ (107,000)	$ 61	—	$ —	—	$ —
President Musashino Corp.	Beneficiary Certificates: Home Run Fund	Short-term investments	—	—	—	$ —	316,762	$ 4,130,000	(294,040)	$ 3,837,690	$ (3,830,000)	$7,690	—	$ —	22,722	$ 300,000

(Continued on next page)

Investors	Name of the securities	Accounts	Name of counter-party	Relation-ship	Beginning balance		Addition		Disposal				Other increase(decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
	ING CHE Taiwan Fund	Short-term investments	—	—	—	$ —	18,038	$200,000	(18,038)	$200,182	$(200,000)	$ 182	—	$—	—	$ —
	James Bond Fund	Short-term investments	—	—	—	$ —	6,890	$100,000	(6,890)	$100,133	$(100,000)	$ 133	—	$—	—	$ —
President Drugstore Business Corp.	Beneficiary Certificites:															
	Phoenix Bond Fund	Short-term investments	—	—	—	$ —	19,656	$273,550	(14,710)	$204,789	$(203,550)	$1,239	—	$—	4,946	$700,000
	Kirin Bond Fund	Short-term investments	—	—	400	$ 4,000	14,745	$150,000	(15,145)	$154,799	$(154,000)	$ 799	—	$—	—	$ —
	Long River Bond Fund	Short-term investments	—	—	—	$ —	11,444	$125,000	(11,444)	$125,156	$(125,000)	$ 156	—	$—	—	$ —
	Home Run Fund	Short-term investments	—	—	—	$ —	8,628	$111,000	(8,628)	$111,106	$(111,000)	$ 106	—	$—	—	$ —
President Logistics International Corp.	Beneficiary Certificites:															
	Jamrs Bond Fund	Short-term investments	—	—	2,320	$ 32,657	16,673	$240,760	(16,302)	$235,238	$(234,286)	$ 952	—	$—	2,691	$ 39,131
	Home Run Fund	Short-term investments	—	—	3,180	$ 40,841	15,983	$209,020	(17,812)	$232,742	$(232,037)	$ 705	—	$—	1,351	$ 17,824
Qingdo President Feed & livestock Co., Ltd.	Stock:															
	San Tong Wanfu (Qingdo) Food Co., Ltd.	Long-term investments	—	—	—	RMB24,831	—	$ —	—	$ —	$ —	$ —	—	$—	—	RMB24,831

(Note 1) The counter party is President Chain Store Corp., which is an investee company accounted for under the equity method.

(Note 2) The investment was transferred from long-term investrnents to short-term investment and a loss on price decline was recognised in the current period.

(Note 3) The counter partys are Tong Shuo Investment Corp., Tong Cheng Investment Corp., Tong Yu Investment Corp. and Chiao Tung Bank , Tong Shuo Investment Corp., Tong Cheng Investment Corp. and Tong Yu Investment Corp. are President International Development Corp's investee companies accounted for under the equity method.

(Note 4) Included received in advance from stock subscription of $38,600.

(Note 5) The counter party is President Chain Store (BVI) Holding Ltd., which is President Chain Store's investee company accounted for under the equity method.

(Note 6) The counter party is Uni-President Enterprises Corp..

(Note 7) Transferred to the stocks of Digital United Inc.

(Note 8) The counter party is President International Development Corp., which is an investee company accounted for under the equity method.

(Note 9) The counter party is President Asia Enterprise Inc., which is an investee company accounted for under the equity method.

(Note 10) The counter party is President International Investment (BVI) Co., Ltd. which is President International Development Corp.'s investee company accounted for under the equity method.

(5) Acquisition of real estate with an amount exceeding $100,000 or 20% of the contributed capital:

Company	Type of Properties	Date of transaction	Selling price	Status of Payment paid	Name of the Counterparty	Relationship	If the counter party is a related party, information as to the transaction of the property is disclosed below: Owner	The relationship of the original owner with the Company	Date of the original transaction	Amount	Reason for acquisition of properties and the status of the properties	The basis or reference used in deciding the price	Other commitments
Uni-President Cold-Chain Corp.	Land, Building and other equipment	3/11/2002	$257,557	$25,000 was paid when signing the contract and $232,557 was paid on April 30, 2002.	Uni-President Enterprises Corp.	The Company	Li Bar Bottery Manufacture Corp.	—	8/14/1998	$127,975	To expand operation site.	Refer to an expert report and sell at negotiated price.	—
Tong-Jeng Development Corp.	Construction in progress — shopping mall of Uni-President Dream Parks Corp.	12/30/2002	$209,879	Paid off	President International Development Corp.	An investee company accounted for by the equity method	—	—	—	—	To integrate resources of the group and to build a shopping mall.	Selling at negotiated price	—

(6) Disposal of real estate with an amount exceeding $100,000 or 20% of the contributed capital:

Company	Type of Properties	Date of transaction	Acquisition date	Book value	Selling price	Status of payment received	Gain(loss) on disposal	Name of the counterparty	Relationship	Reason for disposal	The bases or reference used in deciding the price	Other commitments
Uni-President Enterprise Corp.	Land, Buildings and other equipment	3/11/2002	8/14/1998	$255,748	$257,557	$25,000 was paid when signing the contract and $232,557 was paid on April 30, 2002.	$1,809	Uni-President Cold-Chain Corp.	An investee company accounted for by the equity method	To expand operation site.	Refer to an expert report and sell at negotiated price.	—
President International Development Corp.	Construction in progress — a shopping mall of Uni-President Dream Parks Corp.	12/30/2002	None	$209,879	$209,879	Fully collected	$ —	Tong-Jeng Development Corp.	An investee company accounted for by the equity method	To integrate resources of the group and to build a shopping mall	Selling at negotiated price	—

(7) Purchases or sales transactions with related parties amounted to $100,000 or 20% of the contributed capital (Units in thousands of currencies indicated):

				Description of the transaction			Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
Purchase / sales company	Name of the counterparties	Relationship with the Company	Purchases /sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
Uni-President Enterprises Corp.	President Kikkoman Inc.	An investee company accounted for by the equity method	Purchases	$ 709,765	3%	One month	—	—	$ (63,671)	(4)	—
	TTET Union Corp.	An investee company accounted for by the equity method	Purchases	$ 480,711	2%	Close its account 30-45 days within the end of each month	—	(Note 1)	$ (56,639)	(4)	—
			Sales	$ 235,763	1%	About one month after sales	—	(Note 2)	$ 7,248	—	—
	President Packaging Ind. Corp.	An investee company accounted for by the equity method	Purchases	$ 420,542	2%	One month	—	—	$ (42,336)	(3)	—
	President Nisshin Corp.	An investee company accounted for by the equity method	Purchases	$ 307,311	1%	15 day after sales	—	(Note 1)	$ (26,781)	(2)	—
	Ton Yi Industrial Corp.	An investee company accounted for by the equity method	Purchases	$ 170,005	1%	50 days	—	(Note 1)	$ (22,393)	(1)	—
	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Sales	$ 4,878,071	15%	Close its account 40 days within 10 days (For the three months ended March 31, 2002. was 10 days after sales)	—	(Note 2)	$ 396,386	9	—
	Uni-President Cold-Chain Corp.	An investee company accounted for by the equity method	Sales	$4,233,571	13%	Close its account 40 days within the end of each month	—	(Note 2)	$417,652	10	—
	President Chain Store Corp.	An investee company accounted for by the equity method	Sales	$2,487,904	8%	Close its account 30 days within the end of each month (For the three months ended was 20 days within the end of each month)	—	(Note 2)	$314,470	7	—
	Tun Hsiang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$1,136,533	4%	About 2 months after sales	—	(Note 2)	$237,005	6	—
	Retail Support International Corp.	An investee company accounted for by the equity method	Sales	$1,110,273	4%	About 2 months after sales	—	(Note 2)	$122,061	3	—

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Purchase / sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
			Purchases /sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
	Tung Shun Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$508,641	2%	About 2 months after sales	—	(Note 2)	$109,480	3	—
	Tone Chu Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$458,478	1%	About 2 months after sales	—	(Note 2)	$ 67,148	2	—
	Tung Sheng Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$451,982	1%	About 2 months after sales	—	(Note 2)	$ 89,244	2	—
	Tung-Yu Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$409,207	1%	About 2 weeks after sales	—	(Note 2)	$ 23,292	1	—
	Far-Tung Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$404,951	1%	About 2 months after sales	—	(Note 2)	$ 65,657	2	—
	Ding –Tung Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$389,911	1%	About one month after sales	—	(Note 2)	$ 16,041	—	—
	Kuan Chang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$369,639	1%	About one month after sales	—	(Note 2)	$ 25,827	1	—
	Hsin Tung Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$291,186	1%	About 2 weeks after sales	—	(Note 2)	$ 8,511	—	—
	Tung Yi Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$236,517	1%	About 2 months after sales	—	(Note 2)	$ 55,477	1	—

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Purchase / sales company	Name of the counterparties	Relationship with the Company	Purchases /sales	Description of the transaction			Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
				Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
	Xin Ya Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$207,340	1%	About 2 months after sales	—	(Note 2)	$39,081	1	—
	Tung-Tse Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$199,364	1%	About 2 months after sales	—	(Note 2)	$32,769	1	—
	Lien Sheng Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$178,934	1%	About 2 weeks after sales	—	(Note 2)	$ 4,546	—	—
	Uni-President Oven Bakery Corp.	An investee company accounted for by the equity the method	Sales	$129,335	—	About one month after sales	—	(Note 2)	$22,731	1	—
	Tung Sam Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$114,181	—	About one month after sales	—	(Note 2)	$10,905	—	—
	Lien Yu Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$106,411	—	About 2 weeks after sales	—	(Note 2)	$ 3,816	—	—
	Jian Hua Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$103,792	—	About 2 weeks after sales	—	(Note 2)	$ 4,860	—	—
	Jian Fu Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$103,348	—	About 2 weeks after sales	—	(Note 2)	$ 4,682	—	—
	Yuan Xin Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$101,520	—	About one month after sales	—	(Note 2)	$ 9,690	—	—
	Hua Zuo Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$100,343	—	About one month after sales	—	(Note 2)	$10,766	—	—

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Purchase / sales company	Name of the counterparties	Relationship with the Company	Purchases /sales	Description of the transaction			Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
				Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
	Tung Bo Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$ 100,076	—	About 2 weeks after sales	—	(Note 2)	$ 9,140	—	—
Nanlien International Corp.	Lien Bo Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$ 731,203	20%	10 ~ 60 days	—	—	$ 153,149	42	—
	U - Chains Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$ 183,316	5%	10 ~ 60 days	—	—	$ 7,814	2	—
	Tun Hsiang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$ 147,195	4%	10 ~ 60 days	—	—	$ 36,938	10	—
	Nella Ltd.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$ 142,446	4%	10 ~ 60 days	—	—	$ 6,641	2	—
President Chain Store Corp.	Retail Support International Corp.	An investee company accounted for by the equity method	Purchases	$31,875,551	63%	10 ~ 40 days	(Note 3)	—	$(2,519,436)	(49)	—
			Other operating revenue	216,053	23%	10 ~ 40 days		—	$ 11,684	5	—
	Uni-President Cold-Chain Corp.	An investee Company accounted for by the equity method	Purchases	$ 7,582,428	15%	15 ~ 30 days	(Note 3)	—	$ (580,454)	(11)	—
	Wisdom Distribution Service Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Purchases	$ 2,867,407	6%	15 ~ 35 days	(Note 3)	—	$ (436,322)	(8)	—
	Uni-President Enterprises Corp.	The Company	Purchases	$ 2,487,904	5%	30 ~ 40 days	—	—	$ (314,470)	(6)	—
	President Musashino Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Purchases	$ 768,257	2%	Close its account 25 days within the end of each month	—	—	$ (55,177)	(1)	—

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				Description of the transaction			Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
Purchase / sales company	Name of the counterparties	Relationship with the Company	Purchases /sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
	President Transnet Corp.	An investee company of President Chain Store Corp. accounted for by the equity method	Purchases	$ 338,581	1%	Close its account 15 days within the end of each month	—	—	$ (36,886)	(1)	—
Ton Yi Industrial Corp.	Toyota Tsusho Corp.	The subsidiary of Ton Yi Industrial Corp. is its director	Purchases	$ 622,839	7%	the same as regular terms	—	—	$ (5,883)	(2)	—
	Cayman Ton Yi Industrial Holdings Ltd.	An investee company of Ton Yi Industrial Corp. accounted for by the equity method	Sales	$ 3,439,198	24%	the same as regular terms	—	—	$1,008,133	70	—
	TTET Union Corp.	An investee company accounted for by the equity method	Sales	$ 225,100	2%	the same as regular terms	—	—	$ 21,521	2	—
	Uni-President Enterprises Corp.	The Company	Sales	$ 170,005	1%	the same as regular terms	—	—	$ 22,393	2	—
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$ 4,233,571	62%	40 days	—	15 ~ 50 days	$ (417,652)	(51)	—
	President Chain Store Corp.	An investee company accounted for by the equity method	Sales	$ 7,582,428	98%	30 days	(Note 4)	—	$ 580,454	95	—
President Coffee Corp.	Starducks Coffee International Inc.	The subsidiary of President Coffee Corp. is its director	Purchases	$ 163,600	24%	Close its account 30 days within the end of each month	—	—	$ (26,123)	(22)	—
Retail Support International Corp.	Tung-Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd accounted for by the equity method	Purchases	$ 1,520,663	5%	15 ~ 45 days	—	—	$ (185,468)	(4)	—
	Uni-President Enterprises Corp.	The Company	Purchases	$ 1,110,273	4%	30 ~ 45 days	—	—	$ (122,061)	(3)	—
	Lien Bo Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Purchases	$ 550,077	2%	15 ~ 45 days	—	—	$ (73,239)	(2)	—
	President Chain Store Corp.	An investee company accounted for by the equity method	Purchases	$ 216,053	1%	30 days	—	—	$ (11,684)	—	—
			Sales	$31,875,551	99%	30 ~ 45 days	—	—	$2,519,436	100	—

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Purchase / sales company	Name of the counterparties	Relationship with the Company	Description of the transaction					Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
			Purchases /sales	Amount	Percentage of net purchases / sales	Credit terms		Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
	Presuident Packaging Ind.	An investee company accounted for by the equity method	Purchases	$ 113,864	—	12 ~ 45 days		—	—	$ (20,503)	—	—
Union Chinese Corp.	Lei Po Enterprises Co., Ltd.	An investee company of Nanlien International Corp. accounted for by the equity method	Sales	$ 137,005	24%	Close its account 52 days within the end of each month		—	—	$ 49,777	67	—
Tung Sheng Enterprises Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$ 451,982	93%	Close its account 60 days within the end of each month		—	—	$ (89,244)	(94)	—
Tung-Che Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$ 199,364	99%	Close its account 60 days within the end of each week		—	—	$ (32,769)	(99)	—
Tun Hsiang Enterprises Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$1,136,533	54%	Close its account 60 days within the end of each month		—	—	$(237,005)	(51)	—
	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Purchases	$ 804,254	38%	Close its account 40 days within the end of each month		—	—	$(187,224)	(40)	—
	Nailien International Corp	An investee company accounted for by the equity method	Purchases	$ 147,195	7%	Close its account 60 days within the end of each month		—	—	$ (36,938)	(8)	—
	Presicarre Corp.	An investee company accounted for by the equity method	Sales	$ 359,699	16%	Close its account 60 days within the end of each month		—	—	$ 80,102	17	—
Tung Yu Enterprises Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$ 409,207	51%	12 days		—	—	$ (23,292)	(54)	—
	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Purchases	$ 369,346	46%	12 days		—	—	$ (15,910)	(37)	—
Hsin Tung Enterprises Co., Ltd.	Uni-President Enterprises Corp.	The Company	Purchases	$ 291,186	62%	15 days		—	—	$ (8,511)	(56)	—
	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Purchases	$ 173,825	37%	15 days		—	—	$ (6,573)	(44)	—

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				Description of the transaction			Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
Purchase / sales company	Name of the counterparties	Relationship with the Company	Purchases /sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
Tung Shun Enterprises Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$ 508,641	97%	Close its account 60 days within the end of each month	—	—	$ (109,480)	(98)	—
Tung Yi Food Corp.	Uni-President Enterprises Corp.	The Company	Purchases	$ 236,517	98%	Close its account 60 days within the end of each month	—	—	$ (55,477)	(98)	—
Lei Po Enterprises Co., Ltd.	Nailien International Corp.	An investee company accounted for by the equity method	Purchases	$ 731,203	74%	Close its account 60 days within the end of each month	—	—	$ (153,149)	(74)	—
	Union Chinese Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Purchases	$ 137,005	14%	Close its account 52 days within the end of each month	—	—	$ (49,777)	(24)	—
	U-Chains Enterprises Corp.	An investee company accounted for by the equity method	Purchases	$ 108,067	11%	Close its account 60 days within the end of each month	—	—	$ (4,320)	(2)	—
Nella Ltd.	Nailien International Corp.	An investee company accounted for by the equity method	Purchases	$ 142,446	37%	Close its account 60 days within the end of each month	—	—	$ (6,641)	(4)	—
Cayman Ton Yi Industrial Holdings Ltd.	Ton Yi Industrial Corp.	An investee company accounted for by the equity method	Purchases	US$ 99,847	100%	—	—	—	US$ (25,047)	(86)	—
	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Sales	US$ 55,630	55%	—	—	—	US$ 12,605	32	—
	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Sales	US$ 44,178	44%	—	—	—	US$ 26,871	68	—
Kunshan President Enterprises Food Co., Ltd.	Hefei President Enterprises Co., Ltd.	An investee company of president Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Purchases	RMB89,984	10%	(Note 5)	—	(Note 5)	RMB(3,293)	(5)	—
			Sales	RMB35,338	3%	(Note 5)	—	(Note 5)	RMB 1,459	2	—

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Purchase sales company	Name of the counterparties	Relationship with the Company	Purchases /sales	Description of the transaction			Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
				Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
	Wuhan President Corp., Ltd.	An investee company of president Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Sales	RMB34,053	3%	(Note 5)	—	(Note 5)	RMB —	—	—
	Beijing President Enterprises Prinjs & food Co., Ltd.	An investee company of president Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Sales	RMB32,198	3%	(Note 5)	—	(Note 5)	RMB —	—	—
	Chengdu President Enterprises Fund Corp., Ltd.	An investee company of president Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Sales	RMB33,096	3%	(Note 5)	—	(Note 5)	RMB —	—	—
Chengdu President Enterprises Co., Ltd.	Kunshan President Enterprises Food Co., Ltd.	An investee company of president Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Purchases	RMB33,096	7%	(Note 5)	—	(Note 5)	RMB —	—	—
Tianjiang President Enterprises Food Co., Ltd.	PT ABC President Enterprises Indonesia	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Sales	RMB49,767	42%	30 ~ 120 days	—	—	RMB—	—	—
Shenyang President Enterprises Co., Ltd.	Harbin President Enterprises CO., Ltd.	An investee company President Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Sales	RMB32,732	10%	(Note 5)	—	(Note 5)	RMB4,717	40	—
Guangzhou President Enterprises Co., Ltd.	Fuchou President Co., Ltd.	An investee company President Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Sales	RMB154,918	18%	(Note 5)	—	(Note 5)	RMB8,049	20	—
Hefei President Enterprises Co., Ltd.	Kunshan President Enterprises Food Co., Ltd.	An investee company President Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Purchases	RMB35,338	16%	(Note 5)	—	(Note 5)	RMB(1,459)	(13)	—
			Sales	RMB89,984	35%	(Note 5)	—	(Note 5)	RMB3,293	78	—

(Continued on next page)

Purchase sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable		
			Purchases /sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable /payable	Note
Wuhan President Enterprises Food Co., Ltd.	Nanchang President Enterprises Co., Ltd.	An investee company of Wuhan President Enterprises Food Co., Ltd. accounted for by the equity method	Purchases	RMB34,534	7%	(Note 5)	—	(Note 5)	RMB(1,515)	(5)	—
			Sales	RMB66,087	9%	(Note 5)	—	(Note 5)	RMB15,367	52	—
	Kunshan President Enterprises Food Co., Ltd.	An investee company of President Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Sales	RMB34,053	7%	(Note 5)	—	(Note 5)	RMB—	—	—
Xinjiang President Enterprises Food Co., Ltd.	Nella Limited	An investee company of Nanlien International accounted for by the equity method	Sales	RMB26,733	30%	50 ~ 90 days	—	—	RMB4,173	64	—
Harbin President Enterprises Co., Ltd.	Shenyang President Enterprises Co., Ltd.	An investee company of President Enterprises (China) Investment Co., Ltd. accounted for by the equity method	Purchases	RMB32,732	41%	(Note 5)	—	(Note 5)	RMB4,717	69	—
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi Industrial Holdings Ltd.	An investor of Fujiam Ton Yi Tinplate Co., Ltd.	Purchases	US$ 55,630	91%	—	—	—	US$(12,605)	(94)	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi Industrial Holdings Ltd.	An investor of Fujiam Ton Yi Tinplate Co., Ltd.	Purchases	US$ 44,178	88%	—	—	—	US$(26,871)	(88)	—
	Wuxi Ton Yi Industrial Packaging Corp.	An investee company of Caynan President Holdings Ltd. accounted for by the equity method	Sales	US$ 8,229	12%	—	—	—	US$ 2,656	26	—
Wuxi To Yi Indnstrial Packaging Corp.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Caynan President Holdings Ltd. accounted for by the equity method	Purchases	US$ 8,229	84%	—	—	—	US$ (2,656)	(45)	—

(Note 1): The standard payment term to regular vendors is within one month.
(Note 2): The standard credit term to regular customers is within two weeks after sales, animal feed within 60 ~ 75 days after sales and foodstuffs within 10 ~ 15 days after sales.
(Note 3): The purchase cost from Retail Support International Corp., Uni-President Cold–Chain Corp. and Wisdom Distribution Service Corp. includes markup computed by negotiated rate according to types of goods.
(Note 4): The sales of Uni-President Cold-Chain Corp. includes markup computed by negotiated rate according to types of goods.
(Note 5): The credit term to related parties was 30 days within the end of each month after closing its accounts. Sales to regular customers were that goods were delivered upon the receipts of selling price. The terms of purchases were the same with those to regular customers.

(8) Receivables form related parties exceeding NT$100,000 or 20% of the contributed capital (Units in thousands of currencies indicated):

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amount	Action adopted for overdue accounts		
Uni-President Enterprises Corp.	Uni-President Cold-Chain Corp.	An investee company accounted for by the equity method	Accounts Receivable Other Receivables	$ 417,652 $ 401	12.57 —	$— $—	— —	$417,650 $ 401	$— $—
	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Accounts Receivable Other Receivables	$ 396,386 $ 36,370	22.47 —	$— $—	— —	$396,063 $ 36,370	$— $—
	President Chain Store Corp.	An investee company accounted for by the equity method	Accounts Receivable Other Receivables	$ 314,470 $ 169	10.07 —	$— $—	— —	$314,384 $ 169	$— $—
	Tun Hsiang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Accounts Receivable Other Receivables	$ 237,005 $ 14,274	3.86 —	$— $—	— —	$237,005 $ 14,274	$— $—
	Retail Support International Corp.	An investee company accounted for by the equity method	Accounts Receivable Other Receivables	$ 122,061 $ 500	6.24 —	$— $—	— —	$ 53,047 $ 500	$— $—
	Tung Shun Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Accounts Receivable Other Receivables	$ 109,480 $ 378	5.22 —	$— $—	— —	$106,580 $ 378	$— $—
Nanlien International Corp.	Lien Bo Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Accounts Receivable	$ 153,149	9.21	$—	—	$ —	$—
President International Development Corp.	G-Advanced Semiconductor Technology Corp.	An investee company accounted for by the equity method	Other Receivables (Note 1)	$ 254,767	—	$—	—	$ —	$—
President Chain Store Corp.	Retail Support International Corp.	An investee company accounted for by the equity method	Accounts Receivable Other Receivables	$ 11,684 $ 251,657	— —	$— $—	— —	$ 11,684 $249,711 (Note 2)	$— $—
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	An investee company accounted for by the equity method	Accounts Receivable	$1,008,133	3.43	$—	—	$418,953	$—
Uni-President Cold Chain Corp.	President Chain Store Corp.	An investee company of the Company accounted for by the equity method	Accounts Receivable	$ 580,454	14.42	—	$—	$580,454	$—

(Continued on next page)

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amount	Action adopted for overdue accounts		
Retail Support International Corp.	President Chain Store Corp.	An investee company of the Company accounted for by the equity method	Accounts Receivable	$ 2,519,436	16.00	—	$—	$ 2,481,921	$—
Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company accounted for by the equity method	Accounts Receivable	US$ 12,605	3.71	—	$—	US$ 4,495	$—
	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company accounted for by the equity method	Accounts Receivable	US$ 26,871	2.18	—	$—	US$ 7,579	$—
	Hong Kong Ton Yi Industrial Holding Ltd.	An investee company accounted for by the equity method	Other Receivables	US$ 5,021	—	—	$—	US$ 20	$—
President International Investment (BVI) Corp.	Hong Kong Xiang Lu Industries Ltd.	The director is the general manager of President International Investment (BVI) Corp.	Other Receivables	US$ 8,509	—	$—	—	$ —	$—
Cayman President Holding Ltd.	Prospect Top Development Ltd.	An investee company of Cayman President Holding Ltd. accounted by the equity method	Other Receivables	US$ 7,326	—	$—	—	$ —	$—
Nella Ltd.	Prospect Top Development Ltd.	An investee company of Cayman President Holding Ltd. accounted by the equity method	Other Receivables	$ 111,254	—	$—	—	$ —	$—
Hong Kong Ton Yi Industrial Holding Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holding Ltd. accounted by the equity method	Other Receivables	US$ 3,833	—	$—	—	$ —	$—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted by the equity method	Other Receivables	US$ 3,833	—	$—	—	$ —	$—

(Note 1) Represented receivables from refund of capital investment.

(Note 2) The balance of $1,946 is commission receivable of pey – ethylene terephthalate. The amount will be received after authenticating by environmentalist protection agency.

(9) Derivative financial instruments transactions (Units in thousands of currencies indicated):

A. Cayman President Holding Ltd., including its subsidiary, Hong Kong President Holdings Ltd.

a. Contract amount or notional principal and credit risk

	December 31,2002	
Derivative financial instrument	Contract amount (Notional principal)	Credit risk
Interest rate swap contracts	USD$50,000	$—

The credit risk stated above represents the ultimate loss if the contracts were settled at the balance date and defaulted by the counterparts. However, as the counterparts are banks with good credit ratings in Taiwan, the credit risk is minimal.

b. Market risk

The interest rate swap contracts were used for hedging purpose. Gain or loss resulting from the fluctuation of market interest rates will be offset by the gain or loss incurred from the hedged items. Accordingly, the market risk is immaterial.

c. Liquidity risk, cash flow risk and amount, timing and uncertainty of future cash flows

The purpose of holding derivative financials instruments is for hedging. As the company has sufficient working capital and the interest rates and exchange rates of the contracts are certain. Accordingly, the liquidity risk is low.

d. Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives

(a). Transaction terms:

Between October 17, 2000 to November 24, 2000, the company signed a three-year contract in an amount of US$50,000 that agreed to pay or receive the difference between the floating and fixed interest rates semi-annually.

(b). The company signed the interest rate swap contract to hedge the effects of the assets and liabilities denominated in foreign currencies resulting from the fluctuation of interest rates and exchange rates. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions and they are evaluated periodically.

e. Presentation of derivative financial instruments in the financial statements

The liabilities and assets resulting from the interest rate swap contracts were offset. As of December 31, 2002, net liabilities of US$1,419 resulting from the interest rate swap contracts were recorded as other current liabilities.

f. Fair value of the derivative financial instruments

	December 31,2002	
Derivative financial instruments	Book Value	Fair Value
Interest rate swap contracts	USD $—	USD$(1,419)

B. Ton Yi Industrial Corp.

a. Contract amount or notional principal and credit risk

	December 31,2002		
Derivative financial instruments	Contract amount (Notional principal)		Credit risk
Advance purchase forward foreign exchange contracts – USD/JPY	US	$ 3,000	$ —
Advance booking forward foreign exchange contracts – JPY/USD	JPY	310,000	—
Advance booking forward foreign exchange contracts – USD	US	35,890	—
Foreign currency option – USD/NTD	US	47,360	26,775
Foreign currency option – USD/JPY	US	77,000	—
Currency Foreign currency option – JPY/USD	JPY	1,860,000	—
Currency swap contract – USD/NTD	US	211,170	16,660
	NTD	7,278,775	
Currency swap contract – JPY/USD	JPY	1,923,500	—
	US	15,744	

The credit risk stated above represents the ultimate loss if the derivative instruments were settled at the balance date and defaulted by the counterparts. However, as the counterparts are banks with good credit ratings, the credit risk is minimal.

b. Market risk

The main purpose of holding derivative financial instruments is for hedging loss. Gain or loss resulting from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, market risk is immaterial.

c. Liquidity risk, cash flow risk, and amount, timing and uncertainty of future cash flows

As of December 31, 2002, the company estimated that before January 23, 2003, the above advance purchases forward foreign exchange contracts will generate cash inflows of US $3,000, and cash outflows of JPY$370,460. Before December 18, 2003, the advance booking forward foreign exchange contracts will generate cash inflows of $1,231,146 and cash outflow of US$33,310.

The Company estimated that before March 5, 2005, the currency swap contract will generate cash inflows of US$209,494 and cash outflows of $6,689,623 and JPY $1,923,500.

As of December 31, 2002, the above advance purchases forward foreign exchange contracts generated cash inflows of US$40,020 and cash outflows of 1,379,751 before August 23, 2002, and the currency swap contract generated cash inflows of US$152,047 and cash outflows of $5,220,255 before December 31, 2002. The company estimated it will generate cash inflows of US$45,000 and cash outflows of $1,515,950 before July 25, 2004. As the investee has sufficient working capital, the liquidity risk is low. In addition, due to the certainty of the exchange rates of the currency swap contract, the cash flow risk in minimal.

The company recognised the premium of the receipts (payments) in non-operating income (expense) from sale and purchase the forward foreign exchange option transactions. The company's option exercise price is based on the current market value at fixed cost, and the holding period is determined by the company's future cash flow, when the contract is due. The market risk of the forward foreign exchange contracts and the impact on the company's operation are insignificant.

d. Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives.

The derivative financial instruments held by the company are for hedging purpose. The company engages in forward foreign exchange contracts and currency swap contracts in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulting from fluctuation of exchange rates. The strategy for achieving the objective is to hedge the most of market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions, and are evaluated periodically.

e. Presentation of derivative financial instruments in the financial statements

Derivative financial instruments	Premium or net receipts (payments) on forward foreign exchange December 31,2002	
Advance purchase forward foreign exchange contract – USD	$ (4,295)	(Note 1)
Advance booking forward foreign exchange contract – JPY/USD	(1,163)	(Note 2)
Advance booking forward foreign exchange contract – USD	(16,031)	(Note 3)
Foreign currency option – USD/NTD	26,775	(Note 4)
Foreign currency option – USD/JPY	(80,030)	(Note 5)
Foreign currency option – JPY/USD	(1,744)	(Note 6)
Currency swap contract – USD/NTD	16,660	(Note 7)
Currency swap contract – JPY/USD	(16,472)	(Note 8)

(Note 1) The net receipts in advance purchase forward foreign exchange contract-USD were $4,295 which are recorded as other current liabilities. The unamortised advance purchase forward foreign was $136, which was recorded as other current liabilities, and the exchange loss of $4,431 was recorded as non-operating expense.

(Note 2) The net receipts in advance booking forward foreign exchange contract-JPY/USD were $1,163 which are recorded as other current liabilities. The unamortised premium of advance booking forward foreign $1,290, which was recorded as other current liabilities, and the exchange loss of $2,453 recorded as non-operating expense.

(Note 3) The net receipts in advance booking forward foreign exchange contract-USD were $16,031 which are recorded as other current liabilities. The unamortised discount of advance booking forward foreign was $641, which was recorded as prepayments and other current assets, and the exchange loss of $15,390 was recorded as non-operating expense.

(Note 4) The net receipts in foreign exchange option-USD of $26,775 which are recorded as a deduction of other current liabilities, and the exchange gain of $26,775 was recorded as a deduction of non-operating expense-foreign exchange loss.

(Note 5) The net receipts in foreign exchange option-JPY of $80,030 which are recorded as other current liabilities, and the exchange loss of $80,030 was recorded as non-operating expense-foreign exchange loss.

(Note 6) The net receipts in foreign exchange option - JPY/USD of $1,744 which are recorded as a deduction of other current liabilities, and the exchange loss of $1,744 was recorded as a deduction of non-operating expense- foreign exchange loss.

(Note 7) The net receipts in currency swap contract-USD/NTD of $16,660, which are recorded as a deduction of other current liabilities of $22,760 and other liabilities of $6,100. The unamortised premium of advance purchases forward foreign $3,419 was recorded as other current liabilities. The unamortised discount of advance purchases forward foreign $311, which was recorded as prepayment and other current assets, and the exchange gain of $107,022 was recorded as non-operating expense – foreign exchange loss.

(Note 8) The net receipts in currency swap contract - JPY/USD of $16,472 which are recorded as other current liabilities. The unamortised premium of advance booking forward foreign was $5,619, which was recorded as other current liabilities, and the exchange loss of $22,091 was recorded as non-operating expense-foreign exchange loss.

f. Fair value of derivative financial instruments.

	December 31,2002	
Derivative financial instruments	**Book value**	**Fair value**
Advance purchase (booking) forward foreign exchange contract	$(21,489)	$(21,489)
Foreign currency option	(54,999)	(54,999)
Currency swap contract	188	188

The method and assumption used to estimate the fair value of derivative financial instruments are summarised as follows:

The fair value of derivative financial instruments are estimated based on the amount that the company would or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from the unsettled contracts. Most of the derivative financial instruments have price quote provided by financial institutions.

C. Investee of Ton Yi Industrial Corp.

a. Contract amount or notional principal and credit risk

		December 31,2002	
Name of the investee	Financial instrument	Contract amount (Nominal principal)	Credit risk
Cayman Ton Yi Industrial Holdings Ltd.	Currency Swap Contract	USD 43,860 JPY 5,000,000	$— —
	Advance Booking Forward	JPY 3,300,000 USD 27,271	— —

The credit risk stated above represents the ultimate loss if the contracts were settled at the balance sheet date and defaulted by the counterparts. However, as the counterparts are banks with good credit ratings in Taiwan, the credit risk is minimal.

b. Market risk

The purpose of the derivatives is to hedge risk. Gain or loss resulting form fluctuation of exchange rates will be offset by the gain or loss incurred from the hedged items.

c. Liquidity risk, cash flow risk, and amount, timing and uncertainty of future cash demand

The investee estimated that before January 24, 2003, the above contracts will generate cash inflows of JPY$1,700,000 and cash outflows of US$16,589. As the investee has sufficient working capital, the liquidity risk is low. In addition, due to the certainty of the exchange rates of the contracts, the cash flow risk is minimal.

d. Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives.

The derivative financial instruments held by the investee are for hedging purpose. The investee engages in derivative financial instruments in order to hedge risk of the liabilities denominated in foreign currencies resulting from fluctuation of exchange rates. The strategy adopted by the investee is to hedge the most of the market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions and are evaluated periodically.

e. Presentation of derivative financial instruments in the financial statements

The liabilities and assets resulting from the currency swap contract and advance booking forward were offseted. As of December 31, 20032, net liabilities of US$1,701 and US$554 resulting from the currency swap contract and advance booking forward were recorded as other current liabilities.

f. Fair value of the financial instruments.

		December 31,2002	
Name of the investee	**Derivative financial instruments**	**Book value**	**Fair value**
Cayman Ton Yi Industrial Holdings Ltd.	Currency swap contract	US$(1,701)	US$(1,701)
	Advance booking forward	US$ (554)	US$ (554)

The method and assumption used by investee to estimate the fair value of derivative financial instruments are as follows:

The fair value of derivative financial instruments are estimated based on the amount that the investee would receive or pay assuming that the contract is settled at the balance sheet date. Generally, it includes the unrealised gain or loss from the unsettled contracts.

2 Related information on investee companies as of December 31, 2002 (Units in thousands of currencies indicated)

Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
Uni-President Enterprise Corp.	President International Trade and Investment Corp.	Trotola, British Virgin Island	Investment in manufacturing business	$1,750,530	$ 218,730	45,012	100.00%	$3,016,434	$(129,863)	$(129,863)	A subsidiary
	Cayman President Holding Ltd.	Grand Cayman, Cayman Islands	Investment in manufacturing business	$3,828,373	$3,209,479	118,060	100.00%	$ 569,309	$(113,915)	$(113,915)	A subsidiary
	Kai Nan Investment Co., Ltd.	Tainan Hsien	General investment	$ 600,000	$ 600,000	60,000	100.00%	$ 417,204	$ (22,579)	$ 30,047	A subsidiary
	Kai Yu Investment Co., Ltd.	Tainan Hsien	General investment	$3,200,000	$3,200,000	320,000	100.00%	$ 350,691	$(460,323)	$(457,098)	A subsidiary
	President Global Corp.	Buena Park, CA, U.S.A	Instant noodle and juice can import	$ 147,250	$ 147,250	500	100.00%	$ 318,827	$ 8,790	$ 8,125	A subsidiary
	Uni-President Glass Industrial Co., Ltd.	Tainan Hsien	Glass	$ 397,366	$ 397,366	36,000	100.00%	$ 317,851	$ (56,459)	$ (79,069)	A subsidiary
	U-Chains Enterprise Corp.	Tainan Hsien	Distribution centre	$ 270,036	$ 270,036	19,800	100.00%	$ 232,944	$ 2,610	$ (10,498)	A subsidiary
	Tone Sang Construction Corp.	Tainan Hsien	Construction on buildings	$ 478,030	$ 293,030	19,800	100.00%	$ 146,382	$ (46,256)	$ (46,314)	A subsidiary
	Nanlien International Corp.	Taipei City	Trading business	$ 225,459	$ 225,459	99,999	99.99%	$ 996,535	$ 160,304	$ 177,148	A subsidiary
	President Entertainment Corp.	Tainan Hsien	Entertaining business	$ 901,528	$ 901,528	63,966	61.80%	$ 805,630	$ (16,637)	$ (10,238)	A subsidiary
	President International Development Corp.	Taipei City	Construction and operation of shopping mall	$8,775,000	$8,775,000	877,500	58.50%	$7,525,095	$(923,227)	$(513,377)	A subsidiary
	President Nisshin Corp.	Tainan Hsien	Processing, manufacturing and sale of vegetable oil	$ 40,808	$ 40,808	6,120	51.00%	$ 118,538	$ 60,809	$ 28,334	A subsidiary
	President Kikkoman Corp.	Tainan Hsien	Soy sauce	$ 45,000	$ 45,000	6,000	50.00%	$ 144,876	$ 65,543	$ 31,154	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
	President Chain Store Corp.	Taipei City	Operation of supermarket	$4,787,049	$4,659,640	344,236	44.59%	$5,487,271	$2,592,340	$(919,521)	—
	Ton Yi Industrial Corp.	Tainan Hsien	Manufacturing of tinplate	$8,737,720	$8,737,720	665,148	43.34%	$7,169,548	$ 163,417	$ (76,944)	—
	Tong-Jeng Development Corp.	Tainan City	Land exploitation	$1,500,000	$1,500,000	150,000	42.86%	$1,465,140	$ (22,720)	$ (11,458)	—
	Tung Ho Development Co., Ltd.	Taipei City	Relaxation club	$ 151,010	$ 100,479	36,528	42.18%	$ 132,961	$ (450,433)	$(180,451)	—
	Eagle Cold Storage Enterprise Co., Ltd.	Taichung City	Sale of cold foods	$ 534,324	$ 534,324	40,887	37.36%	$ 489,399	$ 25,592	$ 6,614	—
	Mospec Semiconductor Corp.	Tainan Hsien	Manufacturing of electronic material	$ 116,839	$ 121,824	24,385	30.84%	$ 265,842	$ 33,254	$ 10,182	—
	TTET-Union Corp.	Tainan Hsien	Soybean crushing	$ 315,066	$ 315,066	47,207	29.51%	$ 651,887	$ 342,416	$ 98,418	—
	President Securities Corp.	Taipei City	Business of securities	$2,191,824	$2,191,824	302,014	26.48%	$4,129,476	$ 773,512	$ 184,907	—
	Qware System & Services Corp.	Taipei City	Business of computer system	$ 195,287	$ 195,287	13,475	24.76%	$ 133,113	$ (55,917)	$ (15,095)	—
	Presicarre Corp.	Taipei City	General merchandise	$ 124,147	$ 211,682	74,228	20.50%	$1,720,861	$1,889,203	$ 573,020	—
	Ztong Yee Industrial Co.	Tainan Hsien	Manufacturing of battery	$ 149,944	$ 149,944	18,042	20.00%	$ 239,907	$ 194,487	$ 38,897	—
	Scino Pharm Taiwan Ltd.	Tainan Hsien	Biochemistry	$ 690,338	$ 527,100	65,074	17.59%	$ 537,710	$ (562,682)	$(152,375)	—
	Alllianz President Lide Insurance Co., Ltd.	Taipei City	Insurance	$ 202,064	$ 202,064	20,206	10.10%	$ 164,177	$ (87,592)	$ (37,623)	—
	Tonpal Optoelectronics Inc.	Hsinchu City	Manufacturing of electronic material	$2,299,197	$2,299,197	209,249	9.71%	$2,327,645	$ 57,413	$ 5,662	—
	Uni-President Dream Parks Corp. etc.	Tainan Hsien etc.	Business of advertisement etc.	$1,424,762	$1,391,338	—	7.14% ~ 100.00%	$ 789,404	$ 124,565	$ 38,249	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
President International Trade and Investment	Uni-President (USA) Inc.	City of industry, CA, U.S.A	Instant foods.	US$ 15,000	US$ 15,000	150	100.00%	US$ 8,593	US$ (1,428)	—	An indirect owned subsidiary
Corp.	Shanghai President International Foods Co., Ltd. etc	Shanghai City etc.	Cake, bread etc.	US$ 25,450	US$ 37,500	—	100.00%	US$ 2,696	US$(14,515)	—	An indirect owned subsidiary
Cayman President Holding Ltd.	President Enterprise (China) Investment Co., Ltd.	Shanghai City	Professional investment	US$248,160	US$240,160	—	100.00%	US$263,860	US$ 14,328	—	An indirect owned subsidiary
	Uni-President Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam	Food, oil, ect.	US$ 31,000	US$ 22,000	—	100.00%	US$ 25,145	US$ (2,982)	—	An indirect owned subsidiary
	Zhangjiagang President Nisshin Food Co., Ltd.	Zhangjiagang Free Trade Zone, Jiangsu	Oil and flour	US$ 10,200	US$ 10,200	—	60.00%	US$ 9,362	US$ 138	—	An indirect owned subsidiary
	Cargill President Holding Pte Ltd.	Singapor	Professional investment	US$ 10,000	US$ 50	10,000	50.00%	US$ 9,356	US$ (1,286)	—	—
	PT ABC President Enterprise Indonesia.	Jakarta, Indonesia	Instant noodles	US$ 7,600	US$ 7,600	6,524	47.41%	US$ 7,588	US$ 3,430	—	—
	Queen Holding (BVI) Limited	Tortola, British Virgin Islands	Professional investment	US$ 12,067	US$ 12,067	5	45.40%	US$ 16,265	US$ (1,286)	—	—
	PPG Investment, Inc.	Rancho, Cucamonga, U.S.A	Professional investment	US$ 3,182	US$ 3,182	—	45.40%	US$ 3,801	US$ 482	—	—
	Chongqing Carrefour Hypermarket Chainstore Co., Ltd.	Chongqing City	Retailer	US$ 13,191	US$ 13,191	—	45.00%	US$ 12,257	US$ 3,675	—	—
	Jiafu (Tianjin) International Trading Co., Ltd.	Tianjin City	Retailer	US$ 5,400	US$ 5,400	—	45.00%	US$ 6,525	US$ 1,149	—	—

Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
	Guangzhou President Supermarket Co., Ltd.	Guangzhou City	Supermarket	US$ 3,780	US$ 3,780	—	45.00%	US$ 2,931	US$ (4,543)	—	—
	Zhuhai Kirin President Brewery Co., Ltd.	Zhuhai City, Guangdong	Beer, mineral water	US$ 22,200	US$ 22,200	—	30.00%	US$ 22,857	RMB 864	—	—
	President Energy Development (Cayman Islands) Limited	Grand Cayman, Cayman Islands	Energy development	US$ 10,200	US$ 10,200	10,200	25.50%	US$ 9,054	US$ (561)	$ —	—
	Uni-President International (HK) Co., Ltd. etc.	Hong Kong etc.	Trading etc.	US$ 57,872	US$ 53,102	—	20.00% ~ 100.00%	US$ 3,459	US$ (1,222)	—	An indirect owned subsidiary
Kai Nan Investment Co., Ltd.	President Securities Corp.	Taipei City	Business of securities	$ 601,180	$ 601,180	30,564	2.68%	$ 526,015	$ 773,512	—	—
Kai Yu Investment Co., Ltd.	Kai Yu Investment (BVI) Co., Ltd.	Tortola, British Virgin Island	General investment	$ 1,736,261	$ 879,167	51,778	100.00%	$ 956,821	$ (413,134)	—	An indirect owned subsidiary
	TTET-Union Corp.	Tainan Hsien	Soybean crushing	$ 109,233	$ 109,233	8,037	5.02%	$ 110,825	$ 342,416	—	—
	Ton-Yi Industrial Corp.	Tainan Hsien	Manufacturing of tinplate	$ 405,757	$ 405,757	24,452	1.59%	$ 158,180	$ 163,417	—	—
	Tung Ang Enterprises Co	Tainan Hsien etc.	Sale of soft drinks etc.	$ 335,500	$ 185,500	—	60.00% ~ 100.00%	$ 147,052	$ (62,363)	—	An indirect owned subsidiary
President Global Corp.	Ameripec Inc.	Buena Park, CA, U.S.A	Sale of food	US$ 3,951	US$ 3,951	3	100.00%	US$ 3,951	US$ (159)	—	—
	President East Co., Ltd. etc.	New York, U.S.A etc.	Investment of buildings etc.	US$ 1,022	US$ 1,022	—	20.00% ~ 50.00%	US$ 878	US$ (4)	—	—
Nanlien International Co.,	Union Chinese Corp.	Taipei Hsien etc.	Sale of foods etc.	$ 79,964	$ 79,964	8,048	80.00%	$ 105,255	$ 31,035	—	—
	Retail Support International Corp.	Jungli City	Distribution centre	$ 153,480	$ 153,480	4,000	20.00%	$ 141,956	$ 111,034	—	—
	Cayman Nanlien Holding Ltd. etc.	Grand Cayman, Cayman Islands etc.	Professional investment etc.	$ 1,125,034	$ 1,218,185	—	20.00% ~ 100.00%	$ 973,861	$ 170,646	—	An indirect owned subsidiary

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
President International Development Corp.	President International Investment (BVI) Co.	Tortola, British Virgin Islands	General Investment	$4,432,692	$3,931,365	133,023	100.00%	$5,338,103	$(205,212)	—	An indirect owned subsidiary
	President Life Science Co., Ltd.	Taipei City	Manufacturing of chemical material and instrument	$1,650,000	$1,500,000	165,000	100.00%	$1,353,464	$(120,006)	—	An indirect owned subsidiary
	Tung Yu Investment Corp.	Taipei City	Investments holdings	$ 260,500	$ —	26,050	100.00%	$ 260,206	$ (294)	$—	An indirect owned subsidiary
	Tong Shou Investment Corp.	Taipei City	Investments holdings	$ 150,000	$ —	11,140	100.00%	$ 150,024	$ 24	—	An indirect owned subsidiary
	Tong Cheng Investment Corp.	Taipei City	Investments holdings	$ 111,400	$ —	11,140	100.00%	$ 111,328	$ (72)	—	An indirect owned subsidiary
	Ton-Jeng Development Corp.	Tainan Hsien	Land exploitation	$1,800,000	$1,800,000	150,000	42.85%	$1,686,279	$ (22,720)	—	—
	President Entertainment Corp.	Tainan Hsien	Entertaining business	$1,186,008	$1,186,008	39,534	38.20%	$ 497,952	$ (16,637)	—	A subsidiary
	Synergy ScienTech Corp.	Hsinchu City	Manufacturing of lithium battery	$ 692,544	$ 692,544	55,404	35.07%	$ 494,993	$(155,026)	—	—
	Kang Na Hsiung Enterprise Co., Ltd.	Tainan Hsien	Tissue and sanitary towel	$ 424,025	$ 425,269	43,839	24.90%	$ 508,374	$ 146,761	—	—
	Tonpal Optoelectronics Inc.	Miaoli City	Manufacturing of electronic material	$2,337,569	$3,065,626	215,179	9.98%	$2,379,869	$ 57,413	—	—
	Allianz President Life Insurance Co., Ltd.	Taipei City	Life insurance	$ 159,260	$ 202,064	15,926	7.96%	$ 140,546	$ (87,592)	—	—
	Scino Pharm Taiwan Ltd.	Taiwan Hsien	Biochemistry	$ 212,474	$ —	21,247	5.74%	$ 169,296	$(562,682)	—	—
	President Medical Technologies Corp., Ltd. etc.	Taipei City etc.	Wholesale business of precise instrument etc.	$ 756,094	$ 643,729	—	7.14% ~ 50.00%	$ 139,391	$(438,929)	—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
President Asia Enterprises Inc.	T&T Supermarket Inc.	Richmond, BC, Canada	Business of wholesale	CAN$ 0.30	CAN$ 0.50	—	20.00%	CAN$ 3,437	CAN$ 5,619	—	—
	President Canada Contraction Inc. etc.	Burnaby, BC, Canada etc.	Real estate business etc.	CAN$ 0.35	CAN$ 0.35	—	50.00% ~ 100.00%	CAN$ (2,228)	CAN$ (1,435)	—	—
President Chain Store Corp.	PCS (BVI) Holding Ltd.	Tortola, British Virgin Islands	Professional investment	$ 1,520,766	$ 1,207,067	46,405	100.00%	$ 1,289,342	$ (188,077)	—	—
	President Drugstore Business Corp.	Taipei City	Sale of cosmetics and medicines	$ 396,000	$ 396,000	19,800	100.00%	$ 185,042	$ 10,618	—	—
	Ren-Hui Investment Corp.	Taipei City	Professional investment	$ 198,000	$ 198,000	19,800	100.00%	$ 141,510	$ (4,751)	—	—
	Wisdom Distribution Service Corp. etc.	Taipei City	Delievery of magazine etc.	$ 50,000	$ 50,000	9,433	100.00%	$ 130,054	$ 30,380	$—	—
	President Transnet Corp.	Taipei Hsien	Distribution business	$ 733,230	$ 409,230	72,000	80.00%	$ 157,557	$ (367,086)	—	—
	Mech-President Co.	Tainan Hsien	Filling station and elevator	$ 364,683	$ 276,940	20,775	62.95%	$ 306,095	$ 140,904	—	—
	Uni-President Cold Chain Co., Ltd.	Tainan Hsien	Distribution centre	$ 237,437	$ 237,437	19,563	60.00%	$ 338,606	$ 106,718	—	—
	President Musashino Corp.	Taipei City	Fresh Food	$ 309,240	$ 309,240	29,880	60.00%	$ 327,685	$ 40,797	—	—
	President Information Corp.	Taipei City	Information Services	$ 100,264	$ 100,264	8,223	54.17%	$ 127,985	$ 38,031	—	—
	Uni-President Oven Bakery Corp. etc.	Taipei City etc.	Bread retailing etc	$ 1,005,682	$ 869,199	—	25.00% ~ 100.00%	$ 780,711	$ 46,297	—	—
Ton Yi Industrial Corp.	Ton Yi (Cayman) Holding Ltd.	Grand Cayman, Cayman Islands	Professional investment	$ 1,388,578	$ 1,388,578	4,001	100.00%	$ (715,950)	$ (51,753)	—	—
	Tovecan Vietnam Corp., Ltd. etc.	Ho Chi Minh City, Vietnam etc.	Manufacturing of can etc.	$ 62,307	$ 62,307	—	40.00% ~ 100.00%	$ 107,078	$ 20,124	—	—
Tung Ho Development Co., Ltd	Gu Hsiang Co., Ltd	Taipei City	Hotel and restmenant	$ 243,000	$ 243,000	—	100.00%	$ 197,857	$ (12,366)	—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taoyuan Hsien	Transportation business	$ 20,150	$ 10,000	2,500	25.00%	$ 27,615	$ 15,983	—	—
Mech-President Co., Ltd.	Safety Elevator Corp. etc.	Tainan City etc.	Manufacturing and maintance of elevator etc.	$ 90,583	$ 18,182	—	100.00%	$ 90,052	$ (1,510)	—	—
Retail Support International Corp.	President Logistics International Corp.	Taoyuan Hsien	Transportation business etc.	$ 61,275	$ 51,300	—	49.00% ~ 51.00%	$ 87,093	$ 27,817	—	—
President Enterprises (China) Investment Co., Ltd.	Kunshan President Enterprises Co., Ltd.	Jiangsu Province Kunshan City	Meat, instant noodles, soft drinks	RMB331,112	RMB331,112	—	100.00%	RMB362,972	RMB 47,634	—	—
	Guangzhou President Enterprises Food Co., Ltd.	Guangazhou City	Oil, feed, instand noodles, soft drinks, dair products, etc.	RMB397,300	RMB397,300	—	100.00%	RMB345,225	RMB 26,355	—	—
	Wuhan President Enterprises Food Co., Ltd.	Wuhan City	Meat, instant noodles, soft drinks	RMB200,359	RMB200,359	—	100.00%	RMB290,063	RMB 37,990	$—	—
	Chengdu President Enterprises Food Co., Ltd.	Sichuan Province wenjiang Hsien	Meat, instant noodles, soft drinks	RMB165,586	RMB165,586	—	100.00%	RMB235,859	RMB 61,028	—	—
	Shenyang President Enterprises Co., Ltd.	Shenyang City	Instant noodles, soft drinks, dairy products, etc.	RMB124,190	RMB124,190	—	100.00%	RMB151,873	RMB (12,398)	—	—
	Zhongshan President Enterprises Co., Ltd.	Guangdong Province Zhongshan City	Marine products etc.	RMB 99,332	RMB 99,332	—	100.00%	RMB107,312	RMB 5,892	—	—
	Xinjing President Enterprises Food Co., Ltd.	Xinjiang Province Urcrngi City	Tomato products etc.	RMB128,304	RMB128,304	—	100.00%	RMB 95,045	RMB 1,611	—	—
	Hefei President Enterprises Co., Ltd.	Anhui Province Hefei City	Instant noodles, soft drinks	RMB 82,791	RMB 82,791	—	100.00%	RMB 92,791	RMB 11,898	—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
	Harbin President Enterprises Co., Ltd.	Harbin City	Instant noodles, soft drinks, dairy products, etc.	RMB124,181	RMB124,181	—	100.00%	RMB84,689	RMB (25,004)	—	—
	Meishan President Feed & Oil Co., Ltd	Sichuan Province Meishan Hsien	Animal feeds, vegetable Oil	RMB 82,777	RMB 82,777	—	100.00%	RMB62,593	RMB (8,260)	—	—
	Tianjng President Enterprises Food Co., Ltd.	Tianjng City	Flour, instant noodles, flour	RMB109,266	RMB109,266	—	94.49%	RMB80,179	RMB (4,844)	—	—
	Qingdo President Food & Livestock Co., Ltd.	Qingdo City	Feed, breed stock and poultry	RMB 99,332	RMB 99,332	—	80.00%	RMB84,180	RMB (7,241)	—	—
	Shanghai President Enterprises Livestock Food Co., Ltd.	Shanghai City	Animal food	RMB 51,818	RMB 51,818	—	78.25%	RMB23,499	RMB (10,538)	—	—
	Beijing President Food Co., Ltd.	Beijing City	Instant noodles	RMB 56,454	RMB 56,454	—	55.00%	RMB42,729	RMB (532)	—	—
	Narnchung President. Enterprises Co., Ltd.	Jiangxi Province Nanchang City	Instant noodles, soft drinks and diary food	RMB 48,800	—	—	49.00%	RMB48,222	RMB (3,369)	—	—
	Beijing President Enterprises Drinks & Food Co., Ltd.	Beijing City	Instant noodles, soft drinks and diary food	RMB 20,700	—	—	33.33%	RMB26,149	RMB 26,354	—	—
Kai Yu Investment (BVI) Co., Ltd.	Fuchou President Co., Ltd.	Fukien Provinice Fuchou City Province	Instant noodles	US$ 10,000	US$ 1,500	—	100.00%	US$ 9,118	RMB$ (6,741)	$—	—
	Beijing President drinks Co., Ltd.	Beijing City	Soft drinks	US$ 5,000	US$ 5,000	—	66.66%	US$ 7,087	RMB$ 26,354	—	—
	Kunshan President Kikkoman Biotechnology Co., Ltd.	Jiangsu Province Kurshan City	Manufacturing of soy sauce	US$ 4,000	US$ 3,000	—	50.00%	US$ 3,412	RMB$ (7,652)	—	—
	Zhuhai Kirin President Brewery Co., Ltd.	Guangdong Province Zhuhai City	Beers and mineral water	US$ 7,400	US$ 7,400	—	10.00%	US$ 7,677	RMB$ 7,151	—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
	President Coffee (Cayman) Holdings Ltd. etc.	Grand Cayman, Cayman Islands etc.	Professional investment etc.	US$ 6,408	US$ 6,408	—	45.00% ~ 100.00%	US$ 4,511	US$ 108	—	—
President International Investment (BVI) Holding Ltd.	Uin- Home Tech Corp.	Tortola, British Virgin Islands	General investment	US$ 42,472	US$ 43,972	42,472	50.00%	US$ 57,910	US$ 8,846	—	—
	Accuary Inc.	Silicon Valley, CA, USA	Computerised knife	US$ 14,500	US$ 11,500	7,833	40.35%	US$ 9,541	US$ (5,346)	—	—
	President Energy Development (Cayman Islands) Ltd.	Grand Cayman, Cayman Islands	General investment	US$ 15,834	US$ 15,834	15,834	39.58%	US$ 14,513	US$ (561)	—	—
	Outlook Investment Pte Ltd.	Singapore	General Investment	STD 7,433	STD 7,433	7,433	25.00%	US$ 5,307	US$ 624	—	—
	Scinopharm (Kunsan) Biochemical Technology Co., Ltd.	Jiansu Province Kunsan City	Manufacturing of biochemical medicine	US$ 1,000	US$ 500	1,000	33.33%	US$ 864	US$ (2,242)	—	—
President Life Science Co., Ltd.	President Life Science Cayman Co., Ltd.	Grand Cayman, Cayman Islands	Global finance holdings	$ 821,451	$ 654,405	25,050	100.00%	$ 523,580	$ (89,062)	—	—
	President Biosystem Co., Ltd. etc.	Taipei City etc.	Organism wafer etc.	$ 102,232	$ 99,182	—	24.99% ~ 100.00%	$ 77,366	$ (13,910)	—	—
Nella Ltd.	Guangzhou Nella Ltd.	Guanhazhou City	Sales of food and soft drink	US$ 480	US$ 480	—	80.00%	US$ (417)	US$ (72)	—	—
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia Labuan Islands	Investments holdings	US$ 19,910	US$ 19,910	19,910	100.00%	US$ 16,020	US$ (1,655)	—	—
	President Coffee (Cayman) Holdings Ltd.	Grand Cayman, Cayman Islands	Investments holdings	US$ 3,000	US$ 3,000	3,000	50.00%	US$ 1,828	US$ 948	—	—
	Presiclerc Ltd.	Tortola, British Virgins Islands	Investments holdings	US$ 6,418	$ —	6,175	47.50%	US$ 2,715	US$ (7,410)	—	—
	T & T Supermarket Inc.	Richmond, BC, Canada	Wholesale and retail business	US$ 7,537	—	—	20.00%	US$ 6,988	CAN$ 4,837	—	—
Wisdan Distribution Service Corp.	President Logistics International Corp. etc.	Chung – Li City etc.	Transportation business etc.	US$ 20,904	US$ 10,000	200	20.00%	US$ 19,800	US$ 20,932	—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of current period	Ending balance of prior period	Shares (in thousands)	Percentage of ownership	Book value			
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	US$ 6,720	US$ 6,720	—	100.00%	US$ 4,754	US$ 312	—	—
	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$ 7,500	US$ 7,500	—	100.00%	US$ 2,579	US$ (147)	—	—
	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	General Investment	US$ 10	US$ 10	—	100.00%	US$ 227	US$ (5)	—	—
	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman, Gayman Islands	General Investment	US$ 33,993	US$ 33,993	—	88.58%	US$ 27,809	US$ 1,364	—	—
	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman, Gayman Islands	General Investment	US$ 28,127	US$ 28,127	—	87.93%	US$ 16,154	US$ 294	—	—
Kunshan President Enterprise Food Co., Ltd.	Guangzhou Wang Sheng Industrial Co., Ltd.	Guanhazhou City	Manufacturing, Processing and sales of food	RMB 2,500	RMB 2,500	—	50.00%	RMB 2,551	RMB 92	—	—
Wuhan President Enterprise Food Co., Ltd.	Nanchang President Enterprises Co., Ltd.	Jiangxi Province Nanchang City	Instand noodles, soft drinks, diet products	RMB50,800	RMB45,000	—	51.00%	RMB48,446	RMB (3,369)	—	—
	Guangzhou Wang Sheng Industrial Co., Ltd.	Guanhazhou City	Sales of food and soft drink	RMB 2,500	RMB 2,500	—	50.00%	RMB 2,551	RMB 92	—	—
Meishan president Feed & Oil Co., Ltd.	President Fuche (Qingdo) Co., Ltd	Qingdo City	Manufacturing and Processing of eggs	RMB 4,318	—	—	50.00%	RMB 3,196	RMB (1,885)	—	—
Qingdo President Food & Livestock Co., Ltd.	San Tong Wanfu(Qingdo) Food Co., Ltd.	Qingdo City	Feed, breed stock and poultry	RMB24,831	—	—	30.00%	RMB24,831	—	—	—
President Life Sciences Cayman Co., Ltd.	Aura Oncology Systems.Inc. etc.	Sunnyvale, CA, U.S.A. etc.	Bio-technolgy business	US$ 7,850	US$ 7,850	—	29.41% ~ 70.88%	US$ 3,919	US$ (2,262)	$—	—
President Chain Store (Lubuan) Holdings Ltd.	Philippine Seven Corp.	Mandaluyoung City, Philippine	Retail of food and merchandise	US$ 19,882	US$ 19,882	119,575	50.40%	US$ 15,999	PESO(38,802)	—	—
President Coffee (Cayman) Holdings Ltd.	Shanghai President Coffee Corp.	Shanghai City	Sale of coffee	US$ 4,000	US$ 4,000	—	100.00%	US$ 3,283	RMB 1,131	—	—

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Investors	Name of Investees	Address	Main activities	Original investments: Ending balance of current period	Original investments: Ending balance of prior period	Holding status: Shares (in thousands)	Holding status: Percentage of ownership	Holding status: Book value	Net income (loss) of the investee	Income (loss) recognised by the Company	Note
Philippine Seven Corp.	Convenience Distribution Inc.etc.	Quezon City, Philippine.etc.	Distribution and storage etc.	PESO 80,822	PESO 80,822	—	40.00% ~ 100.00%	PESO 87,111	PESO1,775	—	—
Mech – President (BVI) Corp.	Shanghai Mech – President Co., Ltd.	Shanghai City	Filling station and elevator	US$ 2,500	—	—	100.00%	US$ 2,418	RMB (650)	—	—
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	US$ 32,668	US$ 32,668	—	83.58%	US$31,299	US$ (1,848)	—	—
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	US$ 31,217	US$ 31,217	—	82.86%	US$18,394	US$ (1,006)	—	—

3. Disclosure of information on indirect investments in Mainland China

A. The basic information of investments in Mainland China as of December 31, 2002 was as follows (Units in thousands of currencies indicated):

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount: Payment	Investment amount: Remittance	Ending investment balance from Taiwan	Percentage of ownership held by the Company (Direct or indirect)	Investment gain (loss)	Investment amount as of Dec 31, 2002	Accumulated remittance
Shanghai President Enterprises Live-stock Food Co., Ltd.	Animal feeds, food	US$ 8,000	(Note 1)	US$ 6,077.5	$—	$—	US$ 6,077.5	78.25%	RMB$(14,765) (Note 2)	RMB $2,576	—
Xinjiang President Enterprises Food Co., Ltd.	Tomato products, soft drinks, food	US$15,500	(Note 1)	US$ 13,077	—	—	US$ 13,077	100.00%	RMB (15,502) (Note 2)	RMB 29,235	—
Beijing President Food Co., Ltd.	Instant noodles	US$12,400	(Note 1)	US$ 3,828	—	—	US$ 3,828	55.00%	RMB 5,383 (Note 2)	RMB103,757	—
Tianjing President Enterprises Food Co., Ltd.	Flour, instant noodles	US$15,210	(Note 1)	US$13,207.4	—	—	US$13,207.4	94.49%	RMB (15,130) (Note 2)	RMB 44,029	—
Tianjing President International Food Co., Ltd.	Biscuits, food	US$12,450	(Note 1)	US$ 12,450	—	—	US$ 12,450	100.00%	RMB (7,969) (Note 2)	RMB 9,693	—
Chengdu President Enterprises Food Co., Ltd.	Meat, instant noodles, soft drinks, food	US$20,000	(Note 1)	US$ 20,000	—	—	US$ 20,000	100.00%	RMB 54,168 (Note 2)	RMB214,138	—
Kunshan President Enterprises Food Co., Ltd.	Meat, instant noodles, soft drinks, food	US$40,000	(Note 1)	US$ 40,000	—	—	US$ 40,000	100.00%	RMB 56,944 (Note 2)	RMB467,852	—

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Percentage of ownership held by the Company (Direct or indirect)	Investment gain (loss)	Investment amount as of Dec 31, 2002	Accumulated remittance
					Payment	Remittance					
Wuhan President Enterprises Food Co., Ltd.	Meat, instant noodles, soft drinks, food	US$ 24,200	(Note 1)	US$26,440	—	—	US$26,440	100.00%	RMB 42,309 (Note 2)	RMB 341,137	—
Meishan President Feed & Oil Co., Ltd. (Note4)	Animal feeds, vegetable oil	US$ 10,000	(Note 1)	US$ 9,400	—	—	US$ 9,400	100.00%	RMB (7,663) (Note 2)	RMB 69,319	—
Guangazhou President Enterprises Food Co., Ltd.	Instant noodles, soft drinks, diary products, food	US$ 48,000	(Note 1)	US$48,000	$ —	$—	US$48,000	100.00%	RMB$(6,444) (Note 2)	RMB $174,293	—
Shenyang President Enterprises Corp.	Instant noodles, soft drinks, diary products, food	US$ 19,900	(Note 1)	US$15,000	—	—	US$15,000	100.00%	RMB(10,209) (Note 2)	RMB 167,221	—
Zhongshan President Enterprises Co., Ltd.	Marine products, livestocks pets food	US$ 12,000	(Note 1)	US$ 12,000	—	—	US$12,000	100.00%	RMB 5,776 (Note 2)	RMB 116,523	—
Shanghai President International Food Co., Ltd.	Biscuits, bread	US$ 13,000	(Note 1)	US$13,000	—	—	US$13,000	100.00%	RMB (6,546) (Note 2)	RMB 12,623	—
Ningbo Malting Co., Ltd.	Malt	US$ 26,000	(Note 1)	US$ 3,200	US$2,000	—	US$ 5,200	20.00%	RMB 4,180 (Note 3)	RMB 9,527	—
Zhangjiagang President Nisshin Food Co., Ltd.	Fats, feed, flour	US$ 17,000	(Note 1)	US$10,200	—	—	US$10,200	60.00%	RMB 684 (Note 2)	RMB 77,491	—
Zhuhai Kirin President Brewery Co., Ltd.	Beers, mineral water	US$ 74,000	(Note 1)	US$22,200	—	—	US$22,200	30.00%	RMB 1,712 (Note 3)	RMB 200,900	—
Jiafu (Tianjing) International Trading Co., Ltd.	Hypermarket	US$ 12,000	(Note 1)	US$ 5,400	—	—	US$ 5,400	45.00%	RMB 4,328 (Note 3)	RMB 49,955	—
Chongqing carrefour Hypermarket Chainstore Co., Ltd.	Hypermarket	US$ 29,320	(Note 1)	US$13,191	—	—	US$13,191	45.00%	RMB 14,966 (Note 3)	RMB 101,457	—
Guangazhou President Convenience Stores Co., Ltd.	Warehouse & wholesale	US$ 8,400	(Note 1)	US$ 3,780	—	—	US$ 3,780	45.00%	RMB(16,922) (Note 3)	RMB 9,822	—
President Enterprises (China) Investment Co., Ltd.	Investment	US$248,160	(Note 1)	$ —	—	—	US$ —	100.00%	RMB118,596 (Note 2)	RMB2,557,176	—
Qingdao President Feed & Livestock Co., Ltd.	Animal feeds, livestock	US$ 15,000	(Note 1)	US$12,000	—	—	US$12,000	80.00%	RMB (6,984) (Note 2)	RMB 79,417	—
Hefei President Enterprises Co., Ltd.	Instant noodles, soft drinks, diary products	US$ 10,000	(Note 1)	US$10,000	$ —	$—	US$10,000	100.00%	RMB$11,912 (Note 2)	RMB $92,822	—
Harbin President Enterprises Co., Ltd.	Instant noodles, soft drinks, diary products	US$ 15,000	(Note 1)	US$15,000	—	—	US$15,000	100.00%	RMB(25,253) (Note 2)	RMB 90,245	—

(Continued on next page)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Percentage of ownership held by the Company (Direct or indirect)	Investment gain (loss)	Investment amount as of Dec 31, 2002	Accumulated remittance
					Payment	Remittance					
President Enterprises (China) Finance Co., Ltd.(Note3)	Financing	US$ 1,000	(Note 1)	$ —	—	—	US$ —	100.00%	—	—	—
Guangzhou Wang Sheng Industrial Co., Ltd.	Manufacturing processing and sales of foods	RMB 5,000	(Note 1)	US$ —	—	—	US$ —	100.00%	RMB92 (Note 2)	RMB 1,102	—
Nanchang President Enterprises Co., Ltd.	Instant noodles, soft drinks, diary products	US$ 12,000	(Note 1)	US$ —	—	—	US$ —	100.00%	RMB(3,583) (Note 2)	RMB 94,992	—
Cargill-President (Donguan) Feed Protein Techology Co., Ltd.	Animal feeds	US$ 20,000	(Note 1)	US$ 50	US$9,950	—	US$10,000	50.00%	RMB(4,581) (Note 2)	RMB 77,544	—
Beijing President Drinks & Food Co., Ltd.	Instant noodles, soft drinks, diary products, food	US$ 7,500	(Note 1)	$ —	—	—	US$ —	100.00%	RMB26,354 (Note 2)	RMB 87,993	—
President Fuche (Qingdo) Co., Ltd.	Manufacturing of eggs products, agricultural products, marine products and livestock products	US$ 1,000	(Note 1)	$ —	—	—	US$ —	50.00%	RMB(943) (Note 2)	RMB 3,195	—
Kushan Sanwa Food Industry Co., Ltd.	flavouring	US$ 1,200	(Note 1)	US$180	—	—	US$ 180	15.00%	—	RMB 1,489	—
Kushan President Healthy Food Co., Ltd (Note 4)	Juice, soft drinks	US$ 4,720	(Note 1)	$ —	—	—	US$ —	100.00%	—	—	—
Santong (Qingdo) Food Industry Co., Ltd.	Animal feeds, livestock	US$ 12,000	(Note 1)	$ —	—	—	US$ —	30.00%	—	RMB 24,831	—

B. The ceiling amount of investment in Mainland China

(Amounts: in thousands of US dollars & NT dollars)

Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEAIC
$ 11,785,192(Note5)	$ 12,202,519(Note 6)	$ 9,742,001(Note 7)
US$ (339,630.9)	US$ (351,657.6)	

(Note 1) Indirect investment in PRC through existing companies located in the third area.

(Note 2) The financial statements were audited by the parent company's auditor in Taiwan.

(Note 3) The financial statements were audited by international accounting offices affiliated with the parent company's auditors in Taiwan.

(Note 4) Capital has been remitted as it is still in the preparation stage.

(Note 5) Calculated at the exchange rate of $34.70 (US dollars to NT dollars). If calculated at the exchange rate when approved by MOEA, the amount is $9,547,590.

(Note 6) Calculated at the exchange rate of $34.70 (US dollars to NT dollars). If calculated at the exchange rate when approved by MOEA, the amount is $9,914,879.

(Note 7) The ceiling amount was the sum of the following:

- The first 5 billion of net worth multiply 40%;
- Amount between 5 billion to 10 billion multiply 30%; and
- Amount greater than 10 billion multiply 20%.

C. Direct or indirect transactions via the company located in the third area with the investees in Mainland China

(1) *Purchases*

The third area company	Name of investees in Mainland China	2002
Nella Limited	Xinjiang President Enterprises Food Co., Ltd.	$81,151

The terms of pruchases were as the same those from other vendors.

(2) *Sale*

The third area company	Name of investees in Mainland China	2002
Nella Limited	Fuchou President Enterprises Co., Ltd.	$ 55,919
	Nanchang President Enterprises Co., Ltd.	50,309
	Chengdu President Enterprises Co., Ltd.	48,183
	Beijing President Enterprises Co., Ltd.	42,930
	Guangzhou President Enterprises Co., Ltd.	33,994
	Other	60,860
		$292,195

The terms of sales were the same as those to other customers.

(3) *Accounts Receivable*

The third area company	Name of investees in Mainland China	December 31, 2002
Nella Limited	Chengdu President Enterprises Food Co., Ltd.	$12,723
	Kunshan President Enterprises Co., Ltd.	2,154
	Zhangjiagang President Nisshin Food Co., Ltd.	1,986
	Other	48
		$16,911

(4) *Endorsement, guarantee or collateral*: None

(5) *Other transactions with significant effects on current gain or loss and financial condition*: None.

Note12. SEGMENT INFORMATION

(1) Financial information by business segments in 2000, 2001 and 2002.

2000	Provisions	Food products	Trading	Investment Development	Adjustment and Elimination	Total
Sales to unaffiliated customers	$10,360,022	$38,353,602	$6,058,530	$ —	$(1,506,577)	$53,265,577
Intersegment sales	1,052,300	2,013,650	—	—	(3,065,950)	—
Total revenues	$11,412,322	$40,367,252	$6,058,530	$ —	$(4,572,527)	$53,265,577
Operating profit	$ 247,451	$ 2,070,118	$ 113,391	$ 68,083	$ —	$ 2,499,043
Investment loss						(1,001,386)
Interest expenses						(1,839,544)
General corporate revenues						3,641,677
General corporate expenses						(211,835)
Income before income taxes, cumulative effect of changes in accounting principle and minority interests loss						$ 3,087,955
Identifiable assets	$ 4,077,849	$15,187,168	$2,152,493	$13,556,021		$34,973,531
Long-term investments accounted for by the equity method						47,008,473
Corporate assets						16,515,607
Total assets						$98,497,611
Depreciation expenses	$ 256,119	$ 1,726,358	$ 5,894	$ 2,479		$ 1,990,850
Amortisation expenses	$ 14,073	$ 89,227	$ 294	$ 8,923		$ 112,517
Capital expenditures	$ 208,477	$ 4,277,872	$ 6,075	$ 114,984		$ 4,607,408

2001	Provisions	Food products	Trading	Investment Development	Adjustment and Elimination	Total
Sales to unaffiliated customers	$11,269,576	$41,225,253	$7,624,240	$ —	$ (765,686)	$ 59,353,383
Intersegment sales	1,048,692	35,594	—	—	(1,084,286)	—
Total revenues	$12,318,268	$41,260,847	$7,624,240	$ —	$(1,849,972)	$ 59,353,383
Operating profit	$ 149,798	$ 1,663,610	$ 161,445	$ (304,732)	$ —	$ 1,670,121
Investment loss						(562,061)
Interest expenses						(2,222,294)
General corporate revenues						4,188,515
General corporate expenses						(205,560)
Income before income taxes, cumulative effect of changes in accounting principle and minority interests loss						$ 2,868,721
Identifiable assets	$ 5,550,047	$23,767,880	$1,890,679	$9,853,835		$ 41,062,441
Long-term investments accounted for by the equity method						48,929,480
Corporate assets						17,352,482
Total assets						$107,344,403
Depreciation expenses	$ 336,684	$ 1,902,585	$ 4,652	$ 3,921		$ 2,247,842
Amortisation expenses	$ 16,317	$97,834	$ 375	$ 2,146		$ 116,672
Capital expenditures	$ 593,755	$ 3,094,434	$ 3,290	$ 112,896		$ 3,804,375

(Continued on next page)

2002	Provisions	Food products	Trading	Investment Development	Adjustment and Elimination	Total
Sales to unaffiliated customers	$13,581,027	$47,707,163	$3,949,015	$ —	$(2,572,549)	$ 62,664,656
Intersegment sales	1,128,271	34,375	—	—	(1,162,646)	—
Total revenues	$14,709,298	$47,741,538	$3,949,015	$ —	$(3,735,195)	$ 62,664,656
Operating profit	$ 130,416	$ 2,281,853	$ 154,191	$ (439,335)	$ —	$ 2,127,125
Investment loss						(1,704,321)
Interest expenses						(1,740,592)
General corporate expenses						2,923,059
General corporate revenues						(217,877)
Income before income taxes, cumulative effect of changes in accounting principle and minority interests loss						$ 1,387,394
Identifiable assets	$ 6,984,518	$22,988,743	$1,622,379	$8,890,000		$ 40,485,640
Long-term investments accounted for by the equity method						49,146,490
Corporate assets						13,980,700
Total assets						$103,612,830
Depreciation expenses	$ 396,528	$ 2,126,144	$ 4,358	$ 14,425		$ 2,541,455
Amortisation expenses	$ 52,904	$ 125,089	$ 215	$ 12,619		$ 190,827
Capital expenditures	$ 457,622	$ 2,482,453	$ 12,664	$ 64,277		$ 3,017,016

A. Revenues of an industry segment includes revenue both from sales to unaffiliated customers (including sales, other operating revenue, rent revenue, gain on disposal of segments and other income) and intersegment sales. Investment income was excluded from total segment revenues.

B. Operating profit of loss of industry segment is its segment revenues minus segment costs and expenses, which was generated in relation to the segment revenues except interest expenses. The Company's intersegment purchases and intersegment sales used the same internal transfer pricing basis.

C. The identifiable assets of an segment are those tangible and intangible assets that are specifically attributable to a business segment, but the following items are not included:

   a. Assets not used by any business segment.

   b. Long-term investments.

(2) Financial information on geographic areas: Not applicable as the Company did not have foreign operations.

(3) Information on export sales:

Not applicable as export sales of the Company in 2000, 2001 and 2002 constituted less than 10% of the total revenues of 2000, 2001 and 2002, respectively.

(4) Information on significant customers:

In 2000, 2001 and 2002, no customers constituted more than 10% of the Company's total revenues of 2000, 2001 and 2002, respectively.

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2000, 2001 and 2002 AND SEPTEMBER 30, 2002 and 2003

REPORT OF INDEPENDENT ACCOUNTANTS

(03)P12D.30770

To the Board of Directors and Stockholders
of Uni-President Enterprises Corp.

We have audited the accompanying non-consolidated balance sheets of Uni-President Enterprises Corp. (the "Company") as of December 31, 2000, 2001 and 2002, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain long-term investments accounted for under the equity method, which were audited by other auditors, whose reports thereon have been furnished to us. The balances of long-term investments in these investee companies were NT$14,068,227,000, NT$13,337,946,000 and NT$12,748,167,000 as of December 31, 2000, 2001 and 2002, respectively, and related investment income amounted to NT$680,362,000, NT$338,748,000 and NT$584,099,000 for the years then ended, respectively. Our opinion expressed herein, insofar as it relates to the amounts included in the financial statements for these long-term investments, is based solely on the reports of other auditors.

We conducted our audits in accordance with the "Rules Governing Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards 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 misstatement. 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 statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the accompanying non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Uni-President Enterprises Corp. as of December 31, 2000, 2001 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

As described in Note 3 to the financial statements, effective January 1, 2002, the Company changed its method of accounting for certain inventory costs from the first-in-first-out method to the weighted average method. The net cumulative effect of the change in accounting principle amounted to NT$7,810,000 for the year ended December 31, 2002. Effective January 1, 2002, the Company also adopted R.O.C. FAS No. 30, "Accounting for Treasury Stock" under which the parent company's stock held by its subsidiaries is accounted for as treasury stock. As a result of this change in the method of accounting for treasury stock, net income decreased by NT$126,998,000 for the year ended December 31, 2002.

We have also audited the consolidated financial statements of Uni-President Enterprises Corp. and its subsidiaries (not presented herein) for the years ended December 31, 2000, 2001 and 2002. Our report dated April 2, 2003, expressed a modified unqualified opinion on those statements.

PricewaterhouseCoopers
Tainan, Taiwan
Republic of China
April 2, 2003

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and the report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
of Uni-President Enterprises Corp.

We have reviewed the accompanying non-consolidated balance sheets of Uni-President Enterprises Corp. (the "Company") as of September 30, 2002 and 2003, and the related non-consolidated statements of income and of cash flows for the nine-month periods then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a review report on these financial statements based on our reviews. We did not review the financial statements of certain long-term investments accounted for under the equity method as of and for the nine-month period ended September 30, 2003, which were reviewed by other auditors, whose reports thereon have been furnished to us. The balance of long-term investments in these investee companies were NT$8,106,640,000 as of September 30, 2003, and related investment income amounted to NT$191,739,000 for the nine-month period then ended. Our report issued herein, insofar as it relates to the amounts included in the financial statements and information disclosed in Note 11 relative to these long-term investments, is based solely on the reports of other auditors.

We conducted our reviews of the quarterly financial statements in accordance with R.O.C. SAS NO. 36 "Review of Financial Statements", except as explained in the following paragraph. A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(6), the financial statements of certain investee companies accounted for under the equity method as of and for the nine-month periods ended September 30, 2002 and 2003 were not reviewed by independent auditors. As of September 30, 2002 and 2003, the balances of the Company's long-term investments in these investee companies were NT$42,945,440,000 and NT$22,010,216,000, respectively, and the related investment income for the nine-month periods ended September 30, 2002 and 2003 was NT$201,027,000 and NT$802,411,000, respectively.

Based on our reviews, and the reports of other auditors, except for the effects on the financial statements as of and for the nine-month periods ended September 30, 2002 and 2003 of such adjustments, if any, as might have been determined to be necessary had the financial statements of the investee companies accounted for under the equity method as described in the third paragraph been reviewed by independent accountants, we are not aware of any material modifications that should be made to the financial statements referred to in the first paragraph in order for them to be in conformity with "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

As described in Note 3 to the financial statements, effective January 1, 2002, the Company changed its method of accounting of certain inventory costs from the first-in-first-out to the weighted average method and the net cumulative effect of the change in accounting principle amounted to NT$7,810,000 for the nine-month period ended September 30, 2002. In addition, effective January 1, 2002, the Company adopted R.O.C. FAS No. 30 "Accounting for Treasury Stocks" under which the parent company's stocks held by its subsidiaries are accounted for as

treasury stock. As a result of this change in the method of accounting for treasury stock, total assets and total stockholders' equity were decreased by NT$141,313,000 and NT$40,138,000, respectively, as of September 30, 2002, and net income was decreased by NT$101,175,000 for the nine-month period then ended.

PricewaterhouseCoopers
Tainan, Taiwan
Republic of China
October 27, 2003

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and the review report of independent accountants are not intended for use by those who are not informed about the accounting principles or review standards generally accepted in the Republic of China, and their applications in practice.

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED BALANCE SHEETS

(Expressed in Thousands of New Taiwan Dollars)

	December 31,			September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
ASSETS					
Current Assets					
Cash and cash equivalents (Note (4(1))	$ 113,920	$ 109,720	$ 132,482	$ 512,161	$ 1,282,812
Short-term investments (Note 4(2))	—	1,618,712	—	—	—
Notes receivable, net (Notes 4(3) and 5)	772,697	717,364	771,604	752,669	781,471
Accounts receivable, net–third parties (Note 4(4))	859,658	818,196	955,957	1,042,767	1,255,186
Accounts receivable – related parties (Note 5)	1,691,270	1,812,128	2,320,013	2,646,891	2,963,422
Other receivables – third parties	606,308	1,241,707	236,443	215,731	188,746
Other receivables – related parties (Note 5)	100,861	179,061	127,586	122,435	94,867
Inventories (Notes 3 and 4(5))	2,341,723	2,457,057	2,474,065	2,240,326	2,302,259
Prepayments	397,998	326,963	164,081	216,234	220,399
Other current assets (Note 4(22))	53,131	235,345	246,327	255,443	249,253
	6,937,566	9,516,253	7,428,558	8,004,657	9,338,415
Long-term investments (Notes 3, 4(6) and 5)	46,642,637	45,777,666	45,277,054	47,556,984	48,146,879
Property, plant and equipment, net (Notes 4(7), 5 and 6)					
Cost:					
Land	3,636,217	3,402,227	3,402,227	3,402,227	3,402,777
Buildings	3,532,871	3,685,882	3,540,081	3,534,076	3,598,430
Machinery and equipment	7,286,556	7,595,998	7,416,845	7,407,293	8,089,833
Storage facilities	170,520	165,382	164,613	165,249	164,805
Electrical installations	387,287	394,969	398,960	397,439	419,035
Transportation equipment	194,631	132,607	121,965	130,489	118,300
Furniture and fixtures	2,251,480	2,219,654	2,121,011	2,146,706	2,130,854
Leased property	254,440	254,440	254,440	254,440	254,440
Leasehold improvements	198,142	129,195	131,456	133,741	131,354
Other equipment	2,673,755	2,938,209	3,001,629	2,969,475	3,127,678
Appraisal increments	2,461,993	2,457,076	2,440,336	2,442,717	2,437,796
Cost and appraisal increments	23,047,892	23,375,639	22,993,563	22,983,852	23,875,302
Less: Accumulated depreciation	(8,745,820)	(9,555,895)	(10,195,410)	(9,996,688)	(10,878,362)
Construction in progress and prepayments	653,290	708,393	1,201,515	856,074	1,420,137
	14,955,362	14,528,137	13,999,668	13,843,238	14,417,077
Intangible Assets					
Deferred pension cost (Note 4 (16))	—	413,844	377,006	417,285	377,006
Other Assets					
Assets held for lease (Notes 4(8) and 6)	1,042,993	1,013,137	721,860	731,886	690,858
Idle assets (Notes 4(9) and 6)	237,154	210,278	366,970	350,888	265,949
Guaranteed deposits	98,246	86,257	85,515	81,287	83,094
Deferred expenses (Note 4(10))	315,614	289,364	243,042	259,536	192,109
Long-term receivables, net (Note 4(11))	44,176	40,846	21,945	22,870	24,806
Deferred income taxes (Note 4(22))	477,523	261,672	100,021	99,930	34,463
Other (Note 4(7))	60,050	62,755	62,602	67,003	64,603
	2,275,756	1,964,309	1,601,955	1,613,400	1,355,882
TOTAL ASSETS	$70,811,321	$72,200,209	$ 68,684,241	$71,435,564	$ 73,635,259

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

(Expressed in Thousands of New Taiwan Dollars)

	December 31,			September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Short-term loans (Note 4(12))	$ 1,779,264	$ 953,264	$ 343,777	$ 1,884,252	$ 1,177,632
Commercial papers payable (Note 4(13))	486,370	—	—	350,000	349,904
Notes payable	18,990	11,599	12,442	10,125	17,612
Accounts payable—third parties	1,144,538	1,054,905	1,364,528	1,180,809	1,400,504
Accounts payable—related parties (Note 5)	271,164	191,441	221,926	192,854	218,345
Income tax payable (Note 4(22))	35,410	9,440	27,455	25,863	—
Accrued expenses (Note 5)	1,714,922	1,614,893	1,453,140	1,668,087	1,669,336
Other payable	680,240	1,908,732	216,347	166,262	156,184
Advance receipts	85,714	—	—	—	—
Current portion of long-term liabilities (Notes 4(7) and 4(14))	34,158	407,243	2,531,871	100,000	—
Other current liabilities (Note 4(7))	—	—	—	31,849	31,925
	6,250,770	6,151,517	6,171,486	5,610,101	5,021,442
Long-term interest-bearing liabilities					
Bonds payable (Note 4(14))	—	—	—	—	3,400,000
Long-term loans (Note 4(15))	21,861,945	21,662,065	18,893,374	23,286,739	20,343,229
Long-term notes payables	—	—	—	—	16,350
Long-term payables (Note 4(7))	190,084	178,201	165,318	168,788	154,292
	22,052,029	21,840,266	19,058,692	23,455,527	23,913,871
Other Reserves					
Provision for assets appraisal increments tax (Note 4(7))	1,291,857	1,291,803	1,291,803	1,291,803	1,291,803
Other Liabilities					
Accrued pension liabilities (Note 4(16))	55,062	522,646	811,535	623,062	1,086,930
Customers' deposits	98,968	73,665	69,603	71,279	70,664
Other (Note 4(6))	—	—	4,325	3,395	
	154,030	596,311	885,463	697,736	1,157,594
TOTAL LIABILITIES	29,748,686	29,879,897	27,407,444	31,055,167	31,384,710
Stockholders' Equity					
Common stock (Notes 1 and 4(17))	31,581,671	33,476,572	34,422,458	34,422,458	33,950,978
Capital reserve (Notes 3, 4(7), 4(17) and 4(18))					
Treasury stock	—	—	125,165	123,453	130,672
Asset appraisal increments	504,186	452,131	452,131	452,131	452,131
Gain on disposal of property, plant and equipment	21,997	10,889	—	—	—
Donated capital	228	228	228	228	228
Long-term investments	342,930	439,806	418,488	273,204	390,834
Retained earnings (Notes 4(17), 4(18), and 4(19))					
Legal reserve	3,878,424	4,216,966	4,518,723	4,518,723	4,685,613
Special reserve	494,561	354,622	168,156	168,156	476,505
Unappropriated earnings	4,583,595	3,499,252	1,825,958	882,209	2,910,432
Unrealised loss on long-term investments	(92,663)	(122,359)	(151,953)	(111,769)	(150,006)
Cumulative translation adjustment	(252,294)	59,364	(107,858)	(115,196)	(186,988)
Unrecognised pension cost	—	(8,616)	(216,695)	(8,616)	(409,850)
Treasury stock (Notes 3, 4(6), 4(20))	—	(58,543)	(178,004)	(224,584)	—
TOTAL STOCKHOLDERS' EQUITY	41,062,635	42,320,312	41,276,797	40,380,397	42,250,549
Contingent Liabilities and Commitments (Notes 5 and 7)					
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$70,811,321	$72,200,209	$68,684,241	$71,435,564	$73,635,259

The accompanying notes are an integral part of these non-consolidated financial statements. See the reports of independent accountants dated April 2, 2003 and October 27, 2003.

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENTS OF INCOME

(Expressed in Thousands of New Taiwan Dollars

(Except for Earnings Per Share Amount)

	Years Ended December 31,			Nine-Month Periods Ended September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
Operating Revenues (Note 5)					
Gross sales	$ 32,726,645	$ 33,564,213	$ 34,045,328	$ 27,174,754	$ 29,840,065
Less: Sales returns	(278,579)	(190,611)	(175,554)	(123,252)	(135,743)
Sales allowance	(2,130,286)	(2,151,382)	(2,051,958)	(1,440,669)	(1,770,775)
Net sales	30,317,780	31,222,220	31,817,816	25,610,833	27,933,547
Other operating revenues	1,841,239	2,126,336	3,081,359	530,481	500,214
Total operating revenues	32,159,019	33,348,556	34,899,175	26,141,314	28,433,761
Operating Costs (Notes 4(21) and 5)					
Cost of goods sold	(21,125,625)	(22,700,341)	(23,701,763)	(19,269,866)	(21,989,867)
Other operating costs	(1,575,062)	(1,868,151)	(2,775,966)	(408,097)	(421,665)
Total operating costs	(22,700,687)	(24,568,492)	(26,477,729)	(19,677,963)	(22,411,532)
Gross profit	9,458,332	8,780,064	8,421,446	6,463,351	6,022,229
Operating Expenses (Notes 4(21) and 5)					
Selling expenses	(6,652,476)	(6,065,629)	(5,660,561)	(4,175,462)	(4,137,844)
Administrative and general expenses	(2,190,480)	(2,266,662)	(1,842,280)	(1,339,242)	(1,428,479)
Research and development expenses	(259,486)	(285,499)	(293,611)	(216,634)	(233,907)
	(9,102,442)	(8,617,790)	(7,796,452)	(5,731,338)	(5,800,230)
Operating income	355,890	162,274	624,994	732,013	221,999
Non-operating Income					
Interest income	5,852	13,926	1,361	807	1,562
Investment income (Note 4(6))	—	—	—	201,027	2,329,434
Cash dividends	42,335	98,922	112,857	112,857	90,239
Gain on disposal of property, plant and equipment (Note 5)	13,600	12,241	12,992	8,422	9,657
Gain on sale of investments (Note 5)	3,685,131	4,952,891	2,930,372	42,481	179,932
Exchange income	—	—	—	—	18,753
Rental income (Note 5)	247,260	490,187	404,148	267,212	251,296
Gain on market value recovery of short-term investments	3,574	—	—	5,109	—
Other (Note 5)	863,087	1,040,839	898,295	688,937	661,656
	4,860,839	6,609,006	4,360,025	1,326,852	3,542,529
Non-operating Expenses					
Interest expenses (Note 4(7))	(994,674)	(1,215,371)	(931,361)	(729,509)	(373,098)
Investment loss (Note 4(6))	(235,367)	(1,664,382)	(1,523,156)	—	—
Loss on disposal of property, plant and equipment	(22,023)	(21,419)	(36,550)	(33,603)	(4,796)
Loss on foreign exchanges, net	(137,871)	(16,084)	(45,059)	(53,087)	—
Finance charges	(6,222)	(13,968)	(9,350)	(6,624)	(17,894)
Loss on temporary production stoppage	(66,269)	(41,082)	(101,857)	(67,736)	(69,031)
Other	(504,577)	(758,088)	(637,926)	(423,017)	(386,407)
	(1,967,003)	(3,730,394)	(3,285,259)	(1,313,576)	(851,226)
Income before income taxes and cumulative effect of changes in accounting principle	3,249,726	3,040,886	1,699,760	745,289	2,913,302
Income tax expense (Note 4(22))	135,469	(27,126)	(183,190)	(172,253)	(41,989)
Income before cumulative effect of changes in accounting principle	3,385,195	3,013,760	1,516,570	573,036	2,871,313
Cumulative effect of changes in accounting principle, less applicable income tax of $2,603 for 2002 and for the nine-month period ended September 30, 2002 (Notes 3 and 4(22))	—	—	(7,810)	(7,810)	—
Net income	$ 3,385,195	$ 3,013,760	$ 1,508,760	$ 565,226	$ 2,871,313

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP.
NON-CONSOLIDATED STATEMENTS OF INCOME — (Continued)

(Expressed in Thousands of New Taiwan Dollars

Except for Earnings Per Share Amount)

	Years Ended December 31,						Nine-Month Periods Ended September 30,			
	2000		2001		2002		2002		2003	
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Basic earnings per common share										
Income before cumulative effect of changes in accounting principle	$ 0.94	$ 0.98	$ 0.88	$ 0.88	$ 0.50	$ 0.45	$ 0.22	$ 0.17	$ 0.85	$ 0.84
Cumulative effect of changes in accounting principle, less applicable income tax	—	—	—	—	—	—	—	—	—	—
Net income (Note 4(23))	$ 0.94	$ 0.98	$ 0.88	$ 0.88	$ 0.50	$ 0.45	$ 0.22	$ 0.17	$ 0.85	$ 0.84
Pro forma amounts as if the shares of the Company held by the Company's subsidiaries, Kai Yu Investment Co., Ltd. and President International Development Corp., were not treated as treasury stock:										
Net income	$3,249,726	$3,385,195	$3,040,886	$3,013,760	$1,816,345	$1,635,758	$836,051	$666,401	$2,913,302	$2,871,313
Basic earnings per common share	$ 0.94	$ 0.98	$ 0.88	$ 0.88	$ 0.53	$ 0.48	$ 0.24	$ 0.19	$ 0.85	$ 0.84
Pro forma amounts assuming retroactive application of change in method of accounting for inventory cost										
Net income	$3,249,726	$3,385,195	$3,030,473	$3,005,950	$1,699,760	$1,516,570	$745,289	$573,036	$2,913,302	$2,871,313
Basic earnings per common share	$ 0.94	$ 0.98	$ 0.88	$ 0.87	$ 0.50	$ 0.45	$ 0.22	$ 0.17	$ 0.85	$ 0.84

The accompanying notes are an integral part of these non-consolidated financial statements.
See the reports of independent accountants dated April 2, 2003 and October 27, 2003.

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in Thousands of New Taiwan Dollars)

2000	Common Stock	Capital Reserve	Retained Earnings			Unrealised Loss on Long–term Investments	Cumulative Translation Adjustment	Unrecognised Pension Cost	Treasury Stock	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings					
Balance at January 1, 2000	$29,242,288	$ 963,344	$3,534,016	$ —	$ 6,719,373	$ —	($494,561)	$—	$—	$39,964,460
Distribution of net income of 1999:								—		
Appropriation of legal reserve	—	—	344,408	—	(344,408)	—	—		—	—
Appropriation of special reserve	—	—	—	494,561	(494,561)	—	—	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(60,214)	—	—	—	—	(60,214)
Employees' bonuses	—	—	—	—	(60,214)	—	—	—	—	(60,214)
Payment of cash dividends	—	—	—	—	(2,339,383)	—	—	—	—	(2,339,383)
Issuance of stock dividends	2,222,414	—	—	—	(2,222,414)	—	—	—	—	—
Capital reserve transferred to common stock	116,969	(116,969)	—	—	—	—	—	—	—	—
Net income for 2000	—	—	—	—	3,385,195	—	—	—	—	3,385,195
Gain on disposal of property, plant and equipment transferred to capital reserve	—	12,441	—	—	(12,441)	—	—	—	—	—
Gain on disposal of property, plant and equipment of the subsidiaries transferred to capital reserve	—	15,021	—	—	(15,021)	—	—	—	—	—
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries' issuance of new shares	—	22,966	—	—	—	—	—	—	—	22,966
Adjustment of capital reserve due to the disposal of the subsidiaries' stock	—	(27,683)	—	—	27,683	—	—	—	—	—
Adjustment of capital reserve in proportion to the Company's share in the subsidiaries due to the subsidiaries' receipts of donated assets	—	221	—	—	—	—	—	—	—	221
Adjustment of the Company's subsidiaries' unrealised loss on long-term investments in proportion to the Company's share in the subsidiaries	—	—	—	—	—	(92,663)	—	—	—	(92,663)
Cumulative translation adjustment	—	—	—	—	—	—	242,267	—	—	242,267
Balance at December 31, 2000	$31,581,671	$ 869,341	$3,878,424	$494,561	$ 4,583,595	($ 92,663)	($252,294)	—	$—	$41,062,635

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UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY — (Continued)

(Expressed in Thousands of New Taiwan Dollars)

2001	Common Stock	Capital Reserve	Retained Earnings			Unrealised Loss on Long–term Investments	Cumulative Translation Adjustment	Unrecognised Pension Cost	Treasury Stock	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings					
Balance at January 1, 2001	$31,581,671	$869,341	$3,878,424	$ 494,561	$ 4,583,595	($ 92,663)	($252,294)	$ —	$ —	$41,052,970
Reversal of special reserve	—	—	—	(242,267)	242,267	—	—	—	—	—
Distribution of net income of 2000:										
Appropriation of legal reserve	—	—	338,542	—	(338,542)	—	—	—	—	—
Appropriation of special reserve	—	—	—	102,328	(102,328)	—	—	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(58,891)	—	—	—	—	(58,891)
Employees' bonuses	—	—	—	—	(117,782)	—	—	—	—	(117,782)
Cash dividends	—	—	—	—	(1,894,900)	—	—	—	—	(1,894,900)
Stock dividends	1,831,738	—	—	—	(1,831,738)	—	—	—	—	—
Capital reserve transferred to common stock	63,163	(63,163)	—	—	—	—	—	—	—	—
Net income for 2001	—	—	—	—	3,013,760	—	—	—	—	3,013,760
Adjustment of capital reserve due to the Company's disproportionate subscription in the subsidiaries' issuance of new shares	—	77,545	—	—	—	—	—	—	—	77,545
Gain on disposal of property, plant and equipment of the subsidiaries transferred to capital reserve	—	1,315	—	—	(1,315)	—	—	—	—	—
Adjustment of capital reserve due to the disposal of the subsidiaries' stock	—	(5,126)	—	—	5,126	—	—	—	—	—
Adjustment of capital reserve in proportion to the Company's share in the subsidiaries due to the subsidiaries' receipts of donated assets	—	133	—	—	—	—	—	—	—	133
Adjustment of the Company's subsidiaries' unrealised loss on long-term investments in proportion to the Company's share in the subsidiaries	—	—	—	—	—	(29,696)	—	—	—	(29,696)
Adjustment of the Company's subsidiaries' unrecognised pension cost in proportion to the Company's share in the subsidiaries	—	—	—	—	—	—	—	(8,616)	—	(8,616)
Cumulative translation adjustment	—	—	—	—	—	—	311,658	—	—	311,658
Purchase of treasury stock	—	—	—	—	—	—	—	—	(58,543)	(58,543)
Adjustment in proportion to the Company's share in the subsidiaries due to the Company's subsidiaries' retirement of treasury stock	—	23,009	—	—	—	—	—	—	—	23,009
Balance at December 31, 2001	$33,476,572	$903,054	$4,216,966	$ 354,622	$ 3,499,252	($122,359)	$ 59,364	($8,616)	($58,543)	$42,320,312

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UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)

(Expressed in Thousands of New Taiwan Dollars)

2002	Common Stock	Capital Reserve	Retained Earnings			Unrealised Loss on Long–term Investments	Cumulative Translation Adjustment	Unrecognised Pension Cost	Treasury Stock	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings					
Balance at January 1, 2002	$33,476,572	$ 903,054	$4,216,966	$ 354,622	$ 3,499,252	($122,359)	$ 59,364	($ 8,616)	($ 95,724)	$42,283,131
Reversal of special reserve	—	—	—	(252,293)	252,293	—	—	—	—	—
Distribution of net income of 2001:										
Appropriation of legal reserve	—	—	301,757	—	(301,757)	—	—	—	—	—
Appropriation of special reserve	—	—	—	65,827	(65,827)	—	—	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(54,779)	—	—	—	—	(54,779)
Employees' bonuses	—	—	—	—	(164,337)	—	—	—	—	(164,337)
Cash dividends	—	—	—	—	(2,005,192)	—	—	—	—	(2,005,192)
Stock dividends	1,002,596	—	—	—	(1,002,596)	—	—	—	—	—
Capital reserve resulting from gain on disposal of property, plant and equipment transferred to unappropriated earnings	—	(10,889)	—	—	10,889	—	—	—	—	—
Adjustment of capital reserve in proportion to the Company's share in the subsidiaries due to the Company's subsidiaries transferred capital reserve resulting from gain on disposal of property, plant and equipment to unappropriated earnings	—	(149,252)	—	—	149,252	—	—	—	—	
Net income for 2002	—	—	—	—	1,508,760	—	—	—	—	1,508,760
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries' issuance of new shares	—	63,465	—	—	—	—	—	—	—	63,465
Adjustment of capital reserve in proportion to the Company's share in the subsidiaries due to the subsidiaries' receipts of donated assets	—	42,068	—	—	—	—	—	—	—	42,068
Unrecognised pension cost	—	—	—	—	—	—	—	(196,810)	—	(196,810)
Adjustment of the Company's subsidiaries' unrecognised pension cost in proportion to the Company's share in the subsidiaries	—	—	—	—	—	—	—	(11,269)	—	(11,269)
Adjustment of the Company's unrealised loss on subsidiaries' long-term investments in proportion to the Company's share in the subsidiaries	—	—	—	—	—	(29,594)	—	—	—	(29,594)
Retirement of treasury stock	(56,710)	(1,833)	—	—	—	—	—	—	58,543	—
Purchase of treasury stock	—	—	—	—	—	—	—	—	(178,004)	(178,004)
Adjustment in proportion to the Company's share in the subsidiaries due to the Company's subsidiaries' treasury stock transactions	—	21,619	—	—	—	—	—	—	—	(21,619)
Adjustment due to the Company's shares held by the subsidiaries are treated as treasury stock	—	—	—	—	—	—	—	—	(1,260,735)	(1,260,735)
Adjustment due to the Company's shares sold by the subsidiaries are treated as sale of treasury stock	—	126,998	—	—	—	—	—	—	1,260,735	1,387,733
Adjustment in proportion to the Company's share in the subsidiaries due to the Company's subsidiaries' conversion premium of convertible bonds	—	782	—	—	—	—	—	—	—	782
Cumulative translation adjustment	—	—	—	—	—	—	(167,222)	—	—	(167,222)
Balance at December 31, 2002	$34,422,458	$ 996,012	$4,518,723	$ 168,156	$ 1,825,958	($151,953)	($107,858)	($216,695)	($178,004)	$41,276,797

The accompanying notes are an integral part of these non-consolidated financial statements.
See the report of independent accountants dated April 2, 2003.

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Thousands of New Taiwan Dollars)

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	$ 3,385,195	$ 3,013,760	$ 1,508,760	$ 565,226	$ 2,871,313
Adjustments to reconcile net income to net cash provided by operating activities:					
Unrealised loss on market value decline of short-term investments	—	5,109	—	—	—
Gain on market value recovery of short-term investments	(3,574)	—	(5,109)	(5,109)	—
Allowance for doubtful accounts	54,231	72,615	67,028	42,293	27,814
Reversal of allowance for doubtful accounts	(5,565)	(13,617)	(48,828)	(47,272)	(1,245)
Provision for price decline in market value and obsolescence of inventories	—	2,083	—	—	—
Reversal of provision for price decline in market value and obsolescence of inventories	(440)	—	(3,641)	(3,360)	(821)
Investment loss (income) accounted for under the equity method	235,367	1,491,284	1,523,080	(201,027)	(2,329,434)
Permanent impairment loss on long-term investments accounted for under the cost method	—	167,989	76	—	—
Cash dividends from long-term investments accounted for under the equity method	1,059,276	820,846	970,909	970,909	1,483,450
Gain on sale of long-term investments	(3,674,270)	(4,952,891)	(2,968,146)	(86,406)	(179,198)
Depreciation	1,301,629	1,381,727	1,358,420	1,026,087	993,331
Gain on disposal of property, plant and equipment, idle assets and other assets	(13,600)	(12,241)	(12,992)	(8,422)	(9,657)
Loss on disposal of property, plant and equipment, and idle assets	22,023	21,419	36,550	33,603	4,796
Amortisation	61,543	67,317	91,004	68,108	73,413
Effect of exchange rate changes on foreign currency holdings	1,816	(5,419)	(10,868)	10,754	218
Changes in assets and liabilities:					
Notes receivable	109,244	2,887	(58,660)	(26,580)	(15,942)
Accounts receivable – third parties	474,243	39,330	(182,436)	(257,646)	(320,590)
Accounts receivable – related parties	(713,641)	(120,858)	(507,885)	(834,763)	(643,409)
Other receivables – third parties	(484,516)	425,018	(39,186)	(34,441)	47,697
Other receivables – related parties	(32,265)	(78,200)	35,508	56,626	32,719
Inventories	397,031	(117,417)	(13,367)	220,091	172,627
Prepayments	(98,756)	71,035	162,882	110,729	(56,318)
Deferred income tax assets-current	(1,937)	(182,214)	(10,982)	(20,098)	(2,926)
Deferred pension cost	—	(413,844)	36,838	(3,441)	—
Long-term receivables	(23,710)	(10,711)	43,437	41,867	1,239
Deferred income tax assets-non-current	(187,975)	215,851	161,651	161,742	65,558
Notes payable	(485,188)	(7,391)	843	(1,474)	5,170
Accounts payable – third parties	(17,330)	(89,633)	309,623	125,904	35,976
Accounts payable – related parties	(30,715)	(79,723)	30,485	1,413	(3,581)
Income tax payable	35,410	(25,970)	18,015	16,423	(27,455)
Accrued expenses	486,764	(100,029)	(161,753)	53,194	216,196
Other payables	37,355	24,030	(84,257)	(60,062)	(3,782)
Advance receipts	85,714	(85,714)	—	—	—
Accrued pension liabilities	30,172	467,584	92,079	100,416	82,240
Net cash provided by operating activities	2,003,531	1,994,012	2,339,078	2,015,284	2,519,399

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UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

(Expressed in Thousands of New Taiwan Dollars)

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in short-term investments	$ 101,950	($ 1,623,821)	$ 1,623,821	$ 1,623,821	$ —
Increase in long-term investments-subsidiaries	(5,725,795)	(403,676)	(2,335,694)	(2,335,694)	(1,644,509)
Increase in long-term investments-non-subsidiaries	(4,000,382)	(1,232,901)	(1,982,712)	(1,971,386)	(864,959)
Proceeds from sale of long-term investments-subsidiaries	2,604,751	382,098	74,622	74,620	—
Proceeds from sale of long-term investments-non-subsidiaries	2,428,447	5,403,247	4,832,657	1,114,396	555,964
Proceeds due to the subsidiaries' capital reduction	—	—	—	—	6,000
Purchase of property, plant and equipment, assets held for lease and other assets	(3,021,335)	(1,586,268)	(1,180,832)	(753,794)	(1,425,054)
Proceeds from disposal of property, plant and equipment, assets held for lease, idle assets and other assets	158,791	371,816	338,087	329,012	81,844
Decrease in guaranteed deposits	8,261	11,989	742	4,970	2,421
Increase in deferred expenses	(177,974)	(41,067)	(44,682)	(38,280)	(22,480)
Decrease in employees' car loans	3,692	9,621	6,359	5,438	(3,233)
Net cash (used in) provided by investing activities	(7,619,594)	1,291,038	1,332,368	(1,946,897)	(3,314,006)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in short-term loans	(954,136)	(826,000)	(609,487)	930,988	833,855
Increase (decrease) in commercial paper payable	486,370	(486,370)	—	350,000	349,904
Increase in bonds payable	—	—	—	—	3,400,000
Increase (decrease) in long-term loans	8,597,737	173,120	(643,691)	1,349,674	(1,050,145)
Increase (decrease) in long-term notes payables	—	—	—	—	16,350
Decrease (increase) in customers' deposits	(51,529)	(25,303)	(4,062)	(2,386)	1,061
Payment of directors' and supervisors' remuneration	(60,214)	(58,891)	(54,779)	(54,779)	(23,873)
Payment of employees' bonuses	(60,214)	(117,782)	(164,337)	(164,337)	(95,493)
Payment of cash dividends	(2,339,383)	(1,894,900)	(2,005,192)	(2,005,192)	(1,198,535)
Purchase of treasury stock	—	(58,543)	(178,004)	(59,160)	(287,969)
Net cash provided by (used in) financing activities	5,618,631	(3,294,669)	(3,659,552)	344,808	1,945,155
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY HOLDINGS	(1,816)	5,419	10,868	(10,754)	(218)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	752	(4,200)	22,762	402,441	1,150,330
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	113,168	113,920	109,720	109,720	132,482
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 113,920	$ 109,720	$ 132,482	$ 512,161	$ 1,282,812
Supplemental disclosures of cash flow information					
1. Interest paid (not including capitalised interest)	$ 1,019,569	$ 1,137,909	$ 913,632	$ 694,492	$ 386,785
2. Income taxes paid	$ 19,033	$ 19,459	$ 11,903	$ 11,583	$ 6,812
3. Fair value of the subsidiaries on the date of acquisition					
(1) Uni-President Glass Industrial Co., Ltd.					
Cash balance	$ —	$ 5,256	$ —	$ —	$ —
Total price for acquiring Uni-President Glass Industrial Co., Ltd. (Based on 100% ownership)	$ —	$ 397,366	$ —	$ —	$ —
Less: Cash balance of Uni-President Glass Industrial Co., Ltd. (Based on 100% ownership)	—	(5,256)	—	—	—
Cash payment for acquiring Uni-President Glass Industrial Co., Ltd. (Based on 100% ownership)	$ —	$ 392,110	$ —	$ —	$ —

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

(Expressed in Thousands of New Taiwan Dollars)

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
(2)Kai Nan Investment Co., Ltd.					
Cash balance	$ 600,000	$—	$—	$—	$—
Total price for acquiring Kai Nan Investment Co., Ltd. (Based on 100% ownership)	$ 600,000	$—	$—	$—	$—
Less: Cash balance of Kai Nan Investment Co., Ltd. (Based on 100% ownership)	(600,000)	—	—	—	—
Cash payment for acquiring Kai Nan Investment Co., Ltd. (Based on 100% ownership)	$ —	$—	$—	$—	$—
(3)U-Chains Enterprises Corp.					
Cash	$ 42,850	—	—	—	—
Inventories	43,260	—	—	—	—
Property, plant and equipment	221,272	—	—	—	—
Accounts payable	(73,976)	—	—	—	—
Total	$ 233,406	$—	$—	$—	$—
Total price for acquiring U-Chains Enterprises Corp. (Based on 100% ownership)	$ 214,830	$—	$—	$—	$—
Less: Cash balance of U-Chains Enterprises Corp. (Based on 100% ownership)	(42,850)	—	—	—	—
Cash payment for acquiring U-Chains Enterprises Corp. (Based on 100% ownership)	$ 171,980	$—	$—	$—	$—
(4)Uni-President Dream Parks Corp.					
Cash balance	$ 31,000	$—	$—	$—	$—
Total price for acquiring Uni-President Dream Parks Corp. (Based on 100% ownership)	$ 31,000	$—	$—	$—	$—
Less: Cash balance of Uni-President Dream Parks Corp. (Based on 100% ownership)	(31,000)	—	—	—	—
Cash payment for acquiring Uni-President Dream Corp. (Based on 100% ownership)	$ —	$—	$—	$—	$—
(5)President Digital Network Corp.					
Cash balance	$ 65,000	$—	$—	$—	$—
Total price for acquiring President Digital Network Corp. (Based on 92% ownership)	$ 59,800	$—	$—	$—	$—
Less: Cash balance of President Digital Network Corp. (Based on 92% ownership)	(59,800)	—	—	—	—
Cash payment for acquiring Digital Network Corp. (Based on 92% ownership)	$ —	$—	$—	$—	$—
(6)Uni-President Oven Bakery Corp.					
Cash balance	$ 180,000	$—	$—	$—	$—
Total price for acquiring Uni-President Oven Bakery Corp. (Based on 60% ownership)	$ 108,000	$—	$—	$—	$—
Less: Cash balance of Uni-President Oven Bakery Corp. (Based on 60% ownership)	(108,000)	—	—	—	—
Cash payment for acquiring Uni-President Oven Bakery Corp. (Based on 60% ownership)	$ —	$—	$—	$—	$—

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

(Expressed in Thousands of New Taiwan Dollars)

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
(7)President Packaging Ind. Corp.					
Cash balance	$ —	$ —	$—	$—	$ 7,766
Total price for acquiring Uni-President Oven Bakery Corp. (Based on 51% ownership)	$ —	$ —	$—	$—	$162,268
Less: Cash balance of Uni-President Oven Bakery Corp. (Based on 51% ownership)	—	—	—	—	(2,009)
Cash payment for acquiring Uni-President Oven Bakery Corp. (Based on 51% ownership)	$ —	$ —	$—	$—	$160,259
4. Fair value of the subsidiaries on the date of disposal during the period:					
(1)Tone Chu Enterprises Corp.					
Cash balance	$ —	$ 22,047	$—	$—	$ —
Total proceeds from sale of Tone Chu Enterprises Corp. (Based on 51% ownership)	$ —	$ 21,051	$—	$—	$ —
Less: Cash balance of Tone Chu Enterprises Corp. (Based on 51% ownership)	—	(11,244)	—	—	—
Proceeds from sale of Tone Chu Enterprises Corp. (Based on 51% ownership)	$ —	$ 9,807	$—	$—	$ —
(2)Mech-President Corp.					
Cash balance	$ —	$ 38,277	$—	$—	$ —
Total proceeds from sale of Mech-President Corp. (Based on 47.3% ownership)	$ —	$ 85,283	$—	$—	$ —
Less: Cash balance of Mech-President Corp. (Based on 47.3% ownership)	—	(18,105)	—	—	—
Proceeds from sale of Mech-President Corp. (Based on 47.3% ownership)	$ —	$ 67,178	$—	$—	$ —
(3)Retail Support International Corp.					
Cash balance	$ —	$ 1,272	$—	$—	$ —
Total proceeds from sale of Retail Support International Corp. (Based on 31% ownership)	$ —	$237,180	$—	$—	$ —
Less: Cash balance of Retail Support International Corp. (Based on 31% ownership)	—	(394)	—	—	—
Proceeds from sale of Retail Support International Corp. (Based on 31% ownership)	$ —	$236,786	$—	$—	$ —
(4)Uni-President Oven Bakery Corp.					
Cash balance	$ —	$ 16,617	$—	$—	$ —
Total proceeds from sale of Uni-President Oven Bakery Corp. (Based on 20% ownership)	$ —	$ 38,584	$—	$—	$ —
Less: Cash balance of Uni-President Oven Bakery Corp. (Based on 20% ownership)	—	(3,323)	—	—	—
Proceeds from sale of Uni-President Oven Bakery Corp. (Based on 20% ownership)	$ —	$ 35,261	$—	$—	$ —
(5)San-President Enterprises Corp.					
Cash balance	$ 95,853	$ —	$—	$—	$ —
Total proceeds from sales of San-President Enterprises Corp. (Based on 99.83% ownership)	$ 95,853	$ —	$—	$—	$ —
Less: Cash balance of San-President Enterprises Corp. (Based on 99.83% ownership)	(95,690)	—	—	—	—
Proceeds from sales of San-President Enterprises Corp. (Based on 99.83% ownership)	$ 163	$ —	$—	$—	$ —

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

(Expressed in Thousands of New Taiwan Dollars)

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
(6)President Chain Store Corp.					
Cash balance	$ 490,013	$ —	$ —	$ —	$ —
Total proceeds from sales of President Chain Store Corp. (Based on 4.64% ownership)	$2,508,898	$ —	$ —	$ —	$ —
Less: Cash balance of President Chain Store Corp. (Based on 4.64% ownership)	(22,737)	—	—	—	—
Proceeds from sales of President Chain Store Corp. (Based on 4.64% ownership)	$2,486,161	$ —	$ —	$ —	$ —
Investing and financing activities with partial cash payment					
1.Purchase of long-term investments – non-subsidiaries	$4,000,382	$ 2,730,310	$ 485,303	$ 473,977	$ 864,959
Add: Other payables, beginning of period	—	—	1,497,409	1,497,409	—
Less: Other payables, end of period	—	(1,497,409)	—	—	—
Cash paid for purchase of long-term investments – non-subsidiaries	$4,000,382	$ 1,232,901	$1,982,712	$1,971,386	$ 864,959
2.Sales of long-term investments – non-subsidiaries	$2,428,447	$ 6,463,664	$3,772,240	$ 53,979	$ 555,964
Add: Other receivables, beginning of period	—	—	1,060,417	1,060,417	—
Less: Other receivables, end of period	—	(1,060,417)	—	—	—
Cash received from sales of long-term investments – non-subsidiaries	$2,428,447	$ 5,403,247	$4,832,657	$1,114,396	$ 555,964
3.Purchase of property, plant and equipment, assets held for lease and other assets	$3,072,405	$ 1,281,523	$1,056,858	$ 558,988	$1,357,701
Add: Notes payable, beginning of period	31,629	—	—	210,444	197,189
Other payables, beginning of period	423,265	516,483	223,536	223,536	112,817
Long-term payables, beginning of period	232,761	222,242	210,444	—	—
Less: Other payables, end of period	(516,483)	(223,536)	(112,817)	(38,537)	(56,436)
Long-term payables, end of period	(222,242)	(210,444)	(197,189)	(200,637)	(186,217)
Cash paid for purchase of property, plant and equipment, assets held for lease and other assets	$3,021,335	$ 1,586,268	$1,180,832	$ 753,794	$1,425,054
4.Investing or financing activities with no cash flow effect					
Long-term investments reclassified to treasury stock	$ —	$ —	$1,260,735	$1,260,735	$ —

The accompanying notes are an integral part of these non-consolidated financial statements.
See the reports of independent accountants dated April 2, 2003 and October 27, 2003.

UNI-PRESIDENT ENTERPRISES CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2000, 2001 AND 2002
SEPTEMBER 30, 2002 AND 2003 (UNAUDITED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Note 1. HISTORY AND ORGANISATION

Uni-President Enterprises Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China in August 1967 with initial capital of $32,000. As of September 30, 2003, the Company's total common stock was NT$33,950,978, divided into 3,395,098 shares of common stock with $10 (in dollar) par value per share. The Company is engaged in the manufacturing, processing and sales of various soft drinks, foods, flour and animal feed. As of September 30, 2003, total number of the Company's employees was 5,160.

The common shares of the Company have been listed on the Taiwan Stock Exchange since December 1987.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All of the financial statements are prepared in accordance with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

1. Foreign currency transactions and translation

The Company maintains its accounts in New Taiwan dollars. Transactions arising in foreign currencies, except for derivative financial instruments, are translated into New Taiwan dollars at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into their functional currencies at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses are included in the current period's net income.

2. Interest rate swap

Any differential interest receipts and payments arising from interest rate swap agreements entered into for hedging purposes are accrued to match the net gain or loss with the related financing costs.

3. Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risk of change in value because of changes in interest rates.

4. Short-term investments

Short-term investments are stated at the lower of cost or market value. Cost is determined using the weighted average method. Any excess of aggregate cost over the market value is recognised in the current period. Subsequent recovery in market value is recognised to the extent of the original cost and is reflected as non-operating income.

5. Allowance for doubtful accounts

Allowance for doubtful accounts is determined based on historical experience of occurrence of bad debts and evaluation of the collectibility and the aging of accounts receivable, notes receivable and other receivables.

6. Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the weighted average method (the Company used the first-in-first-out "FIFO" method prior to January 1, 2002) except for livestock, which is based on the cost less allowance for decline in value. The cost of livestock is amortised over the actual breeding and production periods. Market value for raw materials, raw materials in transit and supplies is based on the replacement cost, and market values for merchandise, work in process, livestock in process, finished goods and by products, is determined based on net realisable value. Appropriate consideration is given to deterioration, obsolescence and other factors in evaluating allowance for inventory obsolescence.

7. Long-term investments

Long-term investments in which the Company owns at least 20%, or in which the Company has the ability to exercise significant influence, are accounted for using the equity method. The difference between the acquisition cost and the Company's share of the investee company's net book value on the date of acquisition is capitalised and amortised over a period of five years.

Long-term investments in which the Company owns less than 20% of the investee company's voting rights, and in which the Company has no ability to exercise significant influence, are stated at the lower of cost or market value for listed companies and at cost for unlisted companies. The market value of listed companies is determined by the average closing price of the last month during the accounting period and the unrealised loss on decline in market value is recorded under the stockholders' equity. If it becomes evidently clear that there has been a permanent impairment in value and the chance of recovery is minimal, then loss on decline in market value is recognised in the current period.

The annual consolidated financial statements are prepared to include majority owned subsidiaries. However, if the majority owned subsidiaries' total assets and total operating revenues constitute less than 10% of the respective non-consolidated amounts of the Company, such subsidiaries are not required to be consolidated and the equity method is used to account for these majority owned subsidiaries. When the total assets or total operating revenues of all non-consolidated majority owned subsidiaries have exceeded 30% of the respective non-consolidated amounts of the Company, any of the respective non-consolidated amounts subsidiaries with total assets or total operating revenues in excess of 3% of the respective non-consolidated amounts of the Company are consolidated.

"Cumulative Translation Adjustment" resulting from translation of all assets and liabilities of the Company's foreign subsidiaries and investee companies accounted for using the equity method, are recognised in proportion to the percentage of ownership of the Company and are reflected in the stockholders' equity account.

8. Property, plant and equipment, assets held for lease, idle assets and other assets

Property, plant and equipment, assets held for lease, idle assets and other assets are stated at either cost or cost plus appraisal increments. Interest incurred in connection with the purchase or construction required to bring the assets to the condition and location for their intended use is capitalised. Major renewals, betterments and additions are capitalised. Maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated economic useful lives of depreciable assets. Fully depreciated assets still in use are depreciated based on the residual value over the new estimated remaining useful lives. The useful lives of major depreciable assets are: buildings 2-55 years, other assets 2-30 years.

When an asset is sold or retired, the cost and accumulated depreciation are removed from respective accounts and any gain or loss on disposal of property, plant and equipment, assets held for lease, idle assets and other assets is recorded as non-operating income or expenses. Prior to December 31, 2001, disposal gains, net of applicable income tax, were required to be transferred to capital reserve in the current year. Effective January 1, 2002, such requirement was removed and the gains are no longer required to be transferred to capital reserve.

Idle fixed assets are stated at the lower of book value or net realisable value and are reclassified as other assets. The difference between the book value and net realisable value is recorded as a loss in the current period. Depreciation expense recognised for the period is recorded as non-operating expenses.

9. Deferred expenses

The Company leases its dairy and juice packing machines. The minimum advanced rental payments are amortised over 12 years, the estimated economic lives of the packing machines. The incremental rent paid quarterly or based on unit-of-production is recorded as current expense.

Other deferred expenses are amortised over a period of 3-10 years.

10. Retirement plan and net periodic pension cost

The Company has a non-contributory and funded defined benefit retirement plan covering all regular employees. Monthly contributions are deposited into an independent retirement trust fund.

R.O.C. FAS No. 18, "Accounting for Pension" was adopted to account for pension expenses. Net periodic pension cost includes service cost, interest cost, expected return on plan assets, amortisation of unrecognised prior service cost, amortisation of unrecognised loss and amortisation of unamortised net transition assets (obligations).

11. Treasury stock

The cost of treasury stock acquired by the Company and its subsidiaries are accounted for under the weighted average method. The treatments are as follows:

(1) Acquisition: shares purchased are based on the cost; shares donated are based on the fair value.

(2) Disposal: if the disposal value is higher than the cost, any excess is recorded as capital reserve—treasury stock; if the disposal value is lower than the cost, the difference is first charged against capital reserve—treasury stock; any deficiency is charged against retained earnings.

(3) Retirement: The cost is charged against treasury stock, and the related additional paid-in capital and common stock. If the cost of the treasury stock is higher than the sum of the par value and the additional paid-in capital, the difference is charged against capital reserve-treasury stock; any deficiency is charged against retained earnings; if the cost of the treasury stock is lower than the sum of par value and the additional paid – in capital, the difference is credited to capital reserve—treasury stock.

Effective January 1, 2002, the Company adopted R.O.C FAS No. 30, "Accounting for Treasury Stock" and accordingly began to treat the Company's stocks held by the subsidiaries as treasury stock when recognising investment income or loss and when preparing the financial statements.

12. Income tax

The Company adopted R.O.C. FAS No. 22, "Accounting for Income Tax", whereby income tax is provided based on accounting income after adjusting for permanent differences. The tax effect of taxable temporary differences was recorded as a deferred tax liability; while the tax effect of deductible temporary differences, net operating loss carry forwards and income tax credits were recorded as deferred tax assets. A valuation allowance is provided for deferred tax assets to the extent that it is more likely than not that the tax benefits will not be realised. Deferred tax assets or liabilities are classified into current or non-current items in accordance with the nature of the balance sheet accounts or the period realisation is expected. Adjustments of prior years' income tax liabilities are included in the current year's income tax expense.

The Company adopted R.O.C FAS No.12, "Accounting for Income Tax Credits", whereby investment tax credits from the purchase of machinery and equipment, research and development expenditures, training expenditures and equity investments are recognised as incurred.

The additional 10% corporate income tax on earnings derived on or after January 1, 1998, which are not distributed in the following year, is included in the income tax expense in the year when the shareholders approve the resolution to retain the earnings.

13. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue, cost of revenue and expenses during the reporting period. Actual results could differ from those estimates.

14. Revenues, costs and expenses

Revenues are recognised when the earning process is completed and realised or realisable; costs and expenses associated with the revenues are recorded as incurred.

Note 3. CHANGES IN ACCOUNTING PRINCIPLES

1. Effective January 1, 2002, the Company changed the method of accounting for certain inventory costs from the FIFO method to the weighted average method, which was approved under SFC Ruling (2001) Tai-Tsai-Cheng (6) No. 176690. The net cumulative effect of this change in accounting principle amounted to $7,810, which was included in net income for the year ended December 31, 2002 and for the nine-month period ended September 30, 2002.
2. Effective January 1, 2002, the Company adopted R.O.C FAS No. 30, "Accounting for Treasury Stock" and accordingly began to treat the Company's stocks held by the subsidiaries as treasury stock when recognising investment income or loss and when preparing the financial statements. As a result of this change in accounting principle, total assets and total stockholders' equity decreased by $0 and $0, respectively, as of December 31, 2002, and $141,313 and $40,138, respectively, as of September 30, 2003, net income decreased by $126,998 and $101,175 for the year ended December 31, 2002 and for the nine-month period ended September 30, 2003, respectively.

Note 4. DETAILS OF SIGNIFICANT ACCOUNTS

1. CASH AND CASH EQUIVALENTS

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Cash:					
Cash on hand	$ 15,857	$ 3,249	$ 2,780	$ 2,524	$ 2,656
Checking deposits	8,226	14,598	10,245	21,154	19,338
Demand deposits	62,020	91,873	119,457	124,183	87,338
	86,103	109,720	132,482	147,861	109,332
Cash equivalents:					
Commercial papers	27,817	—	—	364,300	666,867
Preferred stock of a listed company (Note)	—	—	—	—	506,613
	27,817	—	—	—	1,173,480
	$113,920	$109,720	$132,482	$512,161	$1,282,812

Note: Please refer to Note 4(6) for detailed information.

2. SHORT-TERM INVESTMENTS, NET

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Mutual funds	$—	$1,623,821	$—	$—	$—
Less: Valuation allowance	—	(5,109)	—	—	—
	$—	$1,618,712	$—	$—	$—

3. NOTES RECEIVABLE, NET

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Notes receivable	$795,493	$792,606	$851,266	$819,186	$867,208
Less : Allowance for doubtful accounts	(22,796)	(75,242)	(79,662)	(66,517)	(85,737)
	$772,697	$717,364	$771,604	$752,669	$781,471

4. ACCOUNTS RECEIVABLE, NET- THIRD PARTIES

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Accounts receivable	$940,900	$901,570	$1,084,006	$1,159,216	$1,404,596
Less : Allowance for doubtful accounts	(81,242)	(83,374)	(128,049)	(116,449)	(149,410)
	$859,658	$818,196	$ 955,957	$1,042,767	$1,255,186

5. INVENTORIES

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Merchandise	$ 164,069	$ 118,087	$ 182,996	$ 162,682	$ 193,898
Raw materials	570,235	770,899	866,022	682,889	790,606
Raw materials in transit	322,800	438,459	596,511	554,285	398,219
Supplies	209,713	171,224	118,348	144,817	152,308
Work in process	117,507	138,767	89,826	112,725	176,408
Livestock in process	107,243	82,190	12,495	14,334	11,848
Finished goods	752,143	697,452	595,490	559,105	568,595
Livestock	151,337	85,450	25,509	23,069	24,638
Less : Allowance for livestock	(49,620)	(40,059)	(11,801)	(11,289)	(13,398)
By-products	77	452	892	213	539
	2,345,504	2,462,921	2,476,288	2,242,830	2,303,661
Less : Provision for decline in market value and obsolescence of inventories	(3,781)	(5,864)	(2,223)	(2,504)	(1,402)
	$2,341,723	$2,457,057	$2,474,065	$2,240,326	$2,302,259

6. LONG-TERM INVESTMENTS

(1) Details of long-term investments

Name of investees	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership
Accounted for under the equity method:										
President International Trade and Investment Corp.	$ 1,757,873	100.00%	$ 1,583,227	100.00%	$ 3,016,434	100.00%	$ 3,042,383	100.00%	$ 2,923,318	100.00%
Cayman President Holdings Ltd.	339,365	100.00%	142,328	100.00%	569,309	100.00%	764,380	100.00%	1,997,562	100.00%
Kai Yu Investment Co,.Ltd.	1,948,404	100.00%	737,502	100.00%	350,691	100.00%	671,393	100.00%	767,061	100.00%
Nanlien International Corp.	869,852	99.99%	982,209	99.99%	996,535	99.99%	943,416	99.99%	910,882	99.99%
President International Development Corp.	8,358,391	58.50%	8,024,225	58.50%	7,525,095	58.50%	7,692,618	58.50%	7,353,610	58.50%
President Chain Store Corp.	5,334,194	45.37%	6,624,385	44.28%	5,487,271	44.59%	6,499,200	44.59%	5,977,839	45.24%
Ton Yi Industrial Corp.	7,831,792	43.34%	7,296,883	43.34%	7,169,548	43.34%	7,184,975	43.34%	7,351,480	43.34%
Tong-Jeng Development Corp.	1,420,755	50.00%	1,408,190	50.00%	1,465,140	42.86%	1,398,691	50.00%	1,450,950	42.86%
President Securities Corp.	3,626,783	23.47%	4,047,060	25.50%	4,129,476	26.48%	4,050,419	25.50%	4,358,961	26.48%
Presicarre Corp.	2,538,778	40.00%	2,213,302	30.50%	1,720,861	20.50%	2,388,619	30.50%	1,639,717	20.50%
Toppoly Optoelectronics Corp. (Notes 3)	2,307,951	10.36%	2,331,917	10.36%	2,327,645	9.71%	2,380,105	9.71%	—	—
Others (individually less than 2%) (Notes 1)	5,120,259	7.14%~100.00%	5,234,286	7.14%~100.00%	5,910,977	10.00%~100.00%	5,932,636	10.00%~100.00%	6,352,050	10.00%~100.00%
	41,454,397		40,625,514		40,668,982		42,948,835		41,083,430	
Accounted for under the cost method:										
Toppoly Optoelectronics Corp. (Note 3)	—	—	—	—	—	—	—	—	2,767,067	8.22%
New Century Info-Comm Co., Ltd.	1,268,000	2.67%	1,268,000	2.67%	1,268,000	2.67%	1,268,000	2.67%	1,268,000	2.67%
Others (individually less than 2%) (Note 2)	3,920,240	0.53%~14.46%	3,884,152	0.27%~18.06%	3,340,072	0.53%~14.46%	3,340,149	0.53%~14.46%	3,028,382	0.30%~14.46%
	5,188,240		5,152,152		4,608,072		4,608,149		7,063,449	
	$46,642,637		$45,777,666		$45,277,054		$47,556,984		$48,146,879	

(2) Credit balance of long-term investments (recorded as other liabilities)

Name of investees	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership
Accounted for under the equity method:										
Latin America Development Co., Ltd. (Note 4)	$—	—	$—	$—	$4,325	7.14%	$3,395	7.14%	—	—

(Note 1) The equity method was used to account for investments in Copres Corp., Scino Pharm Taiwan Ltd., Allianz President Life Insurance Co. and President Information Corp. due to the Company's ability to exercise significant influence, even though the Company's ownership in these investee companies less than 20%.

(Note 2) Impairment loss on long-term investments in two investee companies was deemed permanent and hence the Company recognised related losses in 2000, 2001 and 2002 amounting to $0, $167,989 and $76, respectively.

(Note 3) Investment in Toppoly Optoelectronics Corp. was accounted for under the equity method due to the Company's ability to exercise significant influence over the investee company's operational decisions. Since 2003, the Company no longer has the ability to exercise significant influence over the investee company as the Company disposed its holding shares, leading to the direct and indirect percentage of ownership in this investee company lower than 20%. Accordingly, such investment has been accounted for under the cost method.

(Note 4) Investment in Latin America Development Co., Ltd. was accounted for under the equity method due to the Company's ability to exercise significant influence over the investee company's operational decisions. Such investment has been carried on the Company's book at credit balance as the Company has the intention to continuously support this investee company. Since the third quarter of 2003, the Company no longer has the ability to exercise significant influence over the investee company as the Company's direct and indirect percentage of ownership changed to lower than 20%. Accordingly, such investment has been accounted for under the cost method and the credit balance has been reversed.

(3) Long-term investment loss accounted for under the equity method was $235,267, $1,491,284 and $1,523,080 in 2000, 2001 and 2002, respectively, which was based on the audited financial statements of the investee companies for the same periods.

(4) Long-term investment income accounted for under the equity method was $201,027 and $2,329,434, respectively, for the nine-month periods ended September 30, 2002 and 2003.

(5) As of September 30, 2002 and 2003, the Company's long-term investments in certain investee companies accounted for under the equity method were based on their financial statements, which were not reviewed by independent auditors. As of September 30, 2002 and 2003, the balances of long-term investments in these investee companies were $42,945,440 and $22,010,216, respectively. The related investment income in these investee companies recognised for the nine-month periods ended September 30, 2002 and 2003 was $201,027 and $802,411, respectively.

(6) As of December 31, 2001, Kai Yu Investment Co., Ltd. and President International Development Corp., the Company's wholly owned subsidiaries, held 60,665,000 shares (cost $1,446,163) and 72,370,000 shares (cost $1,720,417), respectively, of the Company's common stock and with book value of $23.84 (in dollars) per share and $23.77 (in dollars) per share, respectively. In accordance with R.O.C FAS NO. 30, "Accounting for Treasury Stock", the Company recognised the treasury stock cost of $1,260,735 based on the Company's stock market price of $12.24 (in dollars) per share as of December 31, 2001 and its equity ownership in above-mentioned subsidiaries. For the nine-month period ended September 30, 2002, Kai Yu Investment Co., Ltd. and President International Development Corp. sold the Company's common stock at the average price of $13.63 (in dollars) and $13.66 (in dollars), respectively. As of September 30, 2002, the outstanding balance of the Company's shares held by Kai Yu Investment Co., Ltd. and President International Development Corp. was $116,519 and $48,905, respectively. In 2002, Kai Yu Investment Co., Ltd. and President International Development Corp. sold the Company's common stock at the average price of $13.36 (in dollars) and $13.51 (in dollars) per share, respectively. As of December 31, 2002 and September 30, 2003, Kai Yu Investment Co., Ltd. and President International Development Corp., did not hold any of the Company's common stock.

(7) On September 4, 2003, Grand Commercial Bank ("Grand"), the Company's investee company accounted for under the cost method, was acquired by Chinatrust Financial Holding Co., Ltd. ("Chinatrust") by means of share swap and hence Grand became a 100%-owned subsidiary of Chinatrust after the merger. One share of Grand's common stock exchanged for 0.633 share and 0.254 share of Chinatrust's preferred stock and common stock, respectively, and the effective date of the share swap was September 30, 2003. Accordingly, the Company obtained 50,661 thousand shares and 20,329 thousand shares of Chinatrust's preferred stock and common stock, respectively, and recognised a gain on disposal of investment of $176,327 in the nine-month period ended September 30, 2003. In addition, the Company's investment in Chinatrust's preferred stock can be converted into cash after one month from the issuance of such preferred stock. Total cash that the Company can receive from such conversion is calculated based on the par value of the preferred stock (NT$10 dollars per share) plus the interests, which are calculated based on the interest rate of Chinatrust Bank's six-month time deposits. However, the conversion request must be exercised within six months after the issuance of these preferred shares.

7. PROPERTY, PLANT AND EQUIPMENT, NET

As of December 31, 2000, 2001 and 2002, and September 30, 2002 and 2003, revalued cost and accumulated depreciation of property, plant and equipment are listed as follows:

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
Assets	Revalued cost	Accumulated Depreciation	Revalued cost	Accumulated depreciation	Revalued cost	Accumulated depreciation	Revalued cost	Accumulated depreciation	Revalued cost	Accumulated depreciation
Land	$2,215,507	$ —	$2,215,507	$ —	$2,215,507	$ —	$2,215,507	$ —	$2,215,507	$ —
Buildings	135,239	1,107,153	136,797	1,229,611	127,798	1,258,232	127,798	1,228,268	127,841	1,363,475
Machinery and equipment	66,399	3,986,305	64,684	4,487,557	61,511	4,815,235	63,838	4,721,077	59,189	5,165,536
Electrical installations	10,511	242,180	8,725	249,273	8,342	263,296	8,373	261,607	8,208	279,680
Transportation equipment	1,178	150,381	1,178	103,564	1,178	102,636	1,178	107,106	1,177	104,353
Furniture and fixtures	331	1,474,750	300	1,539,031	293	1,612,196	296	1,596,362	294	1,660,140
Leased property	—	61,685	—	79,199	—	96,712	—	92,334	—	109,847
Leasehold improvements	—	92,752	—	78,839	—	88,943	—	87,855	—	94,114
Other equipment	32,828	1,630,614	29,885	1,788,821	25,707	1,958,160	25,727	1,902,079	25,580	2,101,217
	$2,461,993	$8,745,820	$2,457,076	$9,555,895	$2,440,336	$10,195,410	$2,442,717	$9,996,688	$2,437,796	$10,878,362

(1) In the years 1975, 1979, 1981, 1983, 1990 and 1995, the Company revalued certain property, plant and equipment (including assets held for lease and idle assets) in accordance with the Regulations for the Revaluation of Assets in the Republic of China. Total amount of appraisal increments credited to capital reserve, net of applicable tax, was $1,984,813. The balance of capital reserve arising from asset appraisal increments was $504,186, $452,131, $452,131, $452,131 and $452,131 as of December 31, 2000, 2001 and 2002 and September 30, 2002 and 2003, respectively.

(2) The balance of the provision for asset appraisal increments tax as of December 31, 2000, 2001 and 2002 and September 30, 2002 and 2003 was $1,291,857, $1,291,803, $1,291,803, $1,291,803 and $1,291,803, respectively.

(3) Interest expenses before capitalisation in 2000, 2001 and 2002 were $1,179,196, $1,387,855 and $1,064,201, respectively. Interest capitalised totalled $184,522, $172,484 and $132,840 with interest rates of 6.18%, 5.30% and 4.23% for 2000, 2001 and 2002, respectively. Interest expenses before capitalisation for the nine-month periods ended September 30, 2002 and 2003 were $831,848 and $441,205, respectively. Interest capitalised totalled $102,339 and $68,107 with interest rate 4.41% and 2.57% for the nine-month periods ended September 30, 2002 and 2003, respectively.

(4) As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, the Company owned land in the amount of $59,304 for expansion of plant facilities. This agricultural land has yet to be rezoned for industrial purposes. Accordingly, the land title has not been officially transferred to the Company. However, the Company has secured deeds and other ownership documents to ensure ownership.

(5) Leased property

The terms of the major leased properties are summarised below:

A. Upon the expiration of the lease contracts, the title of the leased properties under capital leases will be transferred to the Company at no additional cost. The rental payments and the leased properties are listed below:

Category of property	Present value based on the implicit interest rate	Period
Buildings, electrical installations and other equipment	$240,904	8.1997-7. 2012 180 equal monthly instalments
Buildings	13,536	1. 1998-8. 2005 92 equal monthly instalments
	$254,440	

B. As of September 30, 2003, total amount of future rental payments and their present value are listed as follows:

	Rent Payable	
	Present value of future rental payments	Total future rental payments
10.1.2003 – 9.30.2004	$ 31,925	$ 33,728
10.1.2004 – 9.30.2005	29,107	34,086
10.1.2005 – 9.30.2006	24,038	30,949
10.1.2006 – 9.30.2007	21,759	30,949
10.1.2007 – 7.31.2012	79,388	149,584
	186,217	$279,296
Less: Liabilities under capital lease within one year	(31,925)	
Long-term liabilities under capital lease (classified as long term payables)	$154,292	

8. ASSETS HELD FOR LEASE

December 31, 2000	Cost			Accumulated depreciation			
	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	Book value
Land	$ 204,960	$215,383	$ 420,343	$ —	$ —	$ —	$ 420,343
Buildings	629,869	13,573	643,442	(185,986)	(11,503)	(197,489)	445,953
Machinery and equipment	420	—	420	(156)	—	(156)	264
Electrical installations	31,255	—	31,255	(17,158)	—	(17,158)	14,097
Furniture and fixtures	2,388	—	2,388	(1,999)	—	(1,999)	389
Other equipment	277,215	4,299	281,514	(115,270)	(4,297)	(119,567)	161,947
	$1,146,107	$233,255	$1,379,362	$(320,569)	$(15,800)	$(336,369)	$1,042,993

December 31, 2001	Cost			Accumulated depreciation			
	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	Book value
Land	$ 231,835	$215,383	$ 447,218	$ —	$ —	$ —	$ 447,218
Buildings	636,820	14,075	650,895	(217,655)	(12,399)	(230,054)	420,841
Machinery and equipment	420	—	420	(203)	—	(203)	217
Electrical installations	31,255	—	31,255	(20,059)	—	(20,059)	11,196
Furniture and fixtures	2,221	—	2,221	(2,002)	—	(2,002)	219
Other equipment	277,930	4,299	282,229	(144,486)	(4,297)	(148,783)	133,446
	$1,180,481	$233,757	$1,414,238	$(384,405)	$(16,696)	$(401,101)	$1,013,137

December 31, 2002	Cost			Accumulated depreciation			
	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	Book value
Land	$ 107,584	$215,383	$ 322,967	$ —	$ —	$ —	$ 322,967
Buildings	531,601	14,075	545,676	(203,624)	(12,616)	(216,240)	329,436
Machinery and equipment	420	—	420	(250)	—	(250)	170
Electrical installations	30,172	—	30,172	(22,160)	—	(22,160)	8,012
Furniture and fixtures	3,709	—	3,709	(2,785)	—	(2,785)	924
Other equipment	180,674	4,299	184,973	(120,325)	(4,297)	(124,622)	60,351
	$ 854,160	$233,757	$1,087,917	$(349,144)	$(16,913)	$(366,057)	$ 721,860

	Cost			Accumulated depreciation			
September 30, 2002	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	Book value
Land	$107,585	$215,383	$ 322,968	$ —	$ —	$ —	$322,968
Buildings	531,600	14,075	545,675	(198,496)	(12,566)	(211,062)	334,613
Machinery and equipment	420	—	420	(237)	—	(237)	183
Electrical installations	30,171	—	30,171	(21,462)	—	(21,462)	8,709
Furniture and fixtures	3,710	—	3,710	(2,714)	—	(2,714)	996
Other equipment	180,674	4,299	184,973	(116,259)	(4,297)	(120,556)	64,417
	$854,160	$233,757	$1,087,917	$(339,168)	$(16,863)	$(356,031)	$731,886

	Cost			Accumulated depreciation			
September 30, 2003	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	Book value
Land	$103,861	$215,383	$ 319,244	$ —	$ —	$ —	$319,244
Buildings	531,193	14,075	545,268	(218,153)	(12,767)	(230,920)	314,348
Machinery and equipment	420	—	420	(284)	—	(284)	136
Electrical installations	30,171	—	30,171	(24,252)	—	(24,252)	5,919
Furniture and fixtures	3,710	—	3,710	(2,959)	—	(2,959)	751
Other equipment	180,674	4,299	184,973	(130,215)	(4,298)	(134,513)	50,460
	$850,029	$233,757	$1,083,786	$(375,863)	$(17,065)	$(392,928)	$690,858

(1) Rental revenues in 2000, 2001 and 2002 were $224,130, $240,493 and $183,662, respectively.

(2) Rental revenues for the nine-month periods ended September 30, 2002 and 2003 were $141,122 and $143,437, respectively.

(3) The Company revalued certain assets held for lease in accordance with the Regulations for the Revaluation of Assets in the Republic of China. Please refer to Note 4(7) PROPERTY, PLANT AND EQUIPMENT, NET.

9. IDLE ASSETS

December 31, 2000	Cost			Accumulated depreciation			Book value
	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	
Land	$ 93,983	$35,477	$129,460	$ —	$ —	$ —	$129,460
Buildings	53,888	3,357	57,245	(42,080)	(2,555)	(44,635)	12,610
Machinery and equipment	254,360	514	254,874	(162,919)	(514)	(163,433)	91,441
Electrical installations	7,209	—	7,209	(7,209)	—	(7,209)	—
Furniture and fixtures	1,146	—	1,146	(794)	—	(794)	352
Other equipment	24,277	180	24,457	(20,986)	(180)	(21,166)	3,291
	$434,863	$39,528	$474,391	$(233,988)	$ (3,249)	$(237,237)	$237,154

December 31, 2001	Cost			Accumulated depreciation			Book value
	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	
Land	$116,188	$35,284	$151,472	$ —	$ —	$ —	$151,472
Buildings	45,135	1,297	46,432	(39,088)	(1,225)	(40,313)	6,119
Machinery and equipment	203,877	526	204,403	(153,827)	(526)	(154,353)	50,050
Electrical installations	7,416	—	7,416	(7,332)	—	(7,332)	84
Furniture and fixtures	3,953	—	3,953	(3,810)	—	(3,810)	143
Other equipment	23,994	394	24,388	(21,584)	(394)	(21,978)	2,410
	$400,563	$37,501	$438,064	$(225,641)	$ (2,145)	$(227,786)	$210,278

December 31, 2002	Cost			Accumulated depreciation			Book value
	Historical cost	Revaluation	Total	Historical cost	Revaluation	Total	
Land	$120,992	$35,284	$156,276	$ —	$ —	$ —	$156,276
Buildings	152,341	10,296	162,637	(123,945)	(10,168)	(134,113)	28,524
Machinery and equipment	526,043	1,175	527,218	(357,221)	(1,175)	(358,396)	168,822
Electrical installations	10,879	352	11,231	(10,641)	(352)	(10,993)	238
Furniture and fixtures	4,266	—	4,266	(4,213)	—	(4,213)	53
Other equipment	86,897	4,366	91,263	(73,840)	(4,366)	(78,206)	13,057
	$901,418	$51,473	$952,891	$(569,860)	$(16,061)	$(585,921)	$366,970

	Cost			Accumulated depreciation			
September 30, 2002	**Historical cost**	**Revaluation**	**Total**	**Historical cost**	**Revaluation**	**Total**	**Book value**
Land	$112,464	$35,284	$147,748	$ —	$ —	$ —	$147,748
Buildings	152,341	10,295	162,636	(122,724)	(10,159)	(132,883)	29,753
Machinery and equipment	487,939	1,175	489,114	(328,882)	(1,175)	(330,057)	159,057
Electrical installations	10,879	352	11,231	(10,626)	(352)	(10,978)	253
Furniture and fixtures	4,205	—	4,205	(4,146)	—	(4,146)	59
Other equipment	85,689	4,367	90,056	(71,671)	(4,367)	(76,038)	14,018
	$853,517	$51,473	$904,990	$(538,049)	$(16,053)	$(554,102)	$350,888

	Cost			Accumulated depreciation			
September 30, 2003	**Historical cost**	**Revaluation**	**Total**	**Historical cost**	**Revaluation**	**Total**	**Book value**
Land	$124,717	$35,284	$160,001	$ —	$ —	$ —	$160,001
Buildings	126,528	9,928	136,456	(108,661)	(9,821)	(118,482)	17,974
Machinery and equipment	299,725	3	299,728	(221,785)	(3)	(221,788)	77,940
Electrical installations	3,029	352	3,381	(2,932)	(352)	(3,284)	97
Furniture and fixtures	4,217	—	4,217	(4,216)	—	(4,216)	1
Other equipment	72,061	2,213	74,274	(62,125)	(2,213)	(64,338)	9,936
	$630,277	$47,780	$678,057	$(399,719)	$(12,389)	$(412,108)	$265,949

The Company revalued certain idle assets in accordance with the Regulations for the Revaluation of Assets in the Republic of China.

Please refer to Note 4(7) PROPERTY, PLANT AND EQUIPMENT, NET.

10. DEFERRED EXPENSES

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Beginning balance	$199,183	$315,614	$289,364	$289,364	$243,042
Additions	182,679	44,602	45,301	38,280	36,154
Decreases	(4,705)	(3,535)	(619)	—	(13,674)
Amortisation	(61,543)	(67,317)	(91,004)	(68,108)	(73,413)
Ending balance	$315,614	$289,364	$243,042	$259,536	$192,109

The decrease in 2000, 2001, and 2002 and for the nine-month period ended September 30, 2003 represented purchase allowance for the design of website software and returns of vending machine.

11. LONG-TERM RECEIVABLES, NET

	December 31,			September 30,	
	2000	2001	2002	2002	2003
Long-term notes receivable	$ —	$ 2,215	$ 1,500	$ 1,650	$ 1,050
Long-term accounts receivable	35,583	44,079	1,357	2,777	568
Employee car loans	37,279	27,658	21,299	22,220	24,532
Less: Allowance for doubtful accounts	(28,686)	(33,106)	(2,211)	(3,777)	(1,344)
	$ 44,176	$ 40,846	$21,945	$22,870	$24,806

12. SHORT-TERM LOANS

	December 31,			September 30,		Collateral or security
	2000	2001	2002	2002	2003	
Unsecured bank loans	$1,779,211	$953,223	$343,777	$1,884,212	$1,177,632	—
Bank overdraft	53	41	—	40	—	—
	$1,779,264	$953,264	$343,777	$1,884,252	$1,177,632	—
Range of interest rates	6.468%~7.33%	2.42%~6.915%	1.763%~2.45%	2.50%~2.63%	1.48%~1.605%	

13. COMMERCIAL PAPERS PAYABLE

	December 31,			September 30,		Collateral or security
	2000	2001	2002	2002	2003	
Commercial papers payable	$500,000	$—	$—	$350,000	$350,000	—
Less: Prepaid interests	(13,630)	—	—	—	(96)	—
	$486,370	$—	$	$350,000	$349,904	
Range of interest rates	6.18%	—	—	2.305%	1.11%~1.58%	

14. Bonds payable

	December 31,			September 30,		Collateral or security
	2000	2001	2002	2002	2003	
Secured domestic bonds payable in 2003	$—	$	$—	$—	$1,800,000	—
Secured domestic bonds payable in 2003	—	—	—	—	1,300,000	—
Secured domestic bonds payable in 2003	—	—	—	—	300,000	—
	$—	$—	$—	$—	$3,400,000	

(A) The Company issued five-year secured domestic bonds on January 28, 2003. The significant terms of the bonds were as follows:

(a) Total issue amount:

The Company issued five-year secured domestic bonds totalling $1,800,000, including $500,000 of A bonds, $300,000 of B bonds, $200,000 of C bonds, $400,000 of D bonds and $400,000 of E bonds.

(b) Issue price: At par. Each bond is with face value of $1,000.

(c) Coupon rate:

The five-year secured domestic bonds can be divided into five kinds of bonds, A, B, C, D and E.(Note) And the coupon rate of A, B and D bonds is 3.95% less the floating interest rate. The coupon rate of C and E bonds is 3.951% less the floating rate.

(d) The term of interest repayment:

The interest of bonds are repayable in instalments every six months from January 28, 2003 on the coupon rate.

(e) The repayment term:

The A bonds are repayable starting from January 2006 to January 2008 in three annual instalments at the rate of 30%, 30% and 40%, respectively. The B, C, D, and E bonds are repayable on January 28, 2008 upon the maturity of the bonds.

(f) Period: 5 years, from January 28, 2003 to January 28, 2008.

(Note): The guarantee bank of A bonds is International Commercial Bank of China, the guarantee bank of B and C bonds is Chang Hwa Bank and the guarantee bank of D and E bonds is Bank of Taiwan.

(B) The Company issued five-year secured domestic bonds in September 2003. The significant terms of the bonds were as follows:

(a) Total issue amount:

The Company issued five-year secured domestic bonds totalling $1,300,000, including $300,000 for each of A, B and C bonds and $200,000 for each of D and E bonds.

(b) Issue price: At Par. Each bond is with face value of $10,000.

(c) Coupon rate:

The five-year secured domestic bonds can be divided into five kinds of bonds, A, B, C, D and E (Note). The coupon rate is determined as follows:

(i) If the floating rate is equal to or less than 0.75% per annum, the coupon rate is equal to the floating rate.

(ii) If the floating rate is greater than 0.75% per annum, but is equal to or less than 2.50% per annum, the coupon rate is 2.69% per annum.

(iii) If the floating rate is greater than 2.50% per annum, the coupon rate is 4.00% minus the floating rate.

(d) The term of interest repayment:

The interest of bonds are repayable in annual instalments from September 2003 on the coupon rate.

(e) The repayment term:

The principals are repayable in September 2008 upon the maturity of the bonds.

(f) Period: 5 years. The maturity dates of the bonds are from September 22 to September 26, 2008.

(Note): The guarantee banks of the bonds are Chang Hwa Bank, Bank of Taiwan and Land Bank.

(C) The Company issued five-year secured domestic bonds in September 2003. The significant terms of the bonds were as follows:

(a) Total issue amount:

The Company issued five-year secured domestic bonds totalling $300,000.

(b) Issue price: At Par. Each bond is with face value of $10,000.

(c) Coupon rate:

The coupon rate in the first year is 3.00% per annum. The coupon rate from the second year to the fifth year is determined as follows:

(i) If the floating rate is less than 1.25% per annum, the coupon rate is the floating rate plus 0.70% per annum.

(ii) If the floating rate is greater than or equal to 1.25% per annum, the coupon rate is 4.20% minus the floating rate.

(d) The term of interest repayment:

The interest are repayable in annual instalments from September 2003 on the coupon rate.

(e) The repayment term:

The bonds are repayable in September, 2008 upon the maturity of the bonds.

(f) Period: 5 years, from September 29, 2003 to September 29, 2008.

(Note): The guarantee bank of the bonds is Hua Nan Commercial Bank.

15. LONG-TERM LOANS

	December 31,			September 30,		Collateral or security
	2000	2001	2002	2002	2003	
Unsecured bank loans	$ 12,996,000	$ 14,744,000	$ 17,315,000	$ 19,315,000	$ 16,265,000	—
Note issuance facilities	9,000,000	7,350,000	4,100,000	4,100,000	4,100,000	—
	21,996,000	22,094,000	21,415,000	23,415,000	20,365,000	
Less: Prepaid interest	(132,055)	(56,935)	(21,626)	(28,261)	(21,771)	
Current portion of long-term loans	(2,000)	(375,000)	(2,500,000)	(100,000)	—	
	$ 21,861,945	$ 21,662,065	$ 18,893,374	$ 23,286,739	$ 20,343,229	
Range of maturity dates	2.10.2001-10.5.2005	6.12.2003-6.28.2006	3.1.2004-9.18.2007	10.11.2003-9.18.2007	10.09.2004-9.28,2007	
Range of interest rates	3.00%~6.857%	2.50%~6.65%	2.20%~4.65%	2.40%~5.83%	1.30%~3.40%	

16. RETIREMENT PLAN

(1) Under the terms of the retirement plan, an employee may retire when he or she either (i) attains the age of 55 and with 15 years of service, or (ii) has more than 25 years of service, or (iii) has reached the age of 60 or is unable to work (involuntary retirement). An employee accrues two units of credits for each year of service for the first 15 years, and one unit of credit for each year of service thereafter. Any fraction of a year which is equal to or greater than six months shall be counted as one year of service, and any fraction of a year which is less than six months shall be counted as half year of service. Each employee can accumulate a maximum of 45 units of credits. Each unit of credit is based on the average of six-month's salaries prior to retirement. Calculation of average salary is in accordance with the Labour Standards Law of the R.O.C.

(2) The contributions to the independent retirement trust fund were $80,958, $88,749 and $111,650 for 2000, 2001 and 2002, respectively. As of December 31, 2000, 2001 and 2002, the retirement fund balance with the Central Trust of China, was $1,783,069, $1,884,841 and $1,851,215, respectively.

(3) The net periodic pension cost for the years ended December 31, 2000, 2001 and 2002 consists of the following components:

	2000	2001	2002
Service cost	$ 113,230	$ 120,319	$119,421
Interest cost	146,020	152,171	137,716
Expected return on plan assets	(110,366)	(110,127)	(78,248)
Amortisation of unrecognised net transition obligations	25,763	25,763	25,763
Amortisation of unrecognised prior service cost	—	—	16,276
Amortisation of unrecognised loss	—	4,365	23,623
Net periodic pension cost	$ 174,647	$ 192,491	$244,551

(4) The Company adopted R.O.C FAS No. 18, "Accounting for Pension". The assumptions used to measure the funded status of the plan are as follows:

	2000	2001	2002
Discount rate	5.75%	4.25%	4.00%
Rate of increase in salary	3.75%	2.82%	2.82%
Expected return rate on plan assets	5.75%	4.00%	3.25%

(5) The funded status of the plans at November 30, 2000, 2001 and 2002, the measurement dates, were as follows:

	November 30,		
	2000	2001	2002
Benefit obligation:			
Vested benefit obligation	$ (658,686)	$ (913,275)	$(1,068,364)
Non-vested benefit obligation	(1,150,204)	(1,550,994)	(1,627,633)
Accumulated benefit obligation projected	(1,808,890)	(2,464,269)	(2,695,997)
Additional benefit based on projected future salaries increase	(837,566)	(776,117)	(750,825)
Projected benefit obligation	(2,646,456)	(3,240,386)	(3,446,822)
Plan assets at fair value	1,915,246	1,956,213	1,891,627
Plan funded status	(731,210)	(1,284,173)	(1,555,195)
Unrecognised net transition obligations	257,628	231,865	206,102
Unrecognised prior service cost	—	187,180	170,904
Unrecognised plan assets loss	317,029	583,886	760,605
Accrued pension liabilities	$ (156,553)	$ (281,242)	$ (417,584)
Minimum pension liabilities	$ —	$ (508,056)	$ (804,370)
Vested benefit	$ 933,468	$ 1,107,031	$ 1,280,379

(6) As of September 30, 2002 and 2003, the retirement fund balance with the Central Trust of China was $1,841,208 and $1,768,672, respectively.

(7) For the nine-month periods ended September 30, 2002 and 2003, the Company recognised net periodic pension cost of $183,413 and $210,288, respectively. The balance of the minimum pension liabilities were $623,062 and $1,086,930 as of September 30, 2002 and 2003, respectively.

17. COMMON STOCK

(1) On June 1, 2001 and June 28, 2002, the stockholders at their annual meeting resolved to capitalise capital reserve of $63,163 and $1,002,596, respectively, and unappropriated retained earnings of $1,831,738 and $0, respectively, as stock dividends which was approved by the SFC. After the issuance of stock dividends, as of September 30, 2002, the total common stock was $34,422,458, consisted of 3,442,246,000 shares of common stock issued and outstanding with par value of $10 (in dollars) per share.

(2) The Company retired $5,671,000 shares, 17,859,000 shares and 29,289,000 shares of treasury stock on April 17, 2002, March 12, 2003 and September 30, 2003, respectively, which were approved by the MOEA. After the retirement of treasury stock, as of September 30, 2003, the total common stock was $33,950,978, consisted of 3,395,098 thousand shares of common stock issued and outstanding with par value of $10 (in dollars) per share.

(3) As approved by the stockholders' meeting, the Company issued 50,000,000 shares of Global Depositary Shares (the "GDSs") by means of issuing the first overseas registered common stocks on April 10, 1992. The proceeds from the issuance of the GDSs were collected on November 24, 1992. As of September 30, 2003, total outstanding GDSs was 209,086 units, equivalent to 2,092,892 shares of the Company's common stock.

The holders of the GDSs have substantially the same rights as holders of common shares. Under the R.O.C. laws and the "Description of Global Depositary Receipts", the terms were as follows:

(A) Exercise of voting rights

Holders of the GDSs will not have the right to exercise voting rights with respect to the underlying common shares. However, if the trustee receives identical instructions with respect to any matter to be voted on at such meeting from holders of at least 51% of the GDSs, the trustee will in respect of such matter vote all common shares represented by the GDSs in accordance with such instructions insofar as practicable and permitted under applicable law and the Articles of Incorporation of the Company.

(B) The conversion of the GDSs

Under the conversion method, current shares represented by the GDSs may be withdrawn by holders of the GDSs. After the expiration of a three-month period after the closing of the GDS offering, a holder of the GDSs may request the Trustee to sell or cause to be sold on behalf of such holder the common shares represented by such GDSs through TSE.

(C) Dividends

The holders of the GDSs have the same rights to receive dividends as holders of registered common shares.

18. CAPITAL RESERVE

(1) According to the R.O.C. Company Law, capital reserve shall be exclusively used to offset against accumulated deficit. However, capital reserve arising from paid-in capital in excess of par value and donation can be used to increase capital, after covering accumulated deficit.

(2) On June 28, 2002, the stockholders at their annual meeting resolved to transfer capital reserve from gain on disposal of property, plant and equipment of $10,889 to unappropriated earnings, which was approved under the MOEA Ruling (2002) Chian-Shou-Shang No.09102050200.

19. RETAINED EARNINGS

(1) According to the R.O.C. Company Law, the annual net income should be used initially to cover any accumulated deficit; thereafter 10% of annual net income should be set aside as legal reserve until the legal reserve has reached 100% of contributed capital. Under the R.O.C. Company Law, the legal reserve shall be exclusively used to cover accumulated deficit or, if the balance of reserve exceeds 50% of contributed capital, to increase capital not exceeding 50% of reserve balance and shall not be used for any other purpose.

(2) According to the Company's Articles of Incorporation, 10% of annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the undistributed retained earnings from prior years composed accumulated unappropriated retained earnings, which can be distributed in accordance with a resolution passed by a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount distributed by the Company, stockholders' dividends are to represent 50% to 100% of the accumulated unappropriated retained earnings, 2% of the remaining earnings is for directors' and supervisors' remuneration and not less than 0.2% is for employees' bonuses.

(3) As of April 2, 2003, the Company has not yet held the Board of Directors meeting to discuss the earnings distribution proposal for 2002. The related information will be available from the Market Observation Post System website of Taiwan Stock Exchange Corporation once the resolution is approved by the Board of Directors and stockholders. The information on the distribution of 2001 earnings in accordance with the resolution adopted by the Board of Director and approved in the stockholders' meetings was as follows:

	Approved in the stockholders' meeting
A. Distribution:	
(i) Employees' cash bonuses	$164,337
(ii) Employees' stock bonuses	—
(iii) Directors' and supervisors' remuneration	54,779
B. Information about earnings per share ("EPS") (in dollars)	
(i) Original EPS (Note 1)	0.90
(ii) Imputed EPS (Note 2)	0.84

(Note 1) The original EPS was not retroactively adjusted for the capitalisation of capital reserve and retained earnings.

(Note 2) Imputed EPS = (net income – employees' bonuses – directors' and supervisors' remuneration)/weighted average number of shares outstanding during 2001.

(4) As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, the balance of unappropriated earnings were as follows:

	December 31,			September 30,	
	2000	2001	2002	2002	2003
(A) Unappropriated earnings before 1997	$1,198,179	$ 485,556	$ 157,057	$157,057	$32,818
(B) Unappropriated earnings since 1998					
A: Not yet imposed the 10% income tax	3,385,416	3,012,445	1,508,760	—	—
B: Imposed the 10% income tax	—	1,251	160,141	10,889	—
	$4,583,595	$3,499,252	$1,825,958	$167,946	$32,818

For the nine-month periods ended September 30, 2002 and 2003, the Company's net income was $565,226 and $2,871,313, respectively. After adjusting for the capital reserves resulting from the Company's subsidiaries of $149,037 and $6,301 for the nine-month periods ended September 30, 2002 and 2003, respectively, which can not be distributed as dividends as these amounts have not been approval by the shareholders, total unappropriated earnings were $714,263 and $2,877,614 for the same periods, respectively.

(5) As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, the imputation tax credit account balance amounted to $16,511, $10,851,$740,$40, and $2,775, respectively. The Company distributed net income for 2001 and 2002 as dividends in accordance with the resolution approved at the stockholders' meeting on June 28, 2002 and June 27, 2003, respectively, and the dates of dividends distribution were August 23, 2002 and August 22, 2003, respectively, in accordance with a resolution approved at a meeting of the Board of Directors. The creditable tax ratio was 19.08% and 33.25% as of August 23, 2002 and August 22, 2003, respectively.

(6) According to the R.O.C. SFC Ruling, the debit balance of $476,505 of stockholders' equity as of December 31, 2002, should be appropriated as special reserve and not be distributed.

20. TREASURY STOCK

The changes in treasury stock purchased by the Company in 2001 and 2002 and for nine-month periods ended September 30, 2002 and 2003 were as follows:

There were no such transactions in 2000.

Unit: In thousands of shares

	2001			
Purpose for acquisition	Beginning balance	Addition	Reduction	Ending balance
To maintain credit rating of the Company and stockholders' equity	—	5,671	—	5,671

Unit: In thousands of shares

	2002			
Purpose for acquisition	Beginning balance	Addition	Reduction	Ending balance
To maintain credit rating of the Company and stockholders' equity	5,671	17,859	5,671	17,859

	For the nine-month period ended September 30, 2002			
Purpose for acquisition	Beginning balance	Addition	Reduction	Ending balance
To maintain credit rating of the Company and stockholders' equity	5,671	5,921	5,671	5,921

	For the nine-month period ended September 30, 2003			
Purpose for acquisition	Beginning balance	Addition	Reduction	Ending balance
To maintain credit rating of the Company and stockholders' equity	17,859	29,289	47,148	—

(A) According to the R.O.C. Securities Exchange Law, the percentage of the number of shares of treasury stock shall not exceed 10% of the total shares of common stock issued by the Company and the total amount of treasury stock may not exceed the total amount of retained earnings, paid-in capital in excess of par value and realised capital reserve. As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, the outstanding balances of treasury stock were $0, $58,543, $178,004, $59,160 and $0, respectively.

(B) According to the R.O.C. Securities Exchange Law, treasury stock cannot be pledged and bears no shareholders' rights before the stock is reissued.

(C) According to the R.O.C. Securities Exchange Law, the treasury stock acquired for maintaining credit rating of the Company and stockholders' equity should be retired within six months of acquisition.

21. Compensation expenses, depreciation and amortisation

For the nine-month periods ended September 30, 2002 and 2003, compensation expenses, depreciation and amortisation were as follows:

	For the nine-month period ended September 30, 2002		
	Recorded as operating costs	Recorded as operating expenses	Total
Compensation expenses			
Payroll	$1,311,049	$1,516,466	$2,827,515
Insurance	99,193	77,044	176,237
Pension	83,409	72,035	155,444
Other	70,656	53,023	123,679
Depreciation	671,563	242,207	913,770
Amortisation	18,962	43,823	62,785

	For the nine-month period ended September 30, 2003		
	Recorded as operating costs	Recorded as operating expenses	Total
Compensation expenses			
Payroll	$1,398,068	$1,493,452	$2,891,520
Insurance	99,887	81,151	181,038
Pension	104,027	85,775	189,802
Other	63,042	48,264	111,306
Depreciation	669,978	214,557	884,535
Amortisation	14,168	51,678	65,846

22. DEFERRED INCOME TAX AND INCOME TAX EXPENSE

(1) Adjustments for corporate income tax expense and income tax payable were as follows:

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
Corporate income tax benefit before cumulative effect of changes in accounting principle	$(175,088)	$(168,554)	$ (96,899)	$(107,836)	$(290,358)
10% additional income tax on unappropriated earnings	39,619	195,680	280,089	280,089	332,347
	(135,469)	27,126	183,190	172,253	41,989
Income tax benefit due to cumulative effect of changes in accounting principle	—	—	(2,603)	(2,603)	—
Corporate income tax expense	(135,469)	27,126	180,587	169,650	41,989
Nets changes of deferred income tax assets	189,912	(33,637)	(150,669)	(141,644)	(62,632)
Income tax on separately taxed income	(668)	(786)	(60)	(36)	(5)
Over (Under) provision of prior year's income taxes	(14,157)	20,284	594	594	21,132
Prepaid income taxes	(4,208)	(3,547)	(2,997)	(2,701)	(484)
Income tax payable	$ 35,410	$ 9,440	$ 27,455	$ 25,863	$ —

(2) The details of deferred income tax assets or liabilities resulting from temporary differences, loss carryforwards and investment tax credits were as follows:

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
CURRENT ITEMS:										
Temporary differences										
Bad debt expenses	$ —	$ —	$ 110,545	$ 27,636	$ 167,428	$ 41,857	$ 143,867	$ 35,967	$ 183,964	$ 45,991
Unrealised inventory obsolescence loss	3,781	945	5,864	1,466	2,223	555	2,504	626	1,402	350
Expenses carried forward	26,011	6,503	22,123	5,531	15,480	3,870	17,641	4,410	11,647	2,912
Unrealised gain or loss on foreign currency transaction	62,733	15,683	2,849	712	180	45	57,760	14,440	—	—
Investments tax credits	—	30,000	—	200,000	—	200,000	—	200,000	—	200,000
		$ 53,131		$ 235,345		$ 246,327		$ 255,443		$ 249,253
NON-CURRENT ITEMS:										
Temporary differences										
Expenses carried forward	$ 33,110	$ 8,277	$ 25,627	$ 6,407	$ 18,168	$ 4,542	$ 22,039	$ 5,509	$ 10,393	$ 2,598
Depreciation expenses	(2,011,918)	(502,979)	(2,322,129)	(580,532)	(2,363,900)	(590,975)	(2,339,795)	(584,948)	(2,278,132)	(569,533)
Investment income or loss	2,106,041	526,510	1,494,536	373,634	1,160,828	290,207	1,181,117	295,279	1,258,699	314,675
Pension cost	—	—	5,635	1,409	220,512	55,128	99,737	24,934	302,427	75,607
Loss carryforwards	507,807	126,952	1,599,553	399,888	826,880	206,720	1,330,677	332,669	—	—
Investment tax credits	—	382,239	—	260,810	—	155,399	—	80,295	—	223,116
Valuation allowance	—	(63,476)	—	(199,944)	—	(21,000)	—	(53,808)	—	(12,000)
		$ 477,523		$ 261,672		$ 100,021		$ 99,930		$ 34,463

(3) As of December 31, 2002, the balance of unused loss carryforwards was $206,720, which will expire between 2003 and 2006. As of September 30, 2003, the balance of unused loss carryforwards was $0.

(4) As of December 31, 2002 and September 30, 2003, unused investments tax credits for purchase of machinery and equipment, research and development expenditures, personnel training expenditures, expenditures on the development of international trademark and equity investment were $355,399 and $423,116, respectively, which will expire between 2003 and 2005, and between 2004 and 2007, respectively.

(5) The Company's income tax returns for the years through 2000 have been assessed and approved by the Tax Authority. As of October 27, 2003, there were no disputes between the Company and the Tax Authority.

23. Basic earnings per common share ("EPS")

	2000				
	Amount		Weighted average number of shares outstanding during the year (shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$3,249,726	$3,385,195	3,442,246	$0.94	$0.98

	2001				
	Amount		Weighted average number of shares outstanding during the year (shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$3,040,886	$3,013,760	3,442,246	$0.88	$0.88

	2002				
	Amount		Weighted average number of shares outstanding during the year (shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$1,689,347	$1,508,760	3,374,846	$0.50	$0.45

	Nine-month period ended September 30, 2002				
	Amount		Weighted average number of shares outstanding during the period (shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$ 734,876	$ 565,226	3,361,353	$0.22	$0.17

	Nine-month period ended September 30, 2003				
	Amount		Weighted average number of shares outstanding during the period (shares in thousands)	EPS (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$2,913,302	$2,871,313	3,413,364	$0.85	$0.84

Weighted average number of shares outstanding during 2000, 2001 and the nine-month period ended September 30, 2002 has been adjusted retroactively to reflect the capitalisation of capital reserve and retained earnings in 2000, 2001 and 2002.

Note 5. RELATED-PARTY TRANSACTIONS

1. Related parties and their relationship with the Company

Name of related parties	Relationship with the Company
Cayman President Holdings Ltd.	An investee company accounted for under the equity method
Uni-President Dream Parks Corp.	An investee company accounted for under the equity method
President Baseball Team Corp.	An investee company accounted for under the equity method
Nanlien International Corp.	An investee company accounted for under the equity method
President International Development Corp.	An investee company accounted for under the equity method
President Nisshin Corp.	An investee company accounted for under the equity method
President Kikkoman Inc.	An investee company accounted for under the equity method
President Chain Store Corp.	An investee company accounted for under the equity method
Ton Yi Industrial Corp.	An investee company accounted for under the equity method
Uni-President Oven Bakery Corp.	An investee company accounted for under the equity method
TTET Union Corp.	An investee company accounted for under the equity method
Qware Systems & Services Corp.	An investee company accounted for under the equity method
President Packaging Ind. Corp.	An investee company accounted for under the equity method
Presicarre Corp.	An investee company accounted for under the equity method
Ztong Yee Industrial Co., Ltd.	An investee company accounted for under the equity method
Mech-President Corp.	An investee company accounted for under the equity method
Uni-President Cold-Chain Corp.	An investee company accounted for under the equity method
Retail Support International Corp.	An investee company accounted for under the equity method
President Information Corp.	An investee company accounted for under the equity method
Prince Housing & Development Corp.	Common chairman
Uni-President Vender Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for under the equity method
Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for under the equity method
Kuan Chang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for under the equity method
Tung-Tse Corp.	An investee company of Nanlien International Corp. accounted for under the equity method
Tun Hsiang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for under the equity method (Note)
Tung-Yu Enterprises Corp.	An investee company of Nanlien International Corp. accounted for under the equity method

(Note): Tun Hsiang Enterprises Corp. changed its relationship with the Company due to the disposal of the equity investments by Kai Yu Investment Co., Ltd. in August 2001.

2. Transactions with related parties

(1) Purchases

	Years ended December 31,						Nine-month periods ended September 30,			
	2000		2001		2002		2002		2003	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases	Amount	Percentage of net purchases	Amount	Percentage of net purchases	Amount	Percentage of net purchases
President Kikkoman Inc.	$ 679,452	4%	$ 698,307	4%	$ 709,765	3%	$ 579,681	4%	$ 580,300	3%
TTET Union Corp.	375,684	2%	548,889	3%	480,711	2%	362,077	2%	381,170	2%
President Packaging Ind. Corp.	342,795	2%	389,660	2%	420,542	2%	290,100	2%	208,697	1%
President Nisshin Corp.	242,730	1%	257,105	1%	307,311	1%	231,152	1%	315,338	2%
Retail Support International Corp.	215,570	1%	46,172	—	5,583	—	—	—	—	—
President Pepsi Food Co., Ltd.	396,810	2%	—	—	—	—	—	—	—	—
Others (individually less than 10%)	750,249	4%	429,806	2%	348,714	2%	329,078	2%	348,599	2%
	$3,003,290	16%	$2,369,939	12%	$2,272,626	10%	$1,792,088	11%	$1,834,104	10%

The terms of purchases and payments to the related parties were the same as those with regular suppliers (generally due within one month) except for the following companies:

(1) TTET Union Corp. closes its account at the end of each month, and pays within one week with post dated checks due in 30-45 days.

(2) Ton Yi Industrial Corp. pays its account within 50 days.

(3) President Nisshin Corp. pays its account within 15 days.

(2) Sales

	Years ended December 31,						Nine-month periods ended September 30,			
	2000		2001		2002		2002		2003	
	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales
Tung Ang Enterprises Corp.	$ 493,822	—	$ 572,332	2%	$ 4,878,071	15%	$ 3,327,120	13%	$ 4,118,963	15%
Uni-President Cold-Chain Corp.	3,319,935	11%	3,659,928	12%	4,233,571	13%	3,163,924	12%	3,530,503	13%
President Chain Store Corp.	1,850,128	6%	2,199,676	7%	2,487,904	8%	1,868,020	7%	1,075,383	4%
Retail Support International Corp.	2,070,725	7%	2,198,211	7%	1,110,273	4%	875,640	3%	1,354,063	5%
Others (individually less than 10%)	9,918,659	34%	11,644,427	37%	9,449,483	30%	7,996,569	32%	8,260,660	29%
	$17,653,269	58%	$20,274,574	65%	$22,159,302	70%	$17,231,273	67%	$18,339,572	66%

The terms of collection period for the nine-month period ended September 30, 2003 were two weeks after sales to third parties, one month by notes to related parties and 60~75 days after sales for foodstuffs and animal feed products and 10-15 days after sales of soybean products, except that the collection period is two months for sales to the corporations of outlet channels; one month for sales to the corporations that operate both in outlet channels and traditional channels; two weeks for sales to the corporations of traditional channels; Retail Support International Corp. closes its accounts in 30 days within the end of each month; Uni-President Vender Corp. closes its accounts in 20 days within the end of each month; Tung Aug Enterprises Corp. closes its accounts in 10 days and remits in 40 days; Uni-President Cold Chain Corp. closes its accounts in 40 days from the end of each month; President Chain Store Corp. closes its accounts in 30 days from the end of each month. Except for the collection periods mentioned above, other terms of sales were the same to related and third parties.

(3) Purchase of investments

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
President International Development Corp.	$ —	$397,366	$—	$—	$ —
President Chain Store Corp.	—	240,710	—	—	—
Nanlien International Corp.	19,800	—	—	—	—
Qware Systems & Serices Corp.	—	—	—	—	22,543
Prince Housing & Development Corp.	—	—	—	—	22,542
	$19,800	$638,076	$—	$—	$45,085

(A) The Company purchased 1,980,000 shares of common stocks of U-Chains Enterprises Corp. from Nanlien International Corp. at a negotiated price in 2000.

(B) The Company purchased 20,000,000 shares of common stocks of Scinopharm Taiwan, Limited. and 135,000 shares of common stocks of Parabola Creative Inc. from President Chain Store Corp. and 36,000,000 shares of common stocks of Uni-President Glass Industrial Co., Ltd. from President International Development Corp. based on the experts' opinion and negotiated prices in 2001.

(C) The Company purchased 1,518,000 and $1,518,000 shares of President Information Corp. from Qware Systems & Services Corp. and Prince Housing & Development Corp., respectively, at $22,543 and $22,542, respectively, based on negotiated prices in March 2003.

(4) Sale of investments

	2000			2001			2002		
	Selling price	Book value	Gain	Selling price	Book value	Gain	Selling price	Book value	Gain
President Chain Store Corp.	$ —	$ —	$ —	$635,631	$376,280	$259,351	$3,792,879	$850,387	$2,942,492
Nanlien International Corp.	—	—	—	203,844	110,150	93,694	—	—	—
President International Development Corp.	2,918	708	2,210	54,835	13,650	41,185	—	—	—
	$2,918	$708	$2,210	$894,310	$500,080	$394,230	$3,792,879	$850,387	$2,942,492

	Nine-month periods ended September 30,					
	2002			2003		
	Selling price	Book value	Gain	Selling price	Book value	Gain
President Chain Store Corp.	$74,619	$14,007	$60,612	$—	$—	$—
Nanlien International Corp.	—	—	—	—	—	—
President International Development Corp.	—	—	—	—	—	—
	$74,619	$14,007	$60,612	—	—	—

(A) The Company sold 2,200,000 shares of Retail Support International Corp.; 7,140,000 shares of Uni-President Cold-Chain Corp.; 5,250,000 shares of President Transnet Corp.; 10,440,000 shares of President Musashino Corp.; 2,400,000 shares of President Information Corp.; 31,219,000 shares of Mech-President Corp ; 1,658,000 shares of President Yamako Corp. ; 3,600,000 shares of Uni-President Oven Bakery Corp. to President Chain Store Corp. in 2001; sold 4,000,000 shares of Retail Support International Corp; 3,038,000 shares of Union Chinese Corp; 1,530,000 shares of Tone Chu Enterprises Corp. to Nanlien International Corp. in 2001; sold 4,419,000 shares of Presitex Co., Ltd.; 1,000,000 shares of Uol.Com Limited and 247,000 shares of Tong Li Development Corp. to President International Development Corp.t based on the experts' opinion and negotiated prices in 2000 and 2001, respectively.

(B) The Company sold 3,960,000 shares of President Pharmaceutical Corp. and 36,208,000 shares of Presicarre Corp. to President Chain Store Corp. at negotiated prices in 2002.

(5) Purchases of property, plant and equipment

	Item	Years ended December 31, 2000	2001	2002	Nine-month periods ended September 30, 2002	2003
Qware Systems & Service Corp.	Furniture and fixtures	$39,711	$59,352	$27,221	$22,575	$86,658
President Information Corp.	Furniture and fixtures	381	9,981	1,283	1,135	—
Mech-President Corp.	Transportation equipment	8,634	9,843	300	300	—
Other (individually less than 10%) ...	Transportation equipment, furniture and fixtures and other equipment.	2,512	1,226	2,744	3,232	5,039
		$51,238	$80,402	$31,548	$27,242	$91,697

The Company purchased above property, plant and equipment from related parties at negotiated prices.

(6) Disposal of property, plant and equipment

	Years ended December 31, 2000			2001			2002		
	Selling price	Book value	Gain	Selling price	Book value	Gain	Selling price	Book value	Gain
Uni-President Cold-Chain Corp.	$ 41,273	$ 41,029	$244	$196,721	$195,729	$ 992	$257,557	$255,748	$1,809
Retail Support International Corp.	—	—	—	—	—	—	50,755	50,755	—
Uni-President Oven Bakery Corp.	—	—	—	96,816	96,816	—	—	—	—
President Tokyo Corp.	41,516	41,516	—	—	—	—	—	—	—
President Packaging Ind. Corp.	23,801	23,351	450	—	—	—	—	—	—
Others (individually less than 10%)	22,777	22,630	147	23,745	23,300	445	10,981	7,367	3,614
	$129,367	$128,526	$841	$317,282	$315,845	$1,437	$319,293	$313,870	$5,423

	Nine-month periods ended September 30,					
	2002			2003		
	Selling price	Book value	Gain(Loss)	Selling price	Book value	Gain
Uni-President Cold-Chain Corp.	$257,557	$255,748	$1,809	$ —	$ —	$ —
Nanlien International Corp.	—	—	—	5,680	1,459	4,221
Retail Support International Corp.	50,755	50,755	—	1,412	1,329	83
Uni-President Oven Bakery Corp.	—	—	—	—	—	—
President Tokyo Corp.	—	—	—	—	—	—
President Packaging Ind. Corp.	—	—	—	—	—	—
Others (individually less than 10%)	3,407	3,689	(282)	717	716	1
	$311,719	$310,192	$1,527	$7,809	$3,504	$4,305

The Company sold property, plant and equipment to related parties at negotiated prices.

(7) Rental income

		Years ended December 31,			Nine-month periods ended September 30,	
	Rental collection terms	2000	2001	2002	2002	2003
Uni-President Vender Corp.	Monthly	$ —	$225,706	$201,413	$114,973	$ 99,251
Retail Support International Corp.	Monthly	105,705	104,231	56,071	50,210	40,096
Uni-President Cold-Chain Corp.	Monthly	53,241	58,916	35,387	27,411	24,074
Nanlien International Corp.	Monthly	28,561	29,912	30,820	—	2,363
President Kikkoman Inc.	Monthly	25,981	29,725	27,473	—	20,578
Others (individually less than 10%)	Monthly	25,840	36,480	35,904	69,672	47,252
		$239,328	$484,970	$387,068	$262,266	$233,614

Rents are charged based on the existing lease agreements at negotiated prices.

(8) Other income

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
Management and technical consulting fees:					
Ztong Yee Industrial Co., Ltd.	$ 25,200	$ 25,200	$ 25,200	$ 18,900	$ 18,900
Tung Ang Enterprises Corp.	16,416	15,957	20,469	16,577	20,318
Tun Hsiang Enterprises Corp.	16,232	27,294	15,724	11,699	10,954
Others (individually less than 10%)	216,531	216,958	140,772	109,738	101,733
	274,379	285,409	202,165	156,914	151,905
Other income:					
Tung-Yu Enterprises Corp.	—	5,807	43,626	33,643	32,745
Tung Hsiang Enterprises Corp.	—	51,122	40,454	36,729	34,226
President Nisshin Corp.	26,963	24,570	21,336	—	15,160
President Kikkoman Inc.	28,911	18,161	17,096	—	14,046
Others (individually less than 10%)	200,283	269,276	181,387	148,352	131,066
	256,157	368,936	303,899	218,724	227,243
	$530,536	$654,345	$506,064	$375,638	$379,148

(9) Processing expenses

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
TTET Union Corp.	$78,642	$101,895	$133,355	$89,691	$122,837

(10) Other expenses

	Years ended December 31,			Nine-month periods ended September 30,	
	2000	2001	2002	2002	2003
Advertisement expenses:					
Uni-President Dream Parks Corp.	$ 222,587	$ 562,209	$ 646,610	$448,329	$356,868
President Baseball Team Corp.	120,460	95,746	95,057	72,167	66,619
Others (individually less than 10%)	85,221	152,141	111,766	76,078	72,209
	428,268	810,096	853,433	596,574	495,696
Other expenses:					
Uni-President Cold-Chain Corp.	243,396	217,829	172,826	133,969	119,875
Kuan Chang Enterprises Corp.	53,819	90,899	90,705	67,994	92,070
President Chain Store Corp.	108,278	99,270	7,966	7,583	3,072
Others (individually less than 10%)	201,635	197,892	220,822	160,585	217,450
	607,128	605,890	492,319	370,131	432,467
	$1,035,396	$1,415,986	$1,345,752	$966,705	$928,163

(11) Notes receivable

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Tung-Tse Corp.	$24,294	3%	$12,033	2%	$17,369	2%	$29,038	3%	$—	$—
Tung Ang Enterprises Corp.	61	—	5,966	1%	—	—	—	—	—	—
Uni-President Dream Parks Corp.	1,269	—	4,530	—	—	—	—	—	—	—
President Nisshin Corp.	12,684	2%	3,485	—	—	—	—	—	—	—
Others (individually less than 10%) . . .	9,347	1%	6,780	1%	4,214	1%	13,520	2%	—	—
	$47,655	6%	$32,794	4%	$21,583	3%	$42,558	5%	$—	—

(12) Accounts receivable

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Uni-President Cold-Chain Corp.	$ 187,242	7%	$ 256,154	9%	$ 417,652	12%	$ 454,680	12%	$ 585,631	13%
Tung Ang Enterprises Corp.	14,496	—	31,924	1%	396,386	12%	457,298	12%	549,514	13%
President Chain Store Corp.	270,069	10%	179,468	7%	314,470	9%	355,281	9%	122,845	3%
Tun Hsiang Enterprises Corp.	311,820	12%	351,655	13%	237,005	7%	238,440	6%	225,457	5%
Retail Support International Corp.	201,032	8%	233,706	8%	122,061	4%	63,440	2%	294,195	7%
Others (individually less than 10%)	706,611	27%	759,221	28%	832,439	24%	1,077,752	28%	1,185,780	27%
	$1,691,270	64%	$1,812,128	66%	$2,320,013	68%	$2,646,891	69%	$2,963,422	68%

(13) Other receivables

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Tung Ang Enterprises Corp.	$ 7,841	—	$ 8,863	—	$ 36,370	10%	$ 48,823	14%	$21,807	8%
Ztong Yee Industrial Co., Ltd.	25,329	4%	25,200	2%	25,200	7%	18,900	6%	18,900	7%
President Kikkoman Inc.	8,354	—	11,039	1%	15,446	4%	11,155	3%	13,480	4%
Tun Hsiang Enterprises Corp.	8,440	—	16,063	1%	14,274	4%	—	—	7,036	2%
Presicarre Corp.	—	—	80,000	6%	—	—	—	—	—	—
Others (less than 10%)	50,897	10%	37,896	3%	36,296	10%	43,557	13%	33,644	12%
	$100,861	14%	$179,061	13%	$127,586	35%	$122,435	36%	$94,867	33%

(14) Accounts payable

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
President Kikkoman Inc.	$ 50,925	4%	$ 55,505	5%	$ 63,671	4%	$ 69,127	5%	$ 65,857	4%
TTET Union Corp.	96,035	7%	26,729	2%	56,639	3%	48,035	4%	66,501	4%
President Packaging Ind. Corp.	55,009	4%	39,325	3%	42,336	3%	31,920	2%	22,149	1%
President Nisshin Corp.	13,985	1%	24,218	2%	26,781	2%	13,409	1%	20,292	1%
Ton Yi Industrial Corp.	17,422	1%	27,807	2%	22,393	1%	—	—	16,731	1%
Others (less than 10%)	37,788	2%	17,857	1%	10,106	1%	30,363	2%	26,815	2%
	$271,164	19%	$191,441	15%	$221,926	14%	$192,854	14%	$218,345	13%

(15) Accrued expenses

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Uni-President Dream Parks Corp.	$ 55,441	3%	$ 67,001	4%	$ 77,528	5%	$ 88,332	5%	$ 63,704	4%
Qware Systems & Services Corp.	—	—	—	—	—	—	3,088	—	69,165	4%
President Chain Store Corp.	22,212	1%	50,605	3%	25,466	2%	20,764	1%	11,615	1%
Tung Ang Enterprises Corp.	3,408	—	1,212	—	8,256	1%	7,726	—	42,250	3%
Uni-President Cold-Chain Corp.	—	—	—	—	—	—	101,142	6%	49,381	3%
Others (individually less than 10%)	218,561	13%	196,472	13%	246,080	17%	215,144	14%	243,323	14%
	$299,622	17%	$315,290	20%	$357,330	25%	$436,196	26%	$479,438	29%

(16) Other payables

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Qware Systems & Services Corp.	$22,685	4%	$12,682	1%	$—	—	$—	—	$—	—
Others (individually less than 10%).	1,513	—	1,403	—	—	—	—	—	—	—
	$24,198	4%	$14,085	1%	$—	—	$—	—	$—	—

(17) Advance receipts

	December 31, 2000		December 31, 2001		December 31, 2002		September 30, 2002		September 30, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Uni – President Oven Bakery Corp.	$85,714	100%	$—	—	$—	—	$—	—	$—	—

3. Contingent liabilities and commitments

(1) The details of endorsements and guarantees provided to related parties were as follows:

	December 31, 2000	December 31, 2001	December 31, 2002	September 30, 2002	September 30, 2003
Cayman President Holdings Ltd.	$ 5,150,988	$14,220,141	$14,158,712	$13,503,578	$12,399,021
President International Development Corp.	1,800,000	2,800,000	3,200,000	2,800,000	3,400,000
Hong Kong President Holdings Limited . . .	5,078,150	836,500	—	594,990	—
Others (less than 10%)	8,461,006	8,395,579	8,164,497	8,525,835	8,229,955
	$20,490,144	$26,252,220	$25,523,209	$25,424,403	$24,028,976

(2) On August 24, 1998, the Company and seven other companies (including the Prince Housing Development Corp) jointly purchased a parcel of land (located in Shin-Yi District Lot No. 6) with an area of 9,643 m^2 from the Ministry of National Defence for construction of an office building. The Company owned 20% ownership of the land. According to the "PEC International Building Construction Contract" dated November 6, 1998, the Company will contribute 20% of the capital in cash and receive the corresponding obligations and rights accordingly.

(3) In July 2000, President Chain Store Corp. signed a permanent technical cooperation contract (the "Contract") with the Southland Corporation . Under the terms of the Contract, the Company agreed that:

(A) The Company guaranteed that President Chain Store Corp. will fulfil all payments or other obligations to Southland Corporation due under the Contract.

(B) Without the written approval of Southland Corporation in advance, the Company may not sell, transfer, or pledge the ownership or the assets of President Chain Store Corp.

(C) The Company should maintain no less than 45% ownership of President Chain Store Corp. In May 2001, the minimal ownership was revised to 40%.

Note 6. PLEDGED ASSETS

As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, the details of pledged assets were as follows:

Assets	Purpose of collateral	December 31, 2000	December 31, 2001	December 31, 2002	September 30, 2002	September 30, 2003
Land	Revolving credit facility	$1,168,217	$1,170,981	$1,174,808	$1,174,808	$1,178,480
Buildings-net	Revolving credit facility	484,406	450,745	381,443	388,540	361,638
Machinery and equipment -net	Revolving credit facility	390	197	52	86	17
		$1,653,013	$1,621,923	$1,556,303	$1,563,434	$1,540,135

Note 7. CONTINGENT LIABILITIES AND COMMITMENTS

1. As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, the total unpaid balance for construction in progress and prepayments for equipment related contracts were as follows:

	December 31, 2000	December 31, 2001	December 31, 2002	September 30, 2002	September 30, 2003
Construction in progress	$ 769,353	$ 952,944	$ 794,120	$ 867,607	$ 640,280
Prepayments for equipment	811,843	411,633	532,014	434,493	322,529
	$1,581,196	$1,364,577	$1,326,134	$1,302,100	$ 962,809

2. As of December 31, 2000, 2001, 2002 and September 30, 2002 and 2003, total amounts of unused letters of credit were $752,984, $1,183,575,$1,205,809, $605,213 and $972,127, respectively.

3. The Company borrowed $4,500,000 from Taiwan Industrial Bank, United World Chinese Commercial Bank and Taiwan Land Bank under a 5-year syndicated credit facility agreement from October 5, 2000 to October 5, 2005. Under the terms of the loan agreement, the Company agreed that:

   (1) The current ratio shall be above 70%.

   (2) The debt ratio shall be below 100%.

   (3) The ratio of liabilities and amount of guarantee to tangible net worth shall be below 150%.

   (4) Any substantial investment plan such as purchase or disposal of assets, substantial change of business or organisation and sale, transfer, lease, and other arrangements of major assets shall require written consent from majority of the banks.

4. The Company borrowed $800,000 from China Development Industrial Bank under a 3-year loan agreement from November 15, 1999 to November 15, 2002. In December 2001, the repayment term of the loan agreement was revised to the period from November 15, 2001 to November 15, 2004. However, the credit term is from March 25, 2002 to March 25, 2005. Under the terms of the loan agreement, the Company agreed that:

   (1) To maintain a current ratio above 70%.

   (2) To maintain a debit ratio below 150%.

   (3) If the ratios mentioned above do not meet the requirements, the Company shall improve them within six months.

5. The Company borrowed $4,350,000 from International Commercial Bank of China and Chiao Tung Bank under a 5-year syndicated credit facility agreement including note issuance facilities and unsecured bank loans from June 28, 2001 to June 28, 2006. Under the terms of the loan agreement, the Company agreed that:

   (1) The current ratio shall be above 80%.

   (2) Commencing from 2000, the debt ratio shall be below 100%.

   (3) If the ratios mentioned above do not meet the requirements, the Company shall improve it before June 30 of the next year.

   (4) To ensure that, any substantial investment plan such as purchase or disposal of assets, substantial change of business or organisation shall be communicated to the management bank. The lead bank may call a meeting of the leaders to discuss above events as needed.

6. The Company borrowed $6,000,000 from Taiwan Bank, BNP PARIBAS, DBS Bank and Standard Chartered Bank under a 5-year syndicated credit facility agreement, including note issuance facilities and unsecured bank loans from September 18, 2002 to September 18, 2007. Under the terms of the loan agreement, the Company agreed that:

   (1) Tangible net worth calculated based on the audited annual consolidated financial statements shall not be less than $30,000,000.

   (2) The debt ratio calculated based on the audited annual non-consolidated financial statements shall not be above 150%.

   (3) The interest coverage ratio calculated based on the audited annual non-consolidated financial statements shall not be below 200%.

   (4) The current ratio calculated based on the annual audited non-consolidated financial statements shall not be below 80%.

7. The Company borrowed $350,000 from Far Eastern International Bank under a 2-year loan agreement from October 29, 2002 to October 29, 2004.

   (1) The current ratio shall be above 80%.

   (2) The debt ratio shall be below 100%.

   (3) If the ratios mentioned above do not meet the requirements, the Company shall improve it before June 30 of the next year.

Note 8. SIGNIFICANT LOSS OF NATURAL DISASTER: None.

Note 9. SIGNIFICANT SUBSEQUENT EVENT: None.

Note 10. OTHER:

1. INFORMATION OF DERIVATIVE FINANCIAL INSTRUMENTS

(1) The information of the interest rate swap contracts for the nine-month periods ended September 30, 2002 and 2003, is disclosed as follows (units in thousands of currencies indicated):

The Company did not hold derivative financial instruments as of December 31, 2000, 2001 and 2002.

a. Contract amount or notional principals amount and credit risk

	September 30, 2002		September 30, 2003	
Derivative financial instruments	Contract amount (Notional principal amount)	Credit risk	Contract amount (Notional principal amount)	Credit risk
Interest rate swap contracts	$—	$—	$3,4000,000	$—

The credit risk stated above represents the ultimate loss from the interest rate swap contracts if settled at the balance sheet date and defaulted by the counterparties. However, as the counterparties are banks with good credit ratings, the credit risk is minimal.

b. Market risk

The main purpose of holding derivative financial instruments is for hedging. Gain or loss resulted from the fluctuation of market interest rates will be offset by the gain or loss from the underlying hedged items. Accordingly, the market risk is immaterial.

c. Liquidity risk, cash flow risk and amount, timing and uncertainty of future cash demand

The purpose of holding derivative financial instruments is for hedging. Due to the interest rates on the contracts are certain and hence the working capital of the Company should be sufficient. Accordingly, the liquidity risk is low.

d. Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives

(a) Transaction terms:

On December 16, 2002 and August 15, 2003, the Company signed contracts to pay or receive every three or six months the difference between floating and fixed interest rates during the 5- year period of the contracts.

(b) The Company sign the interest rate swap contracts to hedge the effect of the fluctuation of interest rates of the secured domestic bonds. The hedging instruments are derivative financial instruments with inverse relationships with the market value of the hedged positions and they are evaluated periodically.

e. Presentation of derivative financial instruments in the financial statements

The liabilities and assets resulting from the interest rate swap contracts were offset. As of September 30, 2003, the net amount resulting from the interest rate swap contracts are $4,457, which was recorded as other receivables and the deduction of interest expenses.

2. FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2000		December 31, 2001		December 31, 2002	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets with book value equal to fair value	$ 4,144,714	$ 4,144,714	$ 4,878,176	$ 4,878,176	$ 4,544,085	$ 4,544,085
Short-term investments	—	—	1,618,712	1,618,712	—	—
Long-term investments	46,642,637	59,138,664	45,777,666	56,046,343	45,277,654	56,637,692
Guaranteed deposits	98,246	98,246	86,257	86,257	85,515	85,515
Long-term receivables	44,176	44,176	40,846	40,846	21,945	21,945
Financial liabilities						
Financial assets with book value equal to fair value	6,165,056	6,165,056	6,151,517	6,151,517	6,171,486	6,171,486
Bonds payable	—	—	—	—	—	—
Long-term notes payables	—	—	—	—	—	—
Long-term loans	21,861,945	21,861,945	21,662,065	21,662,065	18,893,374	18,893,374
Long-term payables	190,084	190,084	178,201	178,201	165,318	165,318
Accrued pension liabilities	55,062	731,210	522,646	1,284,173	811,535	1,555,195
Customers' deposits	98,968	98,968	73,665	73,665	69,603	69,603

	September 30, 2002		September 30, 2003	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets with book value equal to fair value	$ 5,292,654	$ 5,292,654	$ 6,566,504	$ 6,566,504
Short-term investments	—	—	—	—
Long-term investments	47,556,984	55,164,742	48,146,879	59,252,271
Guaranteed deposits	81,287	81,287	83,094	83,094
Long-term receivables	22,870	22,870	24,806	24,806
Financial liabilities				
Financial assets with book value equal to fair value	5,610,101	5,610,101	5,021,442	5,021,442
Bonds payable	—	—	3,400,000	3,400,000
Long-term notes payables	—	—	16,350	16,350
Long-term loans	23,286,739	23,286,739	20,343,229	20,343,229
Long-term payables	168,788	168,788	154,292	154,292
Accrued pension liabilities	623,062	1,387,560	1,086,939	1,746,287
Customers' deposits	71,279	71,279	70,664	70,664

The methods and assumptions applied on the fair values of financial instruments are summarised as follows:

(1) The carrying amounts of short-term non-derivative financial instruments which include cash and cash equivalents, notes and accounts receivable, other receivables, short-term loans, notes and accounts payable, income tax payable, accrued expenses, other payables and the current portion of long-term liabilities, approximate the fair values due to their short maturities.

(2) The fair value of short-term investments in mutual funds are estimated based on the net asset value at the balance sheet date.

(3) The fair value of long-term investments is based on the market value. If the market value is not available, the fair value is based on the net equity of the investee companies. However, as of September 30, 2002 and 2003, due to the difficulties in obtaining the information of long-term investments, the fair value of long-term investments is based on the fair value as of June 30, 2002 and 2003, respectively.

(4) The fair value of guaranteed deposits and long-term receivables is based on the discounted value of expected future cash inflows, which are discounted based on the interest rate of one-year time deposit of the Postal Savings System at December 31, 2000, 2001 and 2002 and September 30, 2002 and 2003, respectively.

(5) The fair value of bonds payable, long-term loans, long-term payables and customers' deposits is based on the discounted value of expected future cash inflows, which are discounted based on the interest rates of long-term loans at December 31, 2000, 2001 and 2002 and September 30, 2002 and 2003, respectively.

(6) The fair value of accrued pension liabilities as of December 31, 2000, 2001 and 2002 is based on the funded status presented on the actuarial report measured at November 30, 2000, 2001 and 2002, respectively. The fair value of accrued pension liabilities as of September 30, 2002, respectively and 2003 is measured based on the funded status presented on the actuarial report measured at November 30, 2001 and 2002 and adjusted for net periodic pension cost recognised and contributions made during the nine-month periods ended September 30, 2002 and 2003, respectively.

3. RECLASSIFICATION OF FINANCIAL STATEMENTS:

Certain accounts of the 2000 and 2001 financial statements have been reclassified to conform to the presentation adopted for the 2002 financial statements.

Certain accounts of the financial statements as of and for the nine-month period ended September 30, 2002 have been reclassified to conform to the presentation adopted for the financial statements as of and for the nine-month period ended September 30, 2003.

Note 11. ADDITIONAL DISCLOSURES INFORMATION

1. Significant Transactions Information (For the nine-month period ended September 30, 2003)

(1) Financing activities with any company or person (Units in thousands of currencies indicated)

Number	Name	Name of counterparty	Account	Maximum balance during the current period	Balance at September 30, 2003	Interest rate	Nature of financing activity (Note4)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity	Maximum amount available for loan
											Item	Value		
1	President International	Cayman President Holdings Ltd.	Other receivables	US$ 1,350	US$ 1,350	—	2	$ —	Working Capital	$ —	—	$—	US$ 45,000	US$ 47,794 (Note1)
	Trade and Investment Corp.	Kai Yu (BVI) Investment Co., Ltd.	Other receivables	US$ 850	US$ 550	—	2	$ —	Working Capital	$ —	—	$—	US$ 45,000	US$ 47,794 (Note1)
2	Cayman President Holdings Ltd.	Prospect Top Development Ltd.	Receivable—related party	US$ 7,326	US$ 7,326	—	2	$ —	Investment loan	$ —	—	$—	US$ 10,000	US$ 12,446 (Note1)
3	President Global Corp.	President East Co.	Notes receivables	US$ 200	US$ 200	5.00%	1	US$ 363 (sales)	—	$ —	—	$—	US$ 3,000	US$ 4,000 (Note1)
		Tungpec Inc.	Notes receivables	US$ 40	US$ 40	—	1	US$ 219 (sales)	—	$ —	—	$—	US$ 3,000	US$ 4,000 (Note1)
4	Uni-President Dream Parks Corp.	Uni-Oao Travel Services Corp.	Other receivables	$ 4,000	$ 4,000	—	2	$ —	Working Capital	$ —	—	$—	US$ 10,000	$ 14,355 (Note1)
5	President Asian Enterprises Inc.	The Torgan Group	Other receivables	CAN 6,285	CAN 1,217	7.06%	2	$ —	Investment loan	$ —	Land and Buildings second mortgage	CAN 1,800	CAN 10,000	CAN 20,000 (Note1)
6	President Chain Store Corp.	Uni-President Yellowhat Corp.	Other receivables	$ 5,000	$ 5,000	2.89%	2	$ —	Working Capital	$ —	—	$—	(Note2)	$ 5,476,955 (Note1)
7	Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Other financial assets	$ 835,915	$ 77,419	—	1	$ 3,315,079 (sales)	—	$ —	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
8	Kai Yu (BVI) Investment Co., Ltd.	Cayman President Holdings Ltd.	Other receivables	$ 8,950	$ 8,950	—	2	$ —	—	$ —	—	$—	$ 10,000	$ 11,014 (Note1)
9	Nella Ltd.	Prospect Top Development Ltd.	Other receivables	US$ 3,297	US$ 3,297	—	2	$ —	Investment loan	US$313	—	$—	$ 200,000	$ 300,000 (Note1)

(Continued on next page)

Number	Name	Name of counterparty	Account	Maximum balance during the current period	Balance at September 30, 2003	Interest rate	Nature of financing activity (Note4)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity	Maximum amount available for loan
											Item	Value		
		Tunnel 88 International Marketing Corp.	Other receivables	US$ 214	US$ 214	—	2	$ —	Investment loan	$—	—	$—	$ 200,000	$ 300,000 (Note1)
		Tunnel International Marketing Corp.	Other receivables	US$ 10	US$ 10	—	2	$ —	Investment loan	$—	—	$—	$ 200,000	$ 300,000 (Note1)
10	Cayman Nanlien Holdings Ltd.	Nella Ltd.	Other receivables	US$ 3,607	US$ 3,607	—	2	$ —	Working Capital	$—	—	$—	$ 200,000	$ 300,000 (Note1)
11	President (BVI) International Investment Holdings Ltd.	Xiang Lu Industries Ltd.	Other receivables — related party	US$ 8,509	US$ 8,509	—	2	$ —	Working Capital	$—	—	$—	US$ 80,000	US$ 100,000 (Note1)
		Tai Ho Investment Co., Ltd.	Other receivables — related party	US$ 1,250	US$ 1,250	—	2	$ —	Working Capital	$—	—	$—	US$ 80,000	US$ 100,000 (Note1)
12	Cayman Ton Yi Industrial Holdings Ltd.	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$ 5,021	US$ 4,989	—	2	$ —	Working Capital	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
		Cayman Fujian Ton Yi Industrial Holdings Ltd.	Other receivables	US$ 26	US$ 26	—	2	$ —	Working Capital	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
		Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Other receivables	US$ 20	US$ 20	—	2	$ —	Working Capital	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
		Chengdu Ton Yi Industrial Packaging Corp.	Other receivables	US$ 3,834	US$ —	—	1,2	US$ 85 (sales)	Working Capital	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
13	President International Development Corp.	President Medical Technologies Co., Ltd.	Other receivables — related party	$ 75,000	$ 75,000	3.85%	2	$ —	Working Capital	$—	—	$—	$ 1,000,000	$ 5,088,815 (Note1)
14	RFM President Enterprises Corp.	RFM President Land Corp.	Other receivables	PESO 45,650	PESO 45,650	7.00%	2	$ —	Investment loan	$—	—	$—	PESO 80,000	PESO 70,977 (Note1)

(Continued on next page)

Number	Name	Name of counterparty	Account	Maximum balance during the current period	Balance at September 30, 2003	Interest rate	Nature of financing activity (Note4)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity	Maximum amount available for loan
											Item	Value		
15	President Life Sciences Cayman Co., Ltd.	A-spine Holding Group Corp.	Other receivables	US$2,000	US$2,000	—	2	$ —	Investment loan	$—	—	$—	US$ 80,000	US$ 100,000 (Note1)
		Aura Biosystems Inc.	Other receivables	US$1,000	US$1,000	—	2	$ —	Investment loan	$—	—	$—	US$ 80,000	US$ 100,000 (Note1)
16	Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	US$3,833	US$3,833	—	2	$ —	Working Capital	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
17	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	US$3,833	US$3,833	—	1,2	$ —	Business turn	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
		Chengdu Ton Yi Industrial Packaging Corp.	Other receivables	US$ 986	US$ —	—	1,2	US$2,038 (sales)	Business turn	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
18	Wuxi Ton Yi Industrial Packaging Corp.	Chengdu Ton Yi Industrial Packaging Corp.	Other receivables	US$2,572	US$ 514	—	2	US$ 6 (sales) US$ 584 (purchases)	Business turn	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)
		Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	US$ 14	US$ 1	—	1,2	US$ 948 (sales) US$7,012 (purchases)	Business turn	$—	—	$—	$ 4,244,558	$ 8,489,116 (Note3)

(Note 1) In accordance with related regulations, the loan requires the Board of Directors' approval and should be reported at the stockholders' meeting.

(Note 2) The maximum amount available for loan of President Chain Store Corp. is 40% of its net worth; the maximum amount for trading partner is $100,000; the maximum amount for any one entity is $50,000.

(Note 3) The maximum amount available for loan of Ton Yi Industrial Corp. and its subsidiaries is 50% of its net worth, while the maximum amount for any single entity is 25% of its net worth.

(Note 4) The code for the nature of financing activities were as follow:

1. Trading partner.
2. Short-term financing.

(2) The Company provided endorsements and guarantees to the following entities (Units in thousands of currencies indicated):

Endorser		Endorsee								
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note16)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
0	Uni-President Enterprises Corp.	Cayman President Holdings Ltd.	2	$21,125,275	$14,158,712	$12,399,021	$—	29.37	$ 42,250,549	(Note1)
0		President International Development Corp.	2	$21,125,275	$ 3,400,000	$ 3,400,000	$—	8.05	$ 42,250,549	(Note1)
0		Kai Yu (BVI) Investment Co., Ltd.	3	$21,125,275	$ 2,240,648	$ 1,900,115	$—	4.50	$ 42,250,549	(Note1)
0		Kai Yu Investment Co., Ltd.	2	$21,125,275	$ 1,590,000	$ 1,590,000	$—	3.77	$ 42,250,549	(Note1)
0		President Asia Enterprises Inc.	3	$21,125,275	$ 709,350	$ 709,350	$—	1.68	$42,250,549)	(Note1)
0		Tone Sang Construction Corp.	2	$21,125,275	$ 675,000	$ 675,000	$—	1.60	$ 42,250,549	(Note1)
0		Uni-President Vietnam Co., Ltd.	3	$21,125,275	$ 522,000	$ 522,000	$—	1.24	$ 42,250,549	(Note1)
0		Uni-President (Thailand) Ltd.	3	$21,125,275	$ 440,000	$ 440,000	$—	1.04	$ 42,250,549	(Note1)
0		Uni-Splendor Corp.	6	$21,125,275	$ 475,000	$ 433,750	$—	1.03	$ 42,250,549	(Note1)
0		Uni-President (USA) Inc.	3	$21,125,275	$ 348,000	$ 348,000	$—	0.82	$ 42,250,549	(Note1)
0		President International Investment (BVI) Co., Ltd.	3	$21,125,275	$ 779,811	$ 304,200	$—	0.72	$ 42,250,549	(Note1)
0		Ztong Yee Industrial Co., Ltd.	6	$21,125,275	$ 310,000	$ 260,000	$—	0.62	$ 42,250,549	(Note1)
0		Uni-President Glass Industrial Co., Ltd.	2	$21,125,275	$ 250,000	$ 250,000	$—	0.59	$ 42,250,549	(Note1)
0		President Pharmaceutical Corp.	2	$21,125,275	$ 210,000	$ 160,000	$—	0.38	$ 42,250,549	(Note1)
0		Century Quick Services Restaurant Corp.	3	$21,125,275	$ 200,000	$ 150,000	$—	0.36	$ 42,250,549	(Note1)
0		President International Trade and Investment Corp.	2	$21,125,275	$ 104,430	$ 101,400	$—	0.24	$ 42,250,549	(Note1)

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UNI-PRESIDENT ENTERPRISES CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Endorser		Endorsee								
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note16)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
0		Presitex Co., Ltd.	3	$ 21,125,275	$ 96,940	$ 96,940	$—	0.23	$ 42,250,549	(Note1)
0		President Packaging Corp.	1	$ 21,125,275	$ 60,341	$ 59,320	$—	0.14	$ 42,250,549	(Note1)
0		President Entertainment Corp.	2	$ 21,125,275	$ 50,000	$ 50,000	$—	0.12	$ 42,250,549	(Note1)
0		President Global Corp.	2	$ 21,125,275	$ 35,080	$ 35,000	$—	0.08	$ 42,250,549	(Note1)
0		President Baseball Team Corp.	2	$ 21,125,275	$ 34,000	$ 34,000	$—	0.08	$ 42,250,549	(Note1)
0		President Eastsouth Asia Holdings Ltd.	3	$ 21,125,275	$ 33,800	$ 33,800	$—	0.08	$ 42,250,549	(Note1)
0		President Digital Network Corp.	2	$ 21,125,275	$ 30,000	$ 30,000	$—	0.07	$ 42,250,549	(Note1)
0		President Organics Co.	2	$ 21,125,275	$ 30,000	$ 30,000	$—	0.07	$ 42,250,549	(Note1)
0		Uni-President (Philippines) Corp.	3	$ 21,125,275	$ 17,080	$ 17,080	$—	0.04	$ 42,250,549	(Note1)
1	Cayman President Holdings Ltd.	PT ABC President Enterprises Indonesia	6	US$ 37,504	US$ 2,848	US$ 2,845	$—	3.80	US$ 75,009	(Note2)
2	President International Trade and Investment Corp.	Shanghai President International Food Co., Ltd.	2	US$ 39,600	US$ 3,000	US$ 3,000	$—	—	US$ 79,201	(Note3)
3	Kai Yu Investment Co., Ltd.	Uni-President Enterprises Corp.	4	$ 176,808	$ 2,000	$ 2,000	$—	0.57	$ 353,615	(Note4)
4	Nanlien International Corp.	Lien Lu Enterprises Corp.	3	$ 500,000	$ 50,000	$ 45,000	$—	3.54	$ 1,000,000	(Note5)
4		Nella Ltd.	3	$ 500,000	$ 51,350	$ 40,741	$—	3.20	$ 1,000,000	(Note5)
4		Union Chinese Corp.	3	$ 500,000	$ 30,000	$ 30,000	$—	2.36	$ 1,000,000	(Note5)
4		Wei Lian Enterprises Corp.	3	$ 500,000	$ 17,000	$ 17,000	$—	1.34	$ 1,000,000	(Note5)
4		Tung Yu Enterprises Corp.	3	$ 500,000	$ 30,000	$ 14,540	$—	1.14	$ 1,000,000	(Note5)
4		Tung Jun International Corp.	3	$ 500,000	$ 6,000	$ 4,000	$—	0.31	$ 1,000,000	(Note5)
4		Uni-President Enterprises Corp.	4	$ 500,000	$ 2,000	$ 2,000	$—	0.16	$ 1,000,000	(Note5)
4		Tung Lien Enterprises Corp.	1	$ 500,000	$ 1,600	$ 1,600	$—	0.13	$ 1,000,000	(Note5)
4		Cheng Miao Co., Ltd.	1	$ 500,000	$ 2,880	$ 1,270	$—	0.10	$ 1,000,000	(Note5)

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UNI-PRESIDENT ENTERPRISES CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Endorser		Endorsee								
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note16)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
5	President International Development Corp.	President Medical Technologies Co., Ltd.	6	$ 636,101	$ 118,093	$ 60,000	$—	0.47	$ 2,544,407	(Note 6)
5		G-Advanced Semiconductor Technology Corp.	6	$ 636,101	$ 50,000	$ 50,000	$—	0.39	$ 2,544,407	(Note 6)
5		Presitex Co., Ltd.	3	$ 636,101	$ 14,655	$ 14,655	$—	0.12	$ 2,544,407	(Note 6)
5		President (BVI) International Investment Holdings Ltd.	3	$ 636,101	US$ 2,500	$ —	$—	—	$ 2,544,407	(Note 6)
6	Tung Ho Development Co., Ltd.	Gu Hsiang Corp.	3	$ 112,850	$ 101,000	$ 101,000	$—	35.80	$ 141,063	(Note 7)
7	President Chain Store Corp.	President Transnet Corp.	3	$ 2,738,478	$ 510,000	$ 510,000	$—	3.72	$ 6,846,194	(Note 8)
7		Mech-President Co., Ltd.	3	$ 2,738,478	$ 720,000	$ 405,000	$—	2.96	$ 6,846,194	(Note 8)
7		President Drugstore Business Corp.	3	$ 2,738,478	$ 320,000	$ 320,000	$—	2.34	$ 6,846,194	(Note 8)
7		President Chain Store (BVI) Holdings Ltd.	3	$ 2,738,478	US$ 3,500	US$ 3,500	$—	0.89	$ 6,846,194	(Note 8)
7		Philippine Seven Corp.	3	$ 2,738,478	US$ 2,000 and PESO 160,000	US$ 2,000 and PESO 80,000	$—	0.86	$ 6,846,194	(Note 8)
7		President Packaging Corp.	6	$ 2,738,478	$ 62,438	$ 62,087	$—	0.45	$ 6,846,194	(Note 8)
7		President Yamako Corp.	3	$ 2,738,478	$ 35,000	$ —	$—	0.26	$ 6,846,194	(Note 8)
8	Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	3	$11,884,763	US$ 153,683	US$ 71, 170	$—	14.17	$ 11,884,763	(Note 9)
8		Wuxi Ton Yi Industrial Packaging Corp.	3	$11,884,763	US$ 16,200	US$ 9,950	$—	1.98	$11,884,763	(Note 9)
8		Jiangsu Ton Yi Tinplate Co., Ltd.	3	$11,884,763	US$ 15,000	US$ 8,000	$—	1.59	$11,884,763	(Note 9)
8		Fujian Ton Yi Tinplate Co., Ltd.	3	$11,884,763	US$ 12,526	US$ 7,000	$—	1.39	$11,884,763	(Note 9)

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Endorser		Endorsee								
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note16)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
8		Chengdu Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 4,000	US$ 2,000	$ —	0.40	$ 11,884,763	(Note 9)
9	Kai Yu (BVI) Investment Co., Ltd.	Shanghai President Coffee Co., Ltd.	6	US$ 19,704	US$ 3,150	US$ 3,150	$ —	8.00	US$ 39,408	(Note 10)
10	President Hotel Inc.	President Asian Enterprises Inc.	3	CAN 20,000	CAN 18,000	CAN 15,510	CAN 15,510	—	CAN 40,000	(Note 11)
11	President Chain Store (BVI) Holdings Ltd.	Shanghai President Coffee Co., Ltd.	6	US$ 7,421	US$ 3,500	US$ 3,500	$ —	9.43	$ 18,552	(Note 12)
12	Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 36,750	$ —	$ —	(Note 12)	$ 11,884,763	(Note 13)
12		Chengdu Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 8,593	US$ 8,593	$ —	(Note 12)	$ 11,884,763	(Note 13)
12		Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 44,743	US$ 7,500	$ —	(Note 12)	$ 11,884,763	(Note 13)
12		Wuxi Ton Yi Industrial Packaging Corp.	3	$ 11,884,763	US$ 2,450	US$ 2,450	$ —	(Note 12)	$ 11,884,763	(Note 13)
13	President Enterprises (China) Investment Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	3	RMB 712,830	RMB 100,000	RMB 75,000	$ —	3.16	RMB 1,425,660	(Note 14)
		Xinjiang President Enterprises Food Co., Ltd.	3	RMB 712,830	RMB 21,530	RMB 21,530	$ —	0.91	RMB 1,425,660	(Note 14)
		Tianjiang President Enterprises Food Co., Ltd.	3	RMB 712,830	RMB 23,180	RMB 19,040	$ —	0.80	RMB 1,425,660	(Note 14)
		Hefei President Enterprises Co., Ltd.	3	RMB 712,830	RMB 7,000	RMB 2,980	$ —	0.13	RMB 1,425,660	(Note 14)
		Qingdo President Feed & Livestock Co., Ltd.	3	RMB 712,830	RMB 2,000	RMB 2,000	$ —	0.08	RMB 1,425,660	(Note 14)
14	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 36,405	US$ 36,405	$ —	7.25	$ 11,884,763	(Note 13)
15	Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 47,954	US$ 47,954	$ —	9.47	$ 11,884,763	(Note 13)
15		Wuxi Ton Yi Industrial Packaging Corp.	3	$ 11,884,763	US$ 6,556	US$ 5,604	$ —	1.12	$ 11,884,763	(Note 13)

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Endorser		Endorsee								
Number	Name of endorsers	Name of endorsees	Relationship with the Company (Note16)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement	
16	Wuxi Ton Yi Industrial Packaging Corp.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 12,682	US$ 12,194	$—	2.43	$ 11,884,763	(Note 13)
		Fujian Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 4,737	US$ 2,321	$—	0.46	$ 11,884,763	(Note 13)
17	Chengdu Ton Yi Industrial Packaging Corp.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	$ 11,884,763	US$ 8,179	US$ 7,694	$—	1.53	$ 11,884,763	(Note 13)
18	Kunshan President Enterprises Food Co., Ltd.	Hefei President Enterprises Co., Ltd.	3	RMB 128,670	RMB 46,000	RMB 5,000	$—	1.17	RMB 257,340	(Note 15)
18		Shenyang President Enterprises Co., Ltd.	3	RMB 128,670	RMB 20,000	RMB16,000	$—	3.73	RMB 257,340	(Note 15)
18		Xinjiang President Enterprises Food Co., Ltd.	3	RMB 128,670	RMB 5,000	RMB —	$—	—	RMB 257,340	(Note 15)
19	Guangzhou President Enterprises Co., Ltd.	Fuzhou President Enterprises Co., Ltd.	3	RMB 78,975	RMB 60,000	RMB40,000	$—	25.32	RMB 157,950	(Note 15)
20	Wuhan President Enterprises Food Co., Ltd.	Shenyang President Enterprises Co., Ltd.	3	RMB 91,435	RMB 48,000	RMB13,000	$—	7.11	RMB 182,870	(Note 15)
20		Nanchang President Enterprises Co., Ltd.	3	RMB 91,435	RMB 15,000	RMB —	$—	—	RMB 182,870	(Note 15)
21	Shenyang President Enterprises Co., Ltd.	Harbin President Enterprises Co., Ltd.	3	RMB 40,955	RMB 20,000	RMB —	$—	—	RMB 81,910	(Note 15)

(Note 1) The total amount of transactions of endorsement equal to 100% of the Company's net worth, and the limit of endorsement for any single entity is 50% of the Company's net worth, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 2) The total amount of transactions of endorsement equal to 100% of its net worth for Cayman President Holdings Ltd., and the limit of transactions of endorsement for any single entity is 50% of the its net worth, and all of the related businesses are to be submitted to the Board of Directors' meeting for reference.

(Note 3) The total amount of transactions of endorsement equal to 100% of its net worth for President International Trade and Investment Corp. and the limit of transactions of endorsement for any single entity is 50% of their net worth, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 4) The total amount of transactions of endorsement equal to 100% of its net worth for Kai Yu Investment Co., Ltd. and the limit of transactions of endorsement for any single entity is 50% of their net worth, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 5) The total amount of transactions of endorsement for Nanlien International Corp. Ltd. is $1,000,000, and the limit of transactions of endorsement for any single entity is $500,000, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 6) The total amount of transactions of endorsement equal to 20% of its net worth for President International Development Corp. and the limit of transactions of endorsement for any single entity is 5% of the its net worth, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 7) The total amount of transactions of endorsement equal to 50% of its net worth for Tung Ho Development Co., Ltd. and the limit of transactions of endorsement for any single entity is 40% of the its net worth, and all of the related business are to be submitted to stockholders' meeting for reference.

(Note 8) The total amount of transactions of endorsement equal to 50% of its net worth for President Chain Store Corp. and the limit of transactions of endorsement for any single entity is 20% of the its net worth, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 9) The total amount of transactions of endorsement equal 70% of its net worth for Ton Yi Industrial Corp. and the limit of transactions of endorsement for any single entity is 70% of its net worth, and all of the related businesses are to be submitted to stockholders' meeting for reference.

(Note 10) The total amount of transactions of endorsement equal to 100% of its net worth for Kai Yu Investment (BVI) Co., Ltd. and the limit of transactions of endorsement for any single entity is 50% of the its net worth, and all of the related business are to be submitted to the Board of directors' meeting for reference.

(Note 11) The total amount of transactions of endorsement for President Hotel Inc. is CAN$40,000, and the limit of transactions of endorsement for any single entity is CAN$20,000, and all of the related businesses are to be submitted to the Board of directors' meeting for reference.

(Note 12) The total amount of transactions of endorsement equal to 50% of its net worth for President Chain Store (BVI) Holdings Ltd. and the limit of transactions of endorsement for any single entity is 20% of its net worth, and all of the related business are to be submitted to the Board of directors' meeting for reference.

(Note 13) All endorsements issued by Cayman Ton Yi Industrial Holdings Ltd. for its mainland-subsidiaries are guaranteed by Ton Yi Industrial Corp. All endorsements are implemented based on the endorsement rules of Ton Yi Industrial Corp.

(Note 14) The limit of transactions of endorsement equal to 60% of its enrolled capital for President Enterprises (Chain) Investment Co., Ltd. and the limit of transactions of endorsement for any single entity is 30% of its enrolled capital.

(Note 15) For all subsidiaries of President Enterprises (China) Co., Ltd, the highest amount of transactions of endorsement equal to 60% of their respective net worth, and the limit of endorsement for any single entity is 30% of their respective net worth.

(Note 16) The following code represents the relationship with the Company:

1. Trading partner.
2. Majority owned subsidiary.
3. A subsidiary jointly owned by the Company and the Company's directly-owned subsidiary.
4. A parent company.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

3. The ending balance of securities held as of September 30, 2003 were summarised as follows (Units in thousands of currencies indicated):

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
Uni-President Enterprises Corp.	Stock:							
	Chinatrust Financial Holding Co., Ltd.	—	Cash and equivalent	50,661	$ 506,613	4.99%	$ 506,613	—
	President International Trade and Investment Corp.	A subsidiary	Long-term investments	45,012	$2,923,318	100.00%	$ 2,668,974	—
	Cayman President Holdings Ltd.	"	"	150,060	$1,997,562	100.00%	$ 2,490,067	—
	Kai Yu Investment Co., Ltd.	"	"	320,000	$ 767,061	100.00%	$ 770,000	—
	Kai Nan Investment Co., Ltd.	"	"	60,000	$ 467,930	100.00%	$ 549,950	—
	President Global Corp.	"	"	500	$ 377,257	100.00%	$ 414,642	—
	Uni-President Glass Industrial Co., Ltd.	"	"	36,000	$ 288,476	100.00%	$ 215,662	—
	U-Chains Enterprises Corp.	"	"	19,800	$ 223,868	100.00%	$ 207,261	—
	Tone Sang Construction Corp.	"	"	19,800	$ 111,152	100.00%	$ 110,626	—
	Nanlien International Corp.	"	"	99,999	$ 910,882	99.99%	$ 1,168,877	—
	President Entertainment Corp.	"	"	76,760	$ 928,643	61.80%	$ 929,314	—
	President International Development Corp.	"	"	877,500	$7,353,610	58.50%	$ 7,442,391	—
	Tung Ho Development Co., Ltd.	"	"	89,717	$ 190,196	57.29%	$ 303,243	—
	President Nisshin Corp.	"	"	6,120	$ 100,918	51.00%	$ 107,257	—
	President Packaging Corp.	"	"	12,659	$ 242,930	50.59%	$ 172,980	—
	President Kikkoman Inc.	"	"	6,000	$ 136,156	50.00%	$ 145,978	—
	President Chain Store Corp.	"	"	388,408	$5,977,839	45.24%	$18,420,244	—
	Ton-Yi Industrial Corp.	"	"	665,148	$7,351,480	43.34%	$ 6,235,761	—
	President Fair Development Corp.	"	"	150,000	$1,450,950	42.86%	$ 1,450,949	—
	Eagle Cold Storage Enterprises Co., Ltd.	"	"	40,887	$ 485,489	37.36%	$ 290,705	—
	Mospec Semiconductor Corp.	"	"	24,750	$ 269,671	30.79%	$ 358,186	—
	TTET Union Corp.	"	"	47,207	$ 629,774	29.51%	$ 971,530	—
	President Securities Corp.	"	"	302,014	$4,358,961	26.48%	$ 3,910,180	—
	Qware Systems & Services Corp.	"	"	13,475	$ 139,042	24.76%	$ 139,068	—
	Presicarre Corp.	"	"	74,228	$1,639,717	20.50%	$ 1,638,492	—
	Ztong Yee Industrial Co., Ltd.	"	"	18,042	$ 271,067	20.00%	$ 279,371	—
	Mech-President Co.	"	"	6,600	$ 112,022	20.00%	$ 110,244	—
	Scino Pharm Taiwan Ltd.	"	"	72,987	$ 477,095	17.38%	$ 263,007	—
	Grand Bills Finance Co.	—	"	78,219	$ 691,085	14.46%	$ 1,021,223	—
	Allianz President Life Insurance Co., Ltd.	A subsidiary	"	24,167	$ 244,934	10.10%	$ 150,027	—
	Prince Housing Development Corp.	Director	"	87,214	$ 747,877	9.53%	$ 290,947	—

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Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	Toppoly Optoelectronics Corp.	The subsidiary of Tong Shou Investment Corp. is its director	"	245,867	$ 2,767,067	8.22%	$ 2,349,876	—
	Sino-Aerospace Investment Corp.	Director	"	21,000	$ 210,000	8.19%	$ 17,378	—
	Allianz President General Insurance Co., Ltd.	"	"	14,437	$ 145,360	7.22%	$ 95,038	—
	PK Venture Capital Corp.	"	"	10,000	$ 100,000	6.67%	$ 98,376	—
	New Century Info-Comm. Co., Ltd.	The subsidiary of President International Development Corp. is its director	Long-term investments	126,800	$ 1,268,000	2.67%	$ 1,178,791	—
	CDIB & Partners Investment Holding Corp.	The subsidiary of President International Development Corp. is its director	"	27,000	$ 250,000	2.48%	$ 273,834	—
	KaoHsiung Rapid Transit Corp.	"	"	20,000	$ 203,714	2.00%	$ 199,860	—
	Global Securities Finance Corp.	—	"	13,142	$ 115,664	1.75%	$ 146,572	—
	Uni-President Dream Parks Corp. etc.	Investee companies accounted for by the equity method etc.	"	—	$ 1,220,112	0.53%~ 100.00%	$ 1,655,479	—
President International Trade and Investment (BVI) Corp.	Beneficiary Certificates:							
	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	—	Short-term investments	270	US$ 27,392	—	US$ 27,986	—
	Stock:							
	Uni-President (USA), Inc.	A subsidiary of President International Trade and Investment (BVI) Corp. method etc.	Long-term investments	150	US$ 6,932	100.00%	US$ 6,928	—
	Shanghai President International Food Co., Ltd. etc.	"	"	—	US$ 1,634	100.00%	US$ 1,528	—
Cayman President Holdings Ltd.	Beneficiary Certificates:							
	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	—	Short-term investments	200	US$ 20,520	—	US$ 20,733	—
	Convertible Bonds:							
	CDIbank's convertible bond	—	Short-term investments	—	US$ 3,000	—	US$ 3,000	—
	Stock:							
	President Enterprises (China) Investment Co., Ltd.	A subsidiary of Cayman President Holdings Ltd.	Long-term investments	—	US$ 280,358	100.00%	US$ 287,069	—
	Uni-President Southeast Asia Holdings Limited.	"	"	—	US$ 38,371	100.00%	US$ 38,371	—
	Zhangjiagang President Nisshin Food Co., Ltd.	"	"	—	US$ 9,388	60.00%	US$ 9,405	—

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Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003						Note
				Number of shares (in thousands)	Book value		Percentage of ownership	Market value		
	Cargill President Holdings Pte Ltd.	"	"	15,280	US$	13,621	50.00%	US$	13,625	—
	Queen Holdings (BVI) Ltd.	"	"	5	US$	12,606	45.40%	US$	12,553	—
	PPG Investment, Inc.	"	"	—	US$	3,317	45.40%	US$	3,326	—
	Chongqing Carrefour Hypermarket Chainstore Co., Ltd.	"	"	—	US$	13,217	45.00%	US$	13,618	—
	Jiafu (Tianjin) International Trading Co., Ltd.	"	"	—	US$	6,656	45.00%	US$	6,731	—
	Zhuhai Kirin President Brewery Co., Ltd.	"	"	—	US$	23,034	30.00%	US$	23,325	—
	President Energy Development (Cayman Islands) Ltd.	"	"	10,200	US$	9,000	25.50%	US$	9,006	—
	Uni-President International (HK) Co., Ltd. etc.	A subsidiary of Cayman President Holdings Ltd. etc.	"	—	US$	5,142	0.02%~	US$	2,860	—
Kai Yu Investment Co., Ltd.	Beneficiary Certificates:						100.00%			
	Phoenis Bond Fund etc.	—	Short-term investments	—	$	157,732	—	$	158,886	—
	Stock:									
	Chinatrust Financial Holding Co., Ltd.	—	Cash and cash equivalents	12,301	$	123,008	1.21%	$	123,008	—
	Chinatrust Financial Holding Co., Ltd.	—	Short-term investments	4,936	$	177,583	0.09%	$	5,110,128	—
	Kai Yu (BVI) Investment Co., Ltd.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	Long-term investments	53,278	$	1,367,454	100.00%	$	1,367,454	—
	TTET Union Corp.	An investee company accounted for by the equity method	"	11,076	$	163,299	6.92%	$	213,651	—
	Scino Pharm Taiwan Ltd.	"	Long-term investments	11,300	$	109,472	2.69%	$	40,681	—
	Ton-Yi Industrial Corp.	An investee company accounted for by the equity method	Long-term investments	24,452	$	186,640	1.59%	$	228,385	(Note 1)
	Uni-President Vender Corp. etc.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	"	—	$	106,264	— ~ 100.00%	$	890,733	—
Kai Nan Investment Co., Ltd.	Beneficiary Certificates:									
	Home-Run Fund	—	Short-term investments	2,267	$	30,005	—	$	30,381	—
	Stocks:									
	Dalian Beiliang Logistics Services Corp.	—	Long-term investments	120	$	4,158	17.20%	$	4,158	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	President Securities Corp.	An investee company accounted for by the equity method	"	30,564	$ 513,277	2.68%	$ 414,787	(Note 2)
President Global Corp.	Stock: Ameripec Inc.	The subsidiary of Global President accounted for by the equity method	Long-term investments	3	US$ 3,951	100.00%	US$ 3,951	—
	President East Co. etc.	"	"	—	US$ 3,164	20.00%~ 50.00%	US$ 3,164	—
Tone Sang Construction Corp.	Beneficiary Certificates: Tong Shing Fund	—	Short-term investments	100	$ 1,000	—	$ 1,197	—
	Stock: Huairen Corp.	The subsidiary of Ton Sang Construction Corp. is its director	Long-term investments	10,000	$ 100,000	18.83%	$ 60,300	—
Uni-President Dream Parks Corp.	Stock: Uni-Oao Travel Services Corp.	The subsidiary of Uni-President Dream Parks Corp., is its director	"	480	$ 4,800	80.00%	$ 4,800	—
Nanlien International Corp.	Stock: Ton-Yi Industrial Corp. etc.	An investee company accounted for by the equity method etc.	Short-term investments	—	$ 93,467	—	$ 40,463	—
	Union Chinese Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	Long-term investments	8,048	$ 120,552	80.48%	$ 120,552	—
	Retail Support International Corp.	An investee company accounted for by the equity method	"	4,000	$ 137,946	20.00%	$ 137,946	—
	President International Development Corp.	"	"	10,000	$ 102,800	0.67%	$ 84,800	—
	Toppoly Optoelectronics Corp.	The subsidiary of Tong Shou Investment Corp. is its director	"	16,667	$ 200,004	0.56%	$ 159,337	—
	Cayman Nanlien Holding Ltd. etc.	An investee company of Nanlien International Corp. accounted for by the equity method	"	—	$ 1,046,053	2.50%~ 100.00%	$ 957,257	—
President Natural Industrial Corp.	Stock: President Organics Co.	—	Long-term investments	2,000	$ 2,945	$16.67%	$ 12,820	—
President Entertainment Corp.	Beneficiary Certificates: Tong Shing Fund	—	Short-term investments	100	$ 1,000	—	$ 1,197	—
Parabola Creative Inc.	Beneficiary Certificates: James Bond Fund etc.	—	"	—	$ 7,666	—	$ 7,883	—
President International Development Corp.	Beneficiary Certificates: James Bond Fund etc.	—	"	—	$ 19,891	—	$ 19,932	—
	Convertible Bonds: OPTO TECH Corp. etc. Warrants Stock	—	"	—	$ 74,126	—	$ 72,851	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	World Peace Industrial Co., Ltd.	"	"	240	$ 23,565	—	$ 21,840	—
	Stock:							
	Chinatrust Financial Holding Co., Ltd.	—	Cash and cash equivalents	2,412	$ 24,119	$ 0.19%	$ 24,119	—
	Ton-Yi Industrial Corp.	An investee company accounted for by the equity method	Short-term investments	16,990	$ 345,331	$ 1.11%	$ 158,707	(Note 3)
	Taishim Financial Holding Co., Ltd.	—	"	6,800	$ 141,792	$ 0.17%	$ 134,123	—
	Taiwan Cellular Corp.	—	"	6,851	$ 202,254	$ 0.15%	$ 175,061	(Note 4)
	Mega Financial Holding Co., Ltd.	—	"	9,445	$ 166,535	$ 0.08%	$ 163,937	—
	Apex Medical Corp. etc.	—	"	—	$ 395,189	—	$ 391,677	—
	President (BVI) International Investment Holdings Ltd.	An investee company of President International Development Corp. accounted for by the equity method	Long-term investments	133,023	$5,364,453	$100.00%	$ 5,207,869	—
	President Life Sciences Co., Ltd.	"	"	165,000	$1,294,564	$100.00%	$ 1,334,850	(Note 5)
	Ton Yu Investment Inc.	"	"	37,350	$ 364,956	$100.00%	$ 364,910	—
	Ton Shou Investment Inc.	"	"	15,000	$ 154,984	$100.00%	$ 154,950	—
	Ton Cheng Investment Inc.	"	"	11,140	$ 111,308	$100.00%	$ 111,289	—
	President Fair Development Corp.	An investee company of President International Development Corp. accounted for by the equity method	"	150,000	$1,613,019	$ 42.85%	$ 1,450,950	(Note 6)
	Presitex Co., Ltd.	"	"	36,473	$ 191,818	$ 38.78%	($ 1,714)	—
	President Entertainment Corp.	"	"	47,440	$ 573,979	$ 38.19%	$ 574,502	(Note 7)
	Synergy ScienTech Corp.	The subsidiary of President International Development Corp. is its director	"	55,404	$ 444,253	$ 35.07%	$ 415,526	(Note 8)
	Kang Na Hsiung Enterprises Co., Ltd.	"	"	45,093	$ 536,592	$ 24.90%	$ 630,900	(Note 9)
	United Venture Capital Corp.	The subsidiary of President International Development Corp. is its director	"	10,000	$ 100,000	$ 11.30%	$ 85,010	—
	Toppoly Optoelectronics Corp.	The subsidiary of Tong Shou Investment Corp. is its director	"	215,179	$2,379,869	$ 9.98%	$ 2,373,213	(Note 10)
	South Epitaxy Corp.	The subsidiary of President International Development Corp. is its director	"	10,700	$ 110,265	9.91%	$ 135,141	—
	Allianz President Life Insurance Co., Ltd.	An investee company accounted for by the equity method	"	22,260	$ 225,919	7.96%	$ 352,927	—
	Tung Ting Gas Corp.	The subsidiary of President International Development Corp. is its director	"	39,113	$ 407,806	7.11%	$ 364,529	(Note 11)
	New Century Info-Comm. Co., Ltd.	"	"	253,200	$2,532,000	6.15%	$ 2,770,008	(Note 12)
	Scino Pharm Taiwan Ltd.	An investee company accounted for by the equity method	"	23,831	$ 152,863	5.74%	$ 85,863	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	CDID & Partners Investment Holding	The subsidiary of President International Development Corp. is its director	"	27,000	$ 250,000	2.48%	$276,480	(Note 13)
	KaoHsiung Rapid Transit Corp.	"	"	20,000	$ 203,714	2.00%	$200,400	—
	President Medical Technologies Corp., Ltd. etc.	An investee company of President International Development Corp. accounted for by the equity method	"	—	$ 610,548	1.25%~ 50.00%	$488,592	—
President Nisshin Corp.	Beneficiary Certificates: Tong Shing Fund	—	Short-term investments	100	$ 1,000	—	$ 1,197	—
President Packaging Corp.	Stock: Shanghai President Packaging Corp.	An investee company of President Packaging Corp. accounted for by the equity method	Long-term investments	—	$ 52,027	100.00%	$ 52,027	—
Ton Yi Pharmaceutical Corp.	Beneficiary Certificates: James Bond Fund etc.	—	"	—	$ 7,036	—	$ 7,434	—
Tung Ho Development Co., Ltd.	Beneficiary Certificates: High Yield Fund	—	Short-term investments	567	$ 9,000	—	$ —	—
	Stock: Gu-Hsiang Corp. etc.	An investee company of Tung Ho Development Co., Ltd. accounted for by the equity method etc.	Long-term investments	—	$ 205,341	10.00%~ 100.00%	$181,398	—
President Kikkoman Inc.	Beneficiary Certificates: James Bond Fund etc.	—	Short-term investments	—	$ 64,626	—	$ 64,332	—
Canda President Asian Enterprises Inc.	Stock: President Canada Income Properties Real Estate Investment Trust	An investee company of President Asian Enterprises Inc accounted for by the equity method	Long-term investments	1	CAN 7,535	100.00%	CAN 6,634	—
	T & T Supermarket Inc.	"	"	—	CAN 2,379	20.00%	CAN 3,773	—
	President Canada Construction Inc. etc.	"	"	—	(CAN 2,004)	50.00%~ 100.00%	(CAN 5,684)	(Note 14)
AIM Service Uni-President Co., Ltd.	Beneficiary Certificates: Home-Run Fund	—	Short-term investments	4,344	$ 56,773	—	$ 56,773	—
President Organics Co.	Beneficiary Certificates: James Bond Fund	—	"	303	$ 4,461	—	$ 4,461	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
President Coffee Corp.	Beneficiary Certificates: Fuh-Hwa Albatross Fund etc.	—	"	—	$ 72,000	—	$ 72,080	—
President Chain Store Corp.	Beneficiary Certificates: Shinkong Chi-Shin Fund	—	Short-term investments	45,636	$ 625,000	—	$ 625,454	—
	NITC Bond Fund	—	"	3,727	$ 585,000	—	$ 585,589	—
	Polaris De-Bao Fund	—	"	14,157	$ 150,000	—	$ 150,084	—
	JF (Taiwan) Bond Fund	—	"	9,592	$ 140,000	—	$ 140,072	—
	Stock: Grand Pacific Petrochemical Corporation etc.	—	Short-term investments	—	$ 328,421	—	$ 139,587	—
	President Chain Store (BVI) Holdings Ltd.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	46,405	$1,474,543	100.00%	$1,474,543	—
	President Drugstore Business Corp.	"	"	19,800	$ 208,251	100.00%	$ 208,251	—
	Ren-Hui Investment Corp.	"	"	19,800	$ 167,909	100.00%	$ 167,909	—
	Wisdom Distribution Services Corp.	"	"	9,433	$ 126,270	100.00%	$ 126,270	—
	President Transnet Corp.	An investee company accounted for by the equity method	"	80,000	$ 147,274	80.00%	$ 54,587	—
	President Information Corp.	"	"	10,626	$ 155,490	70.00%	$ 144,832	—
	Mech-President Co.	"	"	28,254	$ 350,193	62.95%	$ 346,994	—
	President Musashino Corp.	An investee company of President Musashino Corp. accounted for by the equity method	"	29,880	$ 334,871	60.00%	$ 334,871	—
	Uni-President Cold-Chain Corp.	An investee company accounted for by the equity method	"	19,563	$ 321,595	60.00%	$ 288,358	—
	Retail Support International Corp.	"	"	5,000	$ 106,701	25.00%	$ 89,046	—
	Tung Ho Development Co., Ltd.	—	"	30,237	$ 102,201	19.31%	$ 102,201	—
	Dayeh Takashimaya Department Store	The president is its director	"	20,000	$ 260,433	16.67%	$ 210,204	—
	President Fair Development Corp.	An investee company accounted for by the equity method	"	50,000	$ 625,000	14.29%	$ 483,795	—
	Allianz President Life Insurance Co., Ltd.	"	"	24,167	$ 241,668	10.10%	$ 149,980	—
	Presicarre Corp.	"	"	36,208	$3,559,448	10.00%	$ 788,355	—
	Toppoly Optoelectronics Corp.	"	"	209,249	$2,299,197	6.99%	$2,001,111	—
	PK Venture Capital Corp.	Director	"	10,000	$ 100,000	6.67%	$ 108,240	—
	Allianz President General Insurance Co., Ltd.	"	"	11,000	$ 110,000	5.50%	$ 72,380	—
	Digital United Inc. (Seednet)	The president is its director	"	6,000	$ 133,720	3.41%	$ 107,376	—
	President International Development Corp.	An investee company accounted for by the equity method	"	50,000	$ 500,000	3.33%	$ 424,000	—
	President Securities Corp.	"	"	29,329	$ 140,534	2.57%	$ 345,496	—

(Continued on next page)

				September 30, 2003				
Investors	Type of securities	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	KaoHsiung Rapid Transit Corp.	The subsidiary of President International Development Corp. is its director	"	20,000	$ 203,714	2.00%	$ 199,800	—
	New Century Info-Comm. Co., Ltd.	"	"	42,400	$ 424,000	1.03%	$ 394,320	—
	Uni-President Oven Bakery Corp. etc.	An investee company of President Chain store Corp. accounted for by the equity method etc.	"	—	$ 757,344	0.02%~ 100.00%	$ 631,866	—
Ton-Yi Industrial Corp.	Beneficiary Certificates: Secondary collateralised loan obligation securities -Credit Lyonnais	—	Long-term investments in bonds	—	$ 40,000	—	$ 40,000	—
	Stock: Cayman Ton Yi Industrial Holdings Ltd.	An investee company of TonYi Industrial Corp. accounted for by the equity method	Long-term investments	4,001	$(663,209)	100.00%	$(663,209)	—
	Sino-Aerospace Investment Corp.	—	"	21,000	$ 210,000	8.19%	$ 17,378	—
	President International Development Corp.	—	"	50,000	$ 500,000	3.33%	$ 424,000	—
	Global Securities Finance Corp.	—	"	13,142	$ 115,664	1.75%	$ 146,572	—
	Tung Ang Enterprises Corp. etc.	An investee company of TonYi Industrial Corp. accounted for by the equity method etc.	"	—	$ 124,359	0.02%~ 100.00%	$ 124,356	—
President Fair Development Corp.	Stock: Kai Nan wood industry Co., Ltd.	An investee company of President Fair Development Corp. accounted for by the equity method	Long-term investments	20,000	$ 676,846	100.00%	$ 426,800	—
Uni-President Oven Bakery Corp.	Beneficiary Certificates: Home-Run Fund	—	Short-term investments	1,412	$ 18,859	—	$ 18,923	—
President Information Corp.	Beneficiary Certificates: James Bond Fund etc.	—	"	—	$ 33,912	—	$ 35,316	—
	Stock: BankPro E-Services Technology Company	—	Long-term investments	450	$ 4,500	5.00%	$ 1,998	—
President Tokyo Corp.	Beneficiary Certificates: James Bond Fund	—	Short-term investments	27	$ 370	—	$ 397	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
Uni-President Cold-Chain Corp.	Beneficiary Certificates:							
	James Bond Fund etc.	—	Short-term investments	—	$ 237,000	—	$237,120	—
	Stock:							
	President Logistics International Corp.	An investee company of Uni-President Cold-Chain Corp. accounted for by the equity method	Long-term investments	2,500	$ 27,615	25.00%	$ 27,615	—
Retail Support International Corp.	Beneficiary Certificates:							
	James Bond Fund	—	Short-term investments	12,396	$ 182,901	—	$182,900	—
	NITC Bond Fund etc.	—	"	—	$ 10,489	—	$ 10,454	—
	Stock:							
	President Logistics International Corp.etc.	An investee company of Retail Support International Corp. accounted for by the equity method	Long-term investments	—	$ 98,798	49.00%~51.00%	$100,202	—
Mech-President Co.	Beneficiary Certificates:							
	James Bond Fund	—	Short-term investments	1,288	$ 19,000	—	$ 19,000	—
	Stock:							
	Safety Elevator Corp.etc.	An investee company of Mech-President Co, accounted for by the equity method etc.	"	—	$ 99,592	0.01%~	$ 96,968	—
President Transnet Corp.	Beneficiary Certificates:					100.00%		
	Quality Fund	—	Short-term investments	200	$ 2,000	—	$ 934	—
President Enterprises (Chain) Investment Corp.	Stock:							
	Kunshan President Enterprises Food Co., Ltd.	An investee company of President Enterprises (Chain) Investment Corp. accounted for by the equity method etc.	Long-term investments	—	RMB 396,643	100.00%	RMB 428,895	—
	Guangzhou President Enterprises Co., Ltd.	"	"	—	RMB 358,949	100.00%	RMB 263,246	—
	Wuhan President Enterprises Food Co., Ltd.	"	"	—	RMB 290,168	100.00%	RMB 304,794	—
	Chengdu President Enterprises Food Co., Ltd.	"	"	—	RMB 275,929	100.00%	RMB 257,936	—
	Shenyang President Enterprises Co., Ltd.	"	"	—	RMB 133,030	100.00%	RMB 136,511	—
	Zhongshan President Enterprises Co., Ltd.	"	"	—	RMB 107,090	100.00%	RMB 107,367	—
	Hefei President Enterprises Co., Ltd.	"	"	—	RMB 99,539	100.00%	RMB 100,966	—
	Xinjiang President Enterprises Food Co., Ltd.	"	"	—	RMB 94,818	100.00%	RMB 42,669	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	Harbin President Enterprises Co., Ltd.	〃	〃	—	RMB 62,939	100.00%	RMB 63,019	—
	Leshan President Feed & Oil Co., Ltd.	〃	〃	—	RMB 56,076	100.00%	RMB 57,741	—
	Zheng Zhou president Enterprises Co., Ltd.	〃	〃	—	RMB 29,798	100.00%	RMB 28,918	—
	Tianjiang President Enterprises Food Co., Ltd.	〃	〃	—	RMB 81,422	94.49%	RMB 44,224	—
	Qingdao President Feed & Livestock Co., Ltd.	〃	〃	—	RMB 79,671	80.00%	RMB 77,219	—
	Shanghai President Enterprises Livestock Food Co., Ltd.	〃	〃	—	RMB 20,384	78.25%	—	—
	Beijing President Enterprises Drinks & Food Co., Ltd.	〃	〃	—	RMB 55,512	56.52%	RMB 72,301	—
	Beijing President Enterprises Food Co., Ltd.	〃	〃	—	RMB 39,763	55.00%	RMB 55,439	—
	Nanchang President Enterprises Co., Ltd.	〃	〃	—	RMB 54,311	49.00%	RMB 52,486	—
	Kunshan Sanwa Food Industry Co., Ltd.	—	〃	—	RMB 733	15.00%	RMB 2,649	—
Uni-President Southeast Holdings Limited. Asia	Stock:							
	Uni-President Vietnam Co., Ltd.	An investee company of Uni-President Southeast Asia accounted for by the equity method	Long-term investments	—	US$25,859	100.00%	US$25,703	—
	PT ABC President Enterprises Indonesia	〃	〃	—	US$ 7,759	47.41%	US$ 7,766	—
	Uni-President(Thailand) Ltd. etc.	〃	〃	—	US$ 5,746	40.00%~ 100.00%	US$ 5,227	—
Kai Yu (BVI) Investment Co., Ltd.	Beneficiary Certificates:							
	Kingston Yield Enhancement Fund	—	Short-term investments	4	US$43,374	—	US$31,865	—
	ABN Capital Protected Unit	—	〃	284	US$28,641	—	US$29,441	(Note 15)
	Equity Certificates relating to ABN AMRL GLOBAL Retail Index	—	〃	175	US$17,955	—	US$18,141	—
	Stock:							
	Fuzhou President Enterprises Co., Ltd.	An investee company of Kai Yu (BVI) Investment Co., Ltd. accounted for by the equity method etc.	Long-term investments	—	US$ 9,374	100.00%	US$ 9,470	—
	Kunshan President Kikkoman Biotechnology Co., Ltd.	〃	〃	—	US$ 4,660	50.00%	US$ 9,347	—
	Beijing President Enterprises Drinks & Food Co., Ltd.	〃	〃	—	US$ 7,855	43.48%	US$ 6,723	—

(Continued on next page)

Investors	Type of securities	Relationship with the issuer	General ledger accounts	September 30, 2003				Note
				Number of shares (in thousands)	Book value	Percentage of ownership	Market value	
	Zhuhai Kirin President Brewery Co., Ltd.	"	"	—	US$ 7,736	10.00%	US$ 7,775	—
	Tianjiang President Industrial Co., Ltd.	—	"	—	US$ 3,520	10.00%	US$ 991	—
	Songjiang President Enterprises Co., Ltd. etc.	An investee company of Kai Yu (BVI) Investment Co., Ltd. accounted for by the equity method etc.	"	—	US$ 3,165	4.11%~100.00%	US$ 7,892	—
Union Chinese Corp.	Stock:							
	Uni - President Enterprises Corp. etc.	The Company etc.	Short-term investments	—	$ 36,249	—	$ 18,353	—
	Chi Fu Enterprises Corp. etc.	An investee company of Union Chinese Corp. accounted for by the equity method etc.	Long-term investments	—	$ 25,482	—~100.00%	$ 25,482	—
President (BVI) International Investment Holdings Ltd.	Stock:							
	Guidant Corp. etc.	—	Short-term investments	—	US$ 3,722	—	US$ 4,075	—
	Uni-Home Tech Corp.	An investee company of President (BVI) International Investment Holdings Ltd. accounted for by the equity method	Long-term investments	42,472	US$ 50,117	50.00%	US$ 44,260	—
	President Energy Development (Cayman Islands) Ltd.	"	"	15,834	US$ 14,317	39.58%	US$ 13,981	—
	Accuary Inc.	"	"	7,833	US$ 6,515	34.50%	US$ 1,567	—
	Outlook Investment Pte Ltd.	"	"	7,433	US$ 5,458	25.00%	US$ 7,581	—
	Xiang Lu Petrochemicals (Xiamen) Co., Ltd.	—	"	—	US$ 49,248	19.12%	US$ 49,248	—
	RF Integrated Corp.	—	"	4,000	US$ 4,000	10.00%	US$ 2,560	—
	Global Strategic Investment	—	"	3,000	US$ 3,000	3.75%	US$ 2,400	—
	Scino Pharm (Kunshan) Biochemical Technology Co., Ltd. etc.	An investee company of President (BVI) International Investment Holdings Ltd. accounted for by the equity method	"	—	US$ 16,073	0.60%~40.00%	US$ 7,176	—
President Life Sciences Co., Ltd.	Beneficiary Certificates:							
	NITC Bond Fund etc.	—	Short-term investments	—	$ 28,390	—	$ 29,267	—
	Stock:							
	President Life Sciences Cayman Co., Ltd.	An investee company of President Life Sciences Co., Ltd. accounted for by the equity method	Long-term investments	26,698	$ 542,765	100.00%	$ 542,765	—
	Origene Technologies Inc.	—	"	1,930	$ 198,180	12.56%	$ 5,414	—
	Athersys Inc.	—	"	635	$ 312,787	3.55%	$ 44,306	—

(Continued on next page)

				September 30, 2003				
Investors	Type of securities	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
	President Biosystem Co., Ltd. etc.	An investee company of President Life Sciences Co., Ltd. accounted for by the equity method	"	—	$ 253,409	0.51%~100.00%	$ 105,575	—
Nella Ltd.	Stock:							
	Tunnel 88 International Marketing Corp. etc.	An investee company of Nella Ltd. accounted for by the equity method etc.	Long-term investments	—	HKD 117	9.00%~100.00%	HKD 117	—
Ton Yu Investment Inc.	Stock:							
	Scino Pharm Taiwan Ltd.	—	Long-term investments	11,300	$ 104,792	2.69%	$ 40,715	—
	Toppoly Optoelectronics Corp.	The subsidiary of Tong Shou Investment Corp. is its director	Long-term investments	22,500	$ 259,875	0.75%	$ 248,153	(Note 16)
Ton Shou Investment Inc.	Beneficiary Certificates:							
	Far Eastwen Alliance Taiwan Bond Fund	—	Short-term investments	888	$ 9,000	—	$ 9,228	—
	Stock:							
	Emerging Display Technology Corp.	—	Short-term investments	661	$ 12,179	—	$ 22,435	—
	South Epitaxy Corp.	The subsidiary of President International Development Corp. is its director	Long-term investments	1,100	$ 11,336	1.02%	$ 13,893	—
	Toppoly Optoelectronics Corp.	Director	—	10,000	$ 111,300	0.33%	$ 110,290	—
Gu-Hsiang Corp.	Beneficiary Certificates:							
	The Rsit Enhanced Bond Fund etc.	—	Short-term investments	—	$ 654	—	$ 654	—
Ton Cheng Investment Inc.	Stock:							
	Toppoly Optoelectronics Corp.	The subsidiary of Tong Shou Investment Corp. is its director	Long-term investments	10,000	$ 111,300	0.33%	$ 110,290	(Note 17)
President Chain Store (BVI) Holdings Ltd.	Stock:							
	President Chain Store (Labuan) Holdings Ltd.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method	Long-term investments	20,684	US$ 15,676	100.00%	US$ 15,676	—
	T&T Supermarket Inc.	"	"	—	US$ 5,896	20.00%	US$ 1,990	—
	Presiclerc Ltd. etc.	An investee company of President Chain Store (BVI) Holdings Ltd. accounted for by the equity method etc.	"	—	US$ 9,879	3.82%~47.50%	US$ 9,446	—
Ren-Hui Investment Corp.	Beneficiary Certificates:							
	Home-Run Fund etc.	—	Short-term investments	—	$ 126,000	—	$ 126,875	—
	Stock:							
	Acer Peripherals, Inc etc.	—	"	—	$ 61,554	—	$ 40,654	—
Wisdom Distribution Services Corp.	Beneficiary Certificates:							
	Union Bond Fund etc.	—	"	—	$ 170,000	—	$ 170,220	—
	Stock:							
	President Logistics International Corp.	An investee company of Retail Support	Long-term investments	2,000	$ 24,476	20.00%	$ 24,506	—

(Continued on next page)

UNI-PRESIDENT ENTERPRISES CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

				September 30, 2003				
Investors	Type of securities	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
President Drugstore Business Corp.	Beneficiary Certificates: Home-Run Fund	International Corp. accounted for by the equity method	Short-term investments	2,244	$ 30,001	—	$ 30,073	—
President Direct Marketing Corp.	Beneficiary Certificates: The Rsit Enhanced Bond Fund etc.	—	"	—	$ 101,565	—	$ 97,681	—
	Stock: Acer Peripherals, Inc etc.	—	"	—	$ 6,471	—	$ 2,954	—
Capital Inventory Services Corp.	Beneficiary Certificates: Phoenix Bond Fund etc.	—	"	—	$ 39,014	—	$ 39,824	—
President Technology Corp.	Beneficiary Certificates: James Bond Fund etc.	—	"	—	$ 40,000	—	$ 40,816	—
President Engineering Technology Corp.	Beneficiary Certificates: James Bond Fund etc.	—	"	—	$ 99,413	—	$ 102,139	—
Duskin Serve Taiwan Co., Ltd.	Beneficiary Certificates: Home-Run Fund	—	"	1,496	$ 20,000	—	$ 20,042	—
Cayman Ton Yi Industrial Holdings Ltd.	Stock: Wuxi Ton Yi Industrial Packaging Corp.	An investee company of Cayman TonYi Industrial Holdings Ltd. accounted for by the equity method	Long-term investments	—	US$ 4,742	100.00%	US$ 4,742	—
	Chengdu Ton Yi Industrial Packaging Corp.	"	"	—	US$ 2,194	100.00%	US$ 2,194	—
	Hong Kong Ton Yi Industrial Holdings Ltd.	"	"	—	US$ 252	100.00%	US$ 252	—
	Cayman Fujian Ton Yi Industrial Holdings Ltd.	"	"	—	US$ 29,993	88.58%	US$ 29,993	—
	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	"	"	—	US$ 17,417	87.93%	US$ 17,417	—
President Logistics International Corp.	Beneficiary Certificates: James Bond Fund etc.	—	Short-term investments	—	$ 110,873	—	$ 111,060	—
Kunshan President Enterprises Food Co., Ltd.	Stock: Guangzhou Wang Sheng Industrial Co., Ltd.	An investee company of Kunshan President Enterprises Food Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB 10,039	50.00%	RMB 10,096	—
Wuhan President Enterprises Food Co., Ltd.	Stock: Nanchang President Enterprises Co., Ltd.	"	"	—	RMB 52,738	51.00%	RMB 54,629	—
	Guangzhou Wang Sheng Industrial Co., Ltd.	"	"	—	RMB 10,039	50.00%	RMB 10,096	—
Leshan President Feed & Oil Co., Ltd.	Stock: President Fuche (Qingdo) Co., Ltd.	"	"	—	RMB 2,082	50.00%	RMB 2,079	—

(Continued on next page)

				September 30, 2003				
Investors	Type of securities	Relationship with the issuer	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
Qingdao President Feed & Livestock Co., Ltd.	Stock: San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	An investee company of Qingdao President Feed & Livestock Co., Ltd. accounted for by the equity method	Long-term investments	—	RMB 29,194	30.00%	RMB 29,191	—
President Life Sciences Cayman Co., Ltd.	Stock: Arena Pharmaceuticals, Inc. etc.	—	Short-term investments	—	US$ 3,463	—	US$3,217	—
	Z-Kat, Inc.	—	Long-term investments	3,855	US$ 3,642	16.80%	US$3,645	—
	Orchid Biosciences, Inc.	—	"	1,000	US$ 5,470	3.02%	US$ 493	—
	Plantaceutica, Inc. etc.	An investee company of President Life Sciences Cayman Co., Ltd. accounted for by the equity method	"	—	US$ 5,368	14.90% ~70.88%	US$1,843	—
President Biosystem Co., Ltd.	Beneficiary Certificates: Entrust Kirin Bond Fund	—	Short-term investments	417	$ 13,260	—	$ 4,382	—
President Chain Store (Labuan) Holdings Ltd.	Stock: Philippine Seven Corp.	An investee company of President Chain Store (Labuan) Holdings Ltd. accounted for by the equity method	Long-term investments	134,258	US$ 15,657	56.59%	PESO 15,657	—
Philippine Seven Corp.	Stock: Convenience Distribution Inc. etc.	"	"	—	PESO 85,663	40.00% ~100.00%	PESO 91,728	—
Mech-President (BVI) Corp.	Stock: Shanghai President Machine Co., Ltd.	An investee company of Mech-President (BVI) Corp. accounted for by the equity method	Long-term investments	—	US$ 2,418	100.00%	US$ 2,418	—
Cayman Fujian Ton Yi Industrial Holdings Ltd.	Stock: Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Industrial Holdings Ltd. accounted for by the equity method	"	—	US$ 33,771	83.58%	US$ 33,771	—
Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Stock: Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Industrial Holdings Ltd. accounted for by the equity method	"	—	US$ 19,831	82.86%	US$ 19,831	—

(Note 1) 18,000 thousands shares of the outstanding common stock with market value of $137,392 were used as collateral for issuance of commercial paper of Kai Yu Investment Co., Investment Co., Ltd.

(Note 2) 120 thousands shares of the outstanding common stock with market value of $1,629 were used as collateral for loan of Kai Nan Investment Co., Ltd.

(Note 3) 16,000 thousands shares of the outstanding common stock with market value of $149,459 were used as collateral for issuance of commercial paper of President International Development Corp.

(Note 4) 1,250 thousands shares of the outstanding common stock with market value of $31,941 were used as collateral for issuance of commercial paper of President International Development Corp.

(Note 5) 149,994 thousands shares of the outstanding common stock with market value of $1,176,829 were used as collateral for loan of President International Development Corp.

(Note 6) 30,000 thousands shares of the outstanding common stock with market value of $322,604 were used as collateral for issuance of commercial paper of President International Development Corp.

(Note 7) 39,100 thousands shares of the outstanding common stock with market value of $473,073 were used as collateral for issuance of commercial paper of President International Development Corp.

(Note 8) 55,400 thousands shares of the outstanding common stock with market value of $444,421 were used as collateral for loan and issuance of commercial papers of President International Development Corp.

(Note 9) 30,600 thousands shares of the outstanding common stock with market value of $364,130 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 10) 211,500 thousands shares of the outstanding common stock with market value of $2,339,179 were used as collateral for loan and issuance of commercial papers of President International Development Corp.

(Note 11) 19,875 thousands shares of the outstanding common stock with market value of $207,224 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 12) 251,000 thousands shares of the outstanding common stock with market value of $2,510,000 were used as collateral for loan of President International Development Corp.

(Note 13) 27,000 thousands shares of the outstanding common stock with market value of $250,000 were used as collateral for issuance of commercial papers of President International Development Corp.

(Note 14) 1 thousands shares of the outstanding common stock with market value of (CAN 2,093) were used as collateral for loan of President Asian Enterprises Inc.

(Note 15) 284 thousands shares of the outstanding common stock with market value of US$28,641 were used as collateral for loan of Kai Yu (BVI) Investment Co., Ltd

(Note 16) 20,000 thousands shares of the outstanding common stock with market value of $231,000 were used as collateral for loan of President International Development Corp.

(Note 17) 10,000 thousands shares of the outstanding common stock with market value of $111,300 were used as collateral for loan of President International Development Corp.

(4) Accumulative additions and disposals of individual marketable securities exceeding $100,000 or 20 % of the contributed capital (Units in thousands of currencies indicated):

Investors	Name of the securities	Accounts	Name of counter -party	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Uni-President Enterprises Corp.	Beneficiary Certificates:															
	James Bond Fund	Short-term investments	—	—	—	$ —	51,501	$ 750,000	(51,501)	$750,361	($750,000)	$361	—	$ —	—	$ —
	Ta Chong Gallop Bond Fund	"	—	—	—	$ —	48,757	$ 500,000	(48,757)	$500,285	($500,000)	$285	—	$ —	—	$ —
	Home-Run Fund	"	—	—	—	$ —	37,809	$ 500,000	(37,809)	$500,053	($500,000)	$ 53	—	$ —	—	$ —
	Ta-chong Bond Fund	"	—	—	—	$ —	24,449	$ 300,000	(24,449)	$300,034	($300,000)	$ 34	—	$ —	—	$ —
	Stock:															
	Chinatrust Financial Holding Co., Ltd.	Cash and cash equivalents	(Note 1)	(Note 1)	—	$ —	—	$ —	—	$ —	$ —	$ —	50,661	$ 506,613	50,661	$ 506,613
	President Chain Store Corp.	Long-term investments	—	—	344,236	$ 5,487,271	5,078	$ 220,536	—	$ —	$ —	$ —	39,094	$ 270,032	388,408	$5,977,839
	Toppoly Optoelectronics Corp.	"	Capital increase	—	209,249	$ 2,327,645	36,618	$ 439,422	—	$ —	$ —	$ —	—	$ —	245,867	$2,767,067
	President Entertainment Corp.	"	"	—	63,966	$ 805,630	12,792	$ 127,933	—	$ —	$ —	$ —	—	($ 4,920)	76,760	$ 928,643
	Cayman President Holdings Ltd.	"	"	—	118,060	$ 569,309	32,000	$1,102,263	—	$ —	$ —	$ —	—	$ 325,990	150,060	$1,997,562
	Scino Pharm Taiwan Ltd.	"	"	—	65,074	$ 537,710	7,913	$ 79,130	—	$ —	$ —	$ —	—	($139,745)	72,987	$ 477,095
	Tung Ho Development Co., Ltd.	"	"	—	36,528	$ 132,961	53,189	$ 252,044	—	$ —	$ —	$ —	—	($194,809)	89,717	$ 190,196
	President Packaging Co., Ltd.	"	—	—	5,623	$ 77,444	7,036	$ 162,268	—	$ —	$ —	$ —	—	$ 3,218	12,659	$ 242,930
Cayman President Holdings Ltd.	Beneficiary Certificates:															
	ABN Capital Protected Unit	Short-term investments	—	—	183	US$ 18,734	—	$ —	(183)	US$16,676	US$(18,734)	US$(2,058)	—	$ —	—	$ —
	Convertible Bonds:															
	China Development	"	—	—	—	$ —	—	US$ 3,000	—	$ —	$ —	$ —	—	$ —	—	US$ 3,000
	Convertible Bonds Stock:															
	Uni-President Southeast Asia Holdings Limited.	Long-term Investments	New establishment	—	—	$ —	—	US$38,902	—	$ —	$ —	$ —	—	US$ (531)	—	US$38,371

(Continued on next page)

Investors	Name of the securities	Accounts	Name of counter-party	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
	Cargill President Holdings Pte Ltd.	〃	Capital increase	—	10,000	US$ 9,356	5,280	US$ 5,280	—	$ —	$ —	$ —	—	US$ (1,015)	15,280	US$ 13,621
	Uni-President Vietnam Co., Ltd.	〃	(Note 2)	(Note 2)	—	US$ 25,145	—	$ —	—	US$ 25,898	US$ (26,055)	US$ (157)	—	US$ 910	—	$ —
	PT ABC-President Enterprises Indonesia	〃	(Note 2)	(Note 2)	6,524	US$ 7,588	—	$ —	(6,524)	US$ 7,622	US$ (7,678)	US$ (56)	—	US$ 90	—	$ —
Kai Yu Investment Co., Ltd.	Stock: Chinatrust Financial Holding Co., Ltd.	Cash and Cash Equivalent	(Note 1)	(Note 1)	—	$ —	—	$ —	—	$ —	$ —	$ —	12,301	$ 123,008	12,301	$ 123,008
	Beneficiary Certificates: Asia—Pacific Bond Fund	Short-term investments	—	—	—	$ —	21,947	$ 263,300	(17,620)	$ 213,100	$ (211,391)	$ 1,709	—	$ —	4,327	$ 51,909
	Central Diamond Bond Fund	〃	—	—	—	$ —	12,576	$ 136,300	(10,843)	$ 118,118	$ (117,300)	$ 818	—	$ —	1,733	$ 19,000
	Scino Pharm Taiwan Ltd.	Long-term investments	—	—	—	$ —	11,300	$ 113,002	—	$ —	$ —	$ —	—	$ (3,530)	11,300	$ 109,472
Nanlien International Corp.	Stock: Toppoly Optoelectronics Corp.	Long-term investments	Capital increase	—	—	$—	16,667	$200,004	—	$—	$ —	$ —	—	$ —	16,667	$200,004
	Beneficiary Certificates:															
President International Development Corp.	Home-Run Fund	Short-term investments	—	—	12,082	$159,502	102,929	$1,367,200	(115,011)	$1,527,447	($1,526,702)	$745	—	$ —	—	$ —
	James Bond Fund	〃	—	—	—	$—	8,590	$126,400	(7,619)	$112,117	($112,090)	$27	—	$ —	971	$14,310
	Stock: Formosa Chemicals & Fibre Corp.	〃	—	—	1,050	$38,443	3,200	$124,817	(4,200)	$153,608	($160,882)	($7,274)	—	$ —	50	$2,378
	Taiwan Semiconductor Manufacturing Co., Ltd.	〃	—	—	500	$24,528	2,050	$107,524	(2,450)	$126,806	($125,092)	$1,714	—	$ —	100	$6,960
	Tainwan Styrene Monomer Corp.	〃	—	—	—	$—	4,967	$151,330	(4,967)	$145,922	($146,786)	($864)	153	$ —	153	$4,544
	Pou Chen Corp.	〃	—	—	—	$—	4,401	$150,957	(4,101)	$144,913	($135,138)	$9,775	135	$ —	435	$15,819
	Polaris International Securities Investment Trust Co.,Ltd.	〃	—	—	—	$—	8,844	$146,592	(5,794)	$93,674	($90,830)	$2,844	260	$ —	3,310	$55,762
President Packaging Corp.	James Bond Fund	Short-term investments	—	—	2,544	$37,000	5,181	$76,000	(7,725)	$113,051	($113,000)	$51	—	$ —	—	$ —
	Home-Run Fund Stock:	〃	—	—	—	$—	7,892	$105,000	(7,892)	$105,035	($105,000)	$35	—	$ —	—	$ —

(Continued on next page)

Investors	Name of the securities	Accounts	Name of counter -party	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
President Asian Enterprises Inc.	President Canada Income Properties Real Estate Investment Trust Beneficiary Certificates:	Short-term investments	New establishment	—	—	$—	1	CAN 8,800	—	$—	—	—		CAN(1,265)	1	CAN 7,535
President Pharmaceutical Corp.	Home-Run Fund	Short-term investments	—	—	—	$—	8,191	$109,020	(8,191)	$109,063	($109,020)	$43	—	$ —	—	$ —
President Chain Store Corp.	Beneficiary Certificates:															
	Home-Run Fund	Short-term investments	—	—	—	$ —	652,270	$8,662,000	(652,270)	$8,668,477	$(8,662,000)	$6,477	—	$ —	—	$ —
	James Bond Fund	"	—	—	—	$ —	281,149	$4,142,000	(281,149)	$4,126,437	$(4,124,000)	$2,437	—	$ —	—	$ —
	Shinkong Chi-Shin Fund	"	—	—	—	$ —	160,580	$2,194,000	(114,944)	$1,570,304	$(1,569,000)	$1,304	45,636	$625,000	—	$ —
	JF (Taiwan) Bond Fund	"	—	—	—	$ —	125,759	$1,825,000	(116,167)	$1,685,621	$(1,685,000)	$ 621	9,592	$140,000	—	$ —
	NITC Bond Fund	"	—	—	—	$ —	8,892	$1,392,000	(5,165)	$ 807,550	$ (807,000)	$ 550	—	$ —	3,727	$585,000
	Jih Sun Bonds Fund	"	—	—	—	$ —	71,712	$ 930,000	(71,712)	$ 931,147	$ (930,000)	$1,147	—	$ —	—	$ —
	TIIM Bond Fund	"	—	—	—	$ —	42,945	$ 575,000	(42,945)	$ 575,544	$ (575,000)	$ 544	—	$ —	—	$ —
	Polaris De-li Fund	"	—	—	—	$ —	34,820	$ 500,000	(34,820)	$ 500,320	$ (500,000)	$ 320	—	$ —	—	$ —
	Union Bond Fund	"	—	—	—	$ —	38,124	$ 440,000	(38,124)	$ 440,524	$ (440,000)	$ 524	—	$ —	—	$ —
	JF (Taiwan) First Bond Fund	"	—	—	—	$ —	31,231	$ 420,000	(31,231)	$ 420,161	$ (420,000)	$ 161	—	$ —	—	$ —
	Asia-Pacific Bond Fund	"	—	—	—	$ —	26,206	$ 314,900	(26,206)	$ 315,064	$ (314,900)	$ 164	—	$ —	—	$ —
	Trustwell Bond Fund	Short-term investments	—	—	—	$ —	25,618	$ 309,000	(25,618)	$ 309,199	$ (309,000)	$ 199	—	$ —	—	$ —
	The Forever Fund	"	—	—	—	$ —	18,149	$ 250,000	(18,149)	$ 250,389	$ (250,000)	$ 389	—	$ —	—	$ —
	Cathay Bond Fund	"	—	—	—	$ —	18,213	$ 200,000	(18,213)	$ 200,106	$ (200,000)	$ 106	—	$ —	—	$ —
	The First Global Investment Trust Wan Tai Bond Fund	"	—	—	—	$ —	14,997	$ 200,000	(14,997)	$ 200,096	$ (200,000)	$ 96	—	$ —	—	$ —
	Polaris De-Bao Fund	"	—	—	—	$ —	14,157	$ 150,000	—	$ —	$ —	$ —	—	$ —	14,157	$150,000
President Fair Development Corp.	Stocks: Kai Nan wood industry Co., Ltd.	Long-term investments	—	—	—	$ —	20,000	$ 685,649	—	$ —	$ —	$ —	—	$ (8,803)	20,000	$676,846
President Information Corp.	Beneficiary Certificates: James Bond Fund	Short-term investments	—	—	1,530	$21,917	17,109	$ 250,000	(17,676)	$ 259,000	$ (257,825)	$1,175	—	$ —	963	$ 14,092
Uni-President Cold-Chain Corp.	Beneficiary Certificates:															

(Continued on next page)

Investors	Name of the securities	Accounts	Name of counter-party	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
	James Bond Fund	Short-term investments	—	—	11,056	$ 160,646	153,366	$ 2,246,000	(157,979)	$2,314,005	$(2,311,646)	$2,359	—	$ —	6,443	$ 95,000
	Prudential Bond Fund	"	—	—	—	$ —	38,391	$ 567,000	(38,391)	$ 567,332	$ (567,000)	$ 332	—	$ —	—	$ —
	Ta-chong Bond Fund	"	—	—	—	$ —	31,900	$ 395,000	(25,465)	$ 315,167	$ (315,000)	$ 167	—	$ —	6,435	$ 80,000
	Jih Sun Bonds Fund	"	—	—	—	$ —	28,053	$ 365,000	(24,215)	$ 315,101	$ (315,000)	$ 101	—	$ —	3,838	$ 50,000
	Well Pool Bond Fund	"	—	—	—	$ —	20,814	$ 248,000	(20,814)	$ 248,063	$ (248,000)	$ 63	—	$ —	—	$ —
	United Wei Li Fund	"	—	—	—	$ —	20,156	$ 203,000	(20,156)	$ 203,068	$ (203,000)	$ 68	—	$ —	—	$ —
	Yuanda Duo Li II Fund	"	—	—	—	$ —	9,393	$ 130,000	(9,393)	$ 130,078	$ (130,000)	$ 78	—	$ —	—	$ —
	Home-Run Fund	"	—	—	—	$ —	8,377	$ 112,000	(7,481)	$ 100,078	$ (100,000)	$ 78	—	$ —	896	$ 12,000
Retail Support International Corp.	Beneficiary Certificates:															
	Home-Run Fund	"	—	—	22,069	$ 291,258	251,373	$ 3,336,500	(273,442)	$3,629,417	$(3,627,758)	$1,659	—	$ —	—	$ —
	James Bond Fund	"	—	—	11,610	$ 168,731	342,530	$ 5,012,408	(341,744)	$5,000,536	$(4,998,238)	$2,298	—	$ —	12,396	$ 182,901
	Ta-chong Bond Fund	"	—	—	—	$ —	244,324	$ 3,030,300	(244,224)	$3,030,289	$(3,029,057)	$1,232	—	$ —	100	$ 1,243
	NITC Bond Fund	"	—	—	—	$ —	15,990	$ 2,496,930	(15,944)	$2,491,013	$(2,489,780)	$1,233	—	$ —	46	$ 7,150
President Enterprises (China) Investment Co., Ltd.	Stocks: Beijing President Enterprises Drinks & Food Co., Ltd.	Long-term investments	Capital increase	—	—	RMB 26,149	—	RMB 33,110	—	$ —	$ —	$ —	—	(RMB3, 747)	—	RMB 55,512
	Kunshan President Enterprises Food Co., Ltd.	"	"	—	—	RMB 362,972	—	RMB 33,110	—	$ —	$ —	$ —	—	RMB 561	—	RMB 396,643
	Zhengzhou President Enterprises Food Co., Ltd.	"	—	—	—	$ —	—	RMB 29,798	—	$ —	$ —	$ —	—	$ —	—	RMB 29,798
	Stock:															
Uni-President Southeast Asia Holdings Limited.	Uni—President Vietnam Co., Ltd.	"	(Note3)	(Note3)	—	$ —	—	US$ 25,898	—	$ —	$ —	$ —	—	US$ (39)	—	US$ 25,859
	PT ABC President Enterprises Indonesia	"	(Note3)	(Note3)	—	$ —	—	US$ 7,622	—	$ —	$ —	$ —	—	US$ 137	—	US$ 7,759
	Beneficiary Certificates:															

(Continued on next page)

Investors	Name of the securities	Accounts	Name of counter -party	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Kai Yu (BVI) Investment Co., Ltd.	Kingston Yield Enhancement Fund	Short-term investments	—	—	6	US$ 55,064	—	$ —	(2)	US$ 8,690	US$ (11,690)	US$ (3,000)	—	$ —	4	US$ 43,374
	Stocks: President Coffee (Cayman) Holdings Ltd.	"	(Note 4)	—	2,700	US$ 1,806	—	$ —	(1,500)	US$ 11,835	US$ (993)	US$ 10,842	—	US$ 201	1,200	US$ 1,014
Ton Yu Investment Inc.	Stock: Scino Pharm Taiwan Ltd.	Long-term investments	Capital increase (Note 3)	—	—	$ —	11,300	$ 113,002	—	$ —	$ —	$ —	—	$ (8,210)	11,300	$ 104,792
President Chain Store (BVI) Holdings Ltd.	Stock: President Coffee (Cayman) Holdings Ltd.	#	Capital increase (Note 4)	—	3,000	US$ 1,828	—	US$ —	(1,200)	US$ 9,468	(US$ 782)	US$ 8,686	—	US$ 1,454	1,800	US$ 2,500
Wisdom Distribution Services Corp.	Beneficiary Certificates: Jih Sun Bonds Fund	Short-term investments	—	—	—	$ —	70,728	$ 782,000	(55,341)	$ 717,834	$ (717,000)	$ 834	—	$ —	15,387	$ 65,000
	Union Bond Fund		—	—	3,763	$ 43,000	64,932	$ 748,000	(65,253)	$ 751,696	$ (751,000)	$ 696	—	$ —	3,442	$ 40,000
	Home-Run Fund	#	—	—	—	$ —	15,804	$ 210,000	(15,804)	$ 210,235	$ (210,000)	$ 235	—	$ —	—	$ —
	James Bond Fund	#	—	—	3,373	$ 49,000	24,306	$ 355,000	(27,679)	$ 404,548	$ (404,000)	$ 548	—	$ —	—	$ —
	ABN AMRO Bond Fund	#	—	—	2,466	$ 35,000	31,941	$ 459,000	(29,893)	$ 429,615	$ (429,000)	$ 615	—	$ —	4,514	$ 65,000
	Barits Bond Fund	#	—	—	—	$ —	22,461	$ 260,000	(22,461)	$ 260,416	$ (260,000)	$ 416	—	$ —	—	$ —
President Musashino Corp.	Beneficiary Certificates: Home-Run Fund	#	—	—	22,722	$ 300,000	102,305	$1,359,653	(125,027)	$ 1,662,154	$ (1,659,653)	$ 2,501	—	$ —	—	$ —
	James Bond Fund	#	—	—	—	$ —	127,744	$1,699,653	(127,744)	$ 1,702,180	$ (1,699,653)	$ 2,527	—	$ —	—	$ —
President Drugstore Business Corp.	Beneficiary Certificates: Home-Run Fund	#	—	—	—	$ —	12,015	$ 160,001	(9,771)	$ 130,149	$ (130,000)	$ 149	—	$ —	2,244	$ 30,001
President Logistics International Corp.	Beneficiary Certificates: Well Pool Bond Fund	#	—	—	—	$ —	19,702	$ 235,320	(17,023)	$ 203,452	$ (203,220)	$ 232	—	$ —	2,679	$ 32,100
	Prudential Bond Fund	#	—	—	—	$ —	10,170	$ 149,863	(8,024)	$ 118,410	$ (118,040)	$ 370	—	$ —	2,146	$ 31,823

(Note 1) The counterparty is Chinatrust Financial Holding Co., Ltd., which was (1) an investee company accounted for by the cost method by the Company and the Company's subsidiaries, or (2) accounted for as short-term investments, resulting from the conversion of Grand Commercial Bank's shares into the preferred stock of Chinatrust Financial Holding Co., Ltd.

(Note 2) The counterparty is Uni-President Southeast Asia Holdings Co., Ltd., which is Cayman President Holdings Ltd. 's investee company accounted for under the equity method.

(Note 3) The counterparty is Cayman President Holdings Co., Ltd., which is an investee company accounted for under the equity method.

(Note 4) The counterparty is Starbucks Coffee International Inc.

(5) Acquisition of real estate with an amount exceeding the lower of $100,000 and 20 percent of the enrolled capital: None

(6) Disposal of real estate with an amount exceeding the lower of $100,000 and 20 percent of the enrolled capital: None

7. Purchases or sales transactions with related parties in excess of $100,000 or 20% of the contributed capital (Units in thousands of currencies indicated):

			Description of the transaction				Description of and reasons for the difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / (payable)		
Purchases / sales company	Name of the counterparties	Relationship with the Company	Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit Price	Credit period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Uni-President Enterprises Corp.	President Kikkoman Inc.	An investee company accounted for by the equity method	purchases	$ 580,300	3%	One month	—	—	$ (65,857)	(4)	—
	TTET Union Corp.	"	"	$ 381,170	2%	Close its account 30-45 days within the end of each month	—	(Note1)	$ (66,501)	(4)	—
			sales	$ 521,025	2%	About one month after sales	—	(Note2)	$ 74,784	1	—
	President Nisshin Corp.	"	"	$ 315,338	2%	15 days after sales	—	(Note1)	$ (20,292)	(1)	—
	President Packaging Corp.	"	purchases	$ 208,697	1%	One month	—	—	$ (22,149)	(1)	—
	Ton-Yi Industrial Corp.	An investee company accounted for by the equity method	purchases	$ 103,725	1%	50 days		(Note1)	$ (16,731)	(1)	
	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	sales	$4,118,963	15%	Close its account 40 days within 10 days	—	(Note2)	$549,514	10	—
	Uni-President Cold-Chain Corp.	An investee company accounted for by the equity method	sales	$3,530,503	13%	Close its account 40 days within the end of each month	—	(Note2)	$585,631	11	—
	Retail Support International Corp.	An investee company accounted for by the equity method	sales	$1,354,063	5%	Close its account) 30 days within the end of each month (For the six months ended June 30, 2003 was 2 months after sale	—	(Note2)	$294,195	6	—

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Purchases/ sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for the difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit Price	Credit period	Amount	Percentage of notes or accounts receivable/(payable)	Note
	President Chain Store Corp.	"	"	$1,075,383	4%	Close its account 30 days within the end of each month	—	(Note2)	$122,845	2	—
	Uni-President Oven Bakery Corp.	"	"	$1,005,618	4%	About one month after sales	—	(Note2)	$184,522	4	
	Tun Hsiang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	"	$ 849,318	3%	About 2 months after sales	—	(Note2)	$225,457	5	—
	Tung Shun Enterprises Corp.	"	"	$ 451,263	2%	"	—	(Note2)	$152,529	3	—
	Kuan Chang Enterprises Corp.	"	"	$ 334,791	1%	About one month after sales	—	(Note2)	$ 42,551	1	—
	Tung Sheng Enterprises Corp.	"	"	$ 334,519	1%	About 2 months after sales	—	(Note2)	$131,979	3	—
	Tone Chu Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	sales	$ 324,759	1%	"	—	(Note2)	$113,074	2	—
	Far-Tung Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	sales	$ 292,323	1%	About 2 months after sales	—	(Note2)	$ 76,760	1	—
	Tung-Yu Enterprises Corp.	"	"	$ 254,007	1%	About 2 weeks after sales	—	(Note 2)	$ 19,246	—	—
	Ding-Tung Enterprises Corp.	"	"	$ 250,110	1%	About one month after sales	—	(Note 2)	$ 11,576	—	—
	Tung Yi Enterprises Corp.	"	"	$ 203,576	1%	About 2 months after sales	—	(Note 2)	$ 69,930	1	—
	Hsin Tung Enterprises Corp.	"	"	$ 186,848	1%	About 2 weeks after sales	—	(Note 2)	$ 9,564	—	—
	Tung Che Enterprises Corp.	"	"	$ 167,835	1%	"	—	(Note 2)	$ 57,563	1	—

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Purchases/ sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for the difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit Price	Credit period	Amount	Percentage of notes or accounts receivable/(payable)	Note
	Uni-President Vender Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	"	$ 120,433	—	Close its account 20 days within the end of each month	—	(Note 2)	$ 36,026	1	
	Xin Ya Enterprises Corp.	"	"	$ 115,561	—	About 12 days after sales	—	(Note 2)	$ 47,112	1	—
Nanlien International Corp.	Lien Bo Enterprises Corp.	An investee company accounted for by the equity method	"	$ 570,280	33%	10 ~ 60 days	—	—	$ 126,153	41	—
	Tun Hsiang Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	sales	$ 126,076	7%	10 ~ 60 days	—	—	$ 19,527	6	—
	U-Chains Enterprises Corp.	"	"	$ 126,002	7%	"	—	—	$ 9,104	3	—
President Chain Store Corp.	Retail Support International Corp.	An investee company accounted for by the equity method	purchases	$26,185,238	63%	Close its account 10 ~ 40 days within the end of each month	(Note 3)	—	$(3,385,571)	(51)	—
	Uni-President Cold-Chain Corp.	"	"	$ 6,819,264	16%	Close its account 15 ~ 30 days within the end of each month	(Note3)	—	$(1,192,840)	(18)	—
	Wisdom Distribution Services Corp.	A Subsidiary of President Chain Store Corp. accounted for by the equity method	"	$ 2,778,781	7%	Close its account 15 ~ 35 days within the end of each month	(Note3)	—	$ (562,975)	(9)	—
	Uni-President Enterprises Corp.	The Company	"	$ 1,075,383	3%	Close its account 30 days within the end of each month	—	—	$ (122,845)	(2)	—

(Continued on next page)

Purchases/ sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for the difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit Price	Credit period	Amount	Percentage of notes or accounts receivable/(payable)	Note
	President Musashino Corp.	A Subsidiary of President Chain Store Corp. accounted for by the equity method	"	$ 405,672	1%	Close its account 25 days within the end of each month	—	—	$ —	—	—
	President Transnet Corp.	An investee company purchases accounted for by the equity method		$ 387,988	1%	Close its account 15 days within the end of each month	—	—	$ (58,075)	(1)	—
Ton-Yi Industrial Corp.	Toyota Tsusho Corp.	Ton-Yi Industrial Corp. is its director	"	$1,532,293	16%	The same as regular customers	—	—	$ (52,593)	(14)	— —
	Cayman Ton Yi Industrial Holdings Ltd	A Subsidiary of Ton Yi Instratrial Corp. accounted for by the equity method		$3,315,079	26%	The same as regular customers	—	—	$1,030,302	63	—
	TTET Union Corp.	An investee company accounted for by the equity method	"	$ 193,202	2%	The same as regular customers	—	—	$ 26,951	2	—
	Uni-President Enterprises Corp.	The Company	sales	$ 103,725	1%	The same as regular customers	—	—	$ 16,731	1	—
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	The Company	purchases	$3,530,503	58%	40 days	—	15~50 days	$ (585,631)	(42)	—

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Purchases/ sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for the difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit Price	Credit period	Amount	Percentage of notes or accounts receivable/(payable)	Note
	President Chain Store Corp.	An investee company accounted for by the equity method	sales	$ 6,819,264	100%	Close its account 15~30 days within the end of each month	(Note 5)	—	$ 1,217,977	99	—
Retail Support International Corp.	Tung Ang Enterprises Corp.	An investee company of Kai Yu Investment Co., Ltd. accounted for by the equity method	purchases	$ 1,557,376	6%	15~45 days	—	—	$ (167,990)	(4)	—
	Uni-President Enterprises Corp.	The Company	"	$ 1,354,063	5%	Close its account 30 days within the end of each month (For the six months ended June 30, 2003 was 2 months after sale)	—	—	$ (294,195)	(7)	—
	Lien Bo Enterprises Corp.	An investee company of Nanlien International Corp. accounted for by the equity method	purchases	$ 422,137	2%	15~45 days	—	—	$ (44,416)	(1)	—
	President Chain Store Corp.	An investee company accounted for by the equity method	sales	$ 26,185,238	100%	—	(Note 5)	—	$ 3,385,571	99	—
Cayman Ton Yi Industrial Holdings Ltd.	Ton-Yi Industrial Corp.	A subsidiary of Cayman Ton Yi Industrial Corp. accounted for by the equity method	purchases	US$ 96,109	100%	—	—	—	US$ 30,573	(100)	—
	Fujian Ton Yi Tinplate Co., Ltd.	A subsidiary of Cayman Ton Yi Industrial Corp. accounted for by the equity method	sales	US$ 49,042	53%	—	—	—	US$ 13,090	53	—
	Jiangsu Ton Yi Tinplate Co., Ltd.	"	"	US$ 42,640	46%	—	—	—	US$ 11,317	46	—
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi Industrial Holdings Ltd.	An investor of Fujiam Ton Yi Tinplate Co., Ltd.	purchases	US$ 49,042	98%	—	—	—	US$ 13,090	(100)	—

(Continued on next page)

Purchases/ sales company	Name of the counterparties	Relationship with the Company	Description of the transaction				Description of and reasons for the difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit Price	Credit period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi Industrial Holdings Ltd.	An investor of Jiangsu Ton Yi Tinplate Co., Ltd.	"	US$ 42,640	97%	—	—	—	US$ 11,317	(81)	—

(Note 1) The standard period of payment to regular customers is within one month, depending on the client's payment policy.

(Note 2) The standard period of collection to regular customers is within two weeks after sales, animal feed within 60~75 days after sales and foodstuffs within 10~15 days after sales, depending on the client's credit worthiness.

(Note 3) The purchase cost from Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Services Corp. includes markup computed by negotiated rate according to types of goods.

(Note 4) The collection period of Ton Yi Industrial Corp. is longer because the collection depends on the remittance of the payment by the mainland China subsidiaries of Cayman Ton Yi Industrial Holdings Ltd.

(Note 5) The sales of Retail Support International Corp. and Uni-President Cold-Chain Corp. includes markup computed by negotiated rate according to types of goods.

8. Receivables from related parties exceeding NT$100,000 or 20% of the contributed capital (Units in thousands of currencies indicated):

The name of the Company	Name of the counterparty	Relationship	Ending balance		Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amount		Amount	Action adopted for overdue accounts		
Uni-President Enterprises Corp.	Uni-President Cold-Chain Corp.	An investee company accounted for by the equity method	Account receivables	$585,631	9.38	$—	—	$ 55,308	$—
			Other receivables	$ 308	—	$—	—	$ —	$—
	Tung Ang Enterprises Corp.	A subsidiary of Kai Yu Investment Co., Ltd. accounted for by the equity method	Account receivables	$549,514	11.61	$—	—	$123,998	$—
			Other receivables	$ 21,807	—	$—	—	$ —	$—
	Retail Support International Corp.	An investee company accounted for by the equity method	Account receivables	$294,195	8.67	$—	—	$105,931	$—
			Other receivables	$ 922	—	$—	—	$ —	$—
	Tun Hsiang Enterprises Corp.	A subsidiary of Nanlien International Investment Co., Ltd. accounted for by the equity method	Account receivables	$225,457	4.90	$—	—	$ 92,337	$—
			Other receivables	$ 7,036	—	$—	—	$ —	$—
	Uni-President Oven Bakery Corp.	An investee company accounted for by the equity method	Account receivables	$184,522	9.70	$—	—	$ —	$—
	Tung Shun Enterprises Corp.	"	Account receivables	$152,529	4.59	$—	—	$ 28,097	$—
			Other receivables	$ 391	—	$—	—	$ 391	$—
	Tung Sheng Enterprises Corp.	"	Account receivables	$131,979	4.03	$—	—	$ 35,608	$—
			Other receivables	$ 387	—	$—	—	$ 374	$—
	President Chain Store Corp.	An investee company accounted for the equity method	Account receivables	$122,845	6.56	$—	—	$ 42,867	$—
			Other receivables	$ 231	—	$—	—	$ 64	$—

(Continued on next page)

The name of the Company	Name of the counterparty	Relationship	Ending balance		Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amount		Amount	Action adopted for overdue accounts		
	Tone Chu Enterprises Corp.	A subsidiary of Nanlien International Investment Co., Ltd. accounted for by the equity method	Account receivables	$ 113,074	4.81	$—	—	$ 45,671	$—
			Other receivables	$ 1,977	—	$—	—	$ —	$—
Nanlien International Corp.	Lien Bo Enterprises Corp.	A subsidiary of Nanlien International Corp. accounted for by the equity method	Account receivables	$ 126,153	4.08	$—	—	$ 45,567	$—
Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	"	Account receivables	$ 1,030,302	4.34	$—	—	$ —	$ —
			Other Financial	$ 77,418	—	$—		$ —	$—
Uni-President Cold-Chain Corp.	President Chain Store Corp.	An investee company accounted for by the equity method	Asset-current Account receivables	$ 1,217,977	7.55	$—	—	$1,192,840	$—
Retail Support International Corp.	President Chain Store Corp.	An investee company accounted for by the equity method	Account receivables	$ 3,385,571	6.31	$—	—	$1,465,263	$—
President (BVI) International Investment Holdings Ltd.	Xiang Lu Industries Ltd.	The director is the general manager of President International Investment (BVI) Co., Ltd	Other receivables—Relationship	US$ 8,509	—	$—	—	$ —	$—
Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	A subsidiary of Cayman Ton Yi Industrial Holdings Ltd. accounted for by the equity method	Account receivables	US$ 13,090	5.09	$—	—	$ —	$—
	Jiangsu Ton Yi Tinplate Co., Ltd.	"	"	US$ 11,317	2.98	$—	—	$ —	$—

(Continued on next page)

The name of the Company	Name of the counterparty	Relationship	Ending balance		Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amount		Amount	Action adopted for overdue accounts		
	Hong Kong Ton Yi Industrial Holdings Ltd.	"	Other receivables	US$4,989	—	$—	—	$—	$ —
Cayman President Holdings Ltd.	Prospect Top Development Ltd.	An investee company of Cayman President Holdings Ltd. accounted for by the equity method	Receivable-related party	US$7,326	—	$—	—	$—	$ —
Nella Ltd.	Prospect Top Development Ltd.	An investee company of Nanlien International Corp. accounted for by the equity method	Other receivables	US$3,297	—	$—	—	$—	US$313
Cayman Nanlien Holdings Ltd.	Nella Ltd.	A subsidiary of Cayman Nanlien Holdings Ltd. accounted for by the equity method	Other receivables	US$3,607	—	$—	—	$—	$ —
Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	A subsidiary of Cayman Ton Yi Industrial Ltd. accounted for by the equity method	"	US$3,833	—	$—	—	$—	$ —
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	"	"	US$3,833	—	$—	—	$—	$ —

(Note) Represented receivables from refund of capital investment.

9. Derivative financial instrument transactions (Units in thousands of currencies indicated):

A. The Company's derivative financial instrument transactions (Note 10(1))

B. Cayman President Holdings Ltd.

a. Contract amount or notional principal amount and credit risk

	September 30, 2003	
Derivative financial instrument	Contract amount (Notional principal amount)	Credit risk
Interest rate swap contracts	USD$50,000	$—
Foreign currency option	USD$25,000	$—

The credit risk stated above represents the ultimate loss from the interest rate swap contracts if settled at the balance date and defaulted by the counterparties.

b. Market risk

The interest rate swap contracts are used for hedging. Gain or loss resulting from the fluctuation of market interest rates will be offset by the gain or loss incurred from the underlying hedged items. Accordingly, the market risk is minimal.

c. Liquidity risk, cash flow risk and amount, timing and uncertainty of future cash demand

The purpose of holding derivative financial instruments is for hedging. Due to the interest and exchange rates on the contracts are certain and hence working capital of the company should be sufficient. Accordingly, the liquidity risk is low.

d. Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives

(a) Interest rate swap contracts

(I) Transaction terms:

Between October 17 to November 24, 2000, the company signed a contract to pay or receive semi-annually the difference between floating and fixed interest rates during the 3-year period of the contract in US$50,000.

(II) The company signed the interest rate swap contract to hedge the effects of the assets and liabilities denominated in foreign currencies resulted from the fluctuation of interest and exchange rates. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions and they are evaluated periodically.

e. Presentation of derivative financial instruments on the financial statements

The liabilities and assets resulting from the interest rate swap contracts were offset. As of September 30, 2003, net liabilities of US$1,124 resulting from the interest rate swap contracts were recorded as other current liabilities.

f. Fair value of the derivative financial instruments

	September 30, 2003	
Derivative financial instruments	**Book Value**	**Fair Value**
Interest rate swap contracts	US$—	US$ (1,124)
Foreign currency option	US$—	US$ (78)

C. Ton Yi Industrial Corp.

a. Contract amount or notional principal amount and credit risk

	September 30, 2003		
Derivative financial instruments	**Contract amount (Notional principal amount)**		**Credit risk**
Advance booking forward foreign exchange contracts—JPY/USD	JPY$	110,000	$ 2,641
Advance booking forward foreign exchange contracts—USD	US	224,300	64,409
Foreign currency option—USD/NTD	US	10,700	—
Foreign currency option—USD/JPY	US	19,000	—
Foreign currency option—JPY/USD	JPY	220,000	3,761
Currency swap contracts—USD/NTD	US	122,040	1,432
	NT	4,186,679	
Currency swap contracts—JPY/USD	JPY	179,640	
	US	1,533	—

The credit risk stated above represents the ultimate loss from the contracts if settled at the balance date and defaulted by the counterparties. However, as the counterparties are banks with good credit ratings, the credit risk is minimal.

b. Market risk

The main purpose of holding derivative financial instruments is to hedge losses due to fluctuations in interest rates or exchange rates. Gain or loss resulting from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, the market risk is minimal.

c. Liquidity risk, cash flow risk, and amount, timing and uncertainty of future cash demand

As of September 30, 2003, the company estimated that (1) before November 17, 2003, the aforementioned advance booking forward foreign exchange

contracts will generate cash inflows of JPY$110,000 and cash outflow of US$918, (2) before September 22, 2004, the aforementioned advance booking forward foreign exchange contracts will generate cash inflows of $7,634,534 and cash outflows of US$224,300, and (3) before March 5, 2005, the aforementioned currency swap contracts will generate net cash inflows of US$63,873 and cash outflows of JPY$179,640 and net cash outflows of $2,170,596. As the investee has sufficient working capital, the liquidity risk is low. Due to the certainty of the exchange rate under the advance booking forward foreign exchange contracts and currency swap contracts, the cash flow risk in minimal.

The company recognised the premium of the receipts (payments) in non-operating revenue and expense from sale and purchase forward foreign exchange option transactions. The company's option exercise price is based on the current market value at the fixed rate, and the holding (issuing) period is matched by the company's future cash flow, when the contract is due. The market risk of the foreign exchange rate fluctuation and the impact on the company's operations is insignificant.

d. Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives.

The derivative financial instruments held by the company are not for trading purposes. The company engages in forward foreign exchange contracts, foreign currency option and currency swap contracts in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulting from fluctuation of exchange rates. The strategy for achieving the objective is to hedge most of the market risk. The hedging instruments are derivative financial instruments with inverse relationships with the market value of the hedged positions. These relationships are evaluated periodically.

e. Presentation of derivative financial instruments on the financial statements

Derivative financial instruments	Net receipts (payments) on forward foreign exchange September 30, 2003	
Advance booking forward foreign exchange contracts—JPY/USD	$ 2,641	(Note 1)
Advance booking forward foreign exchange contracts—USD	64,409	(Note 1)
Foreign currency option—USD/NTD	(3,000)	(Note 1)
Foreign currency option—USD/JPY	(11,776)	(Note 1)
Foreign currency option—JPY/USD	(1,373)	(Note 1)
Currency swap contracts—USD/NTD	(93,150)	(Note 1)
Currency swap contracts—JPY/USD	(3,145)	(Note 1)

(Note 1) As of September 30, 2003, the net receipts in the derivative financial instruments are recorded as other current liabilities of $17,397 and other liabilities of $25,000. The unamortised discount of advance booking forward foreign was $39,293 and recorded as prepayments and other

current assets. The unamortised premium of advance booking forward foreign was $1,176 and recorded as other current liabilities. The related exchange gain of $2,191 and the related exchange loss of $7,071 were recorded as non-operating gain and non-operating expense, respectively, for the nine-month period ended September 30, 2003.

f. Fair value of derivative financial instruments.

	September 30, 2003	
Derivative financial instruments	**Book value**	**Fair value**
Advance booking forward foreign exchange contracts	$ 67,050	$ 67,050
Foreign currency option	(13,152)	(13,152)
Currency swap contracts	(96,295)	(96,295)

The method and assumptions used to estimate the fair value of derivative financial instruments are summarised as follows:

The fair value of derivative financial instruments are estimated based on the amount the company may receive or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from open contracts. Most of the derivative financial instruments have prices quoted by financial institutions.

D. The Direct or indirect transactions through the third area company with the investees in Mainland China.

(1) Purchases

The third area company	**Name of investees in Mainland China**	**Nine-month period ended September 30, 2003**
Nella Ltd.	Xinjiang President Enterprises Food Co., Ltd.	$44,215
Uni—President International (HK) Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	1,801
		$46,106

The terms of the transactions were the same as those with other vendors.

(2) Sales

The third area company	**Name of investees in Mainland China**	**Nine-month period ended September 30, 2003**
Nella Ltd.	Changjiagang President Nisshin Food Co., Ltd.	$31,516
	Kunshan President Enterprises Food Co., Ltd.	23,947
	Beijing President Food Co., Ltd.	13,967
	Other	24,476
		$93,906

The terms of the transactions were the same as those with other customers.

(3) Accounts receivable

The third area company	Name of investees in Mainland China	September 30, 2003
Nella Ltd.	Changjiagang President Nisshin Food Co., Ltd.	$28,960
	Other	6,646
		$35,606

(4) Accounts payable

The third area company	Name of investees in Mainland China	September 30, 2003
Nella Ltd.	Xinjiang President Enterprises Food Co., Ltd.	$4,726

(5) *Endorsement, guarantee and security* (Units: in thousands of US dollars): None

(6) *Other events having significant effects on the operating results and financial condition*: None

2 Related information on investee companies as of and for the nine-month period ended September 30, 2003 (Units in thousands of currencies indicated)

Investors	Name of Investees	Address	Main activities	Original investments		Holdings status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of the current period	Beginning balance of the current period	Shares (in thousands)	Percentage of ownership	Book value			
Uni-President Enterprises Corp.	President International Trade and Investment Corp.	Trotola, British Virgin Islands	Investment on manufacturing business	$1,750,533	$1,750,533	45,012	100.00%	$2,923,318	$ (15,761)	$ (15,770)	A subsidiary
	Cayman President Holdings Ltd.	Grand Cayman Cayman Islands	Investment on manufacturing business	$4,896,258	$3,793,995	150,060	100.00%	$1,997,562	$ 365,651	$ 366,010	A subsidiary
	Kai Yu Investment Co., Ltd.	Tainan Hsien	General Investment	$3,200,000	$3,200,000	320,000	100.00%	$ 767,061	$ 416,385	$ 416,370	A subsidiary
	Kai Nan Investment Co., Ltd.	Tainan Hsien	General Investment	$ 600,000	$ 600,000	60,000	100.00%	$ 467,930	$ (8,199)	$ 46,889	A subsidiary
	President Global Corp.	Buena Park, CA, U.S.A	Instant noodles and juice can importation	$ 147,250	$ 147,250	500	100.00%	$ 377,257	$ 33,313	$ 34,530	A subsidiary
	Uni-President Glass Industrial Co., Ltd.	Tainan Hsien	Glass	$ 397,366	$ 397,366	36,000	100.00%	$ 288,476	$ (11,798)	$ (29,376)	A subsidiary
	U-Chains Enterprises Corp.	Tainan Hsien	Distribution centre	$ 273,755	$ 273,755	19,800	100.00%	$ 223,868	$ 1,869	$ (6,700)	A subsidiary
	Tone Sang Construction Corp.	Tainan Hsien	Construction on buildings	$ 578,000	$ 578,000	19,800	100.00%	$ 111,152	$ (35,756)	$ (35,230)	A subsidiary
	Nanlien International Corp.	Taipei City	Importation and exportation business	$ 525,890	$ 525,890	99,999	99.99%	$ 910,882	$ 49,372	$ 59,346	A subsidiary
	President Entertainment Corp.	Tainan Hsien	Entertaining business	$1,029,461	$ 901,528	76,760	61.80%	$ 928,643	$ 2,395	$ (4,920)	A subsidiary
	President International Development Corp.	Taipei City	Construction and operation of shopping mall	$8,775,000	$8,775,000	877,500	58.50%	$7,353,610	$(327,227)	$(171,485)	A subsidiary
	Tung Ho Development Co., Ltd.	Taipei City	Relaxation club	$ 410,659	$ 158,615	89,717	57.29%	$ 190,196	$(396,363)	$(170,208)	A subsidiary
	President Nisshin Corp.	Tainan Hsien	Processing, manufacturing and sale of vegetable oil	$ 61,200	$ 61,200	6,120	51.00%	$ 100,918	$ 27,596	$ 12,980	A subsidiary
	President Packaging Corp.	Tainan Hsien	Packageing material, Manufacturing and sale	$ 198,735	$ 36,467	12,659	50.59%	$ 242,930	$ 46,415	$ 11,090	A subsidiary

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Investors	Name of Investees	Address	Main activities	Original investments		Holdings status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of the current period	Beginning balance of the current period	Shares (in thousands)	Percentage of ownership	Book value			
	President Kikkoman Inc.	Tainan Hsien	Manufacturing of soy sauce	$ 60,000	$ 60,000	6,000	50.00%	$ 136,156	$ 44,915	$ 21,280	—
	President Chain Store Corp.	Taipei City	Operation of supermarket	$ 5,385,985	$ 5,165,449	388,408	45.24%	$ 5,977,839	$ 3,300,742	$ 891,344	—
	Ton-Yi Industrial Corp.	Tainan Hsien	Manufacturing of tinplate	$ 9,061,326	$ 9,061,326	665,148	43.34%	$ 7,351,480	$ 418,713	$ 181,932	—
	President Fair Development Corp.	Tainan City	Land exploitation	$ 1,500,000	$ 1,500,000	150,000	42.86%	$ 1,450,950	$ (33,112)	$ (14,190)	—
	Eagle Cold Storage Enterprises Co., Ltd.	Taichung City	Sale of cold foods	$ 534,324	$ 534,324	40,887	37.36%	$ 485,489	$ 12,379	$ 4,267	—
	Mospec Semiconductor Corp.	Tainan Hsien	Manufacturing of electronic material	$ 134,803	$ 134,803	24,750	30.79%	$ 269,671	$ 15,290	$ 5,540	—
	TTET Union Corp.	Tainan Hsien	Soybean crushing	$ 347,254	$ 347,254	47,207	29.51%	$ 629,774	$ 230,407	$ 62,860	—
	President Securities Corp.	Taipei City	Business of securities	$ 2,141,370	$ 2,141,370	302,014	26.48%	$ 4,358,961	$ 1,245,229	$ 381,080	—
	Qware Systems & Services Corp.	Taipei City	Business of computer system	$ 195,287	$ 195,287	13,475	24.76%	$ 139,042	$ 25,735	$ 5,928	—
	Presicarre Corp.	Taipei City	General merchandise	$ 198,677	$ 198,677	74,228	20.50%	$ 1,639,717	$ 1,304,011	$ 267,360	—
	Ztong Yee Industrial Co., Ltd.	Tainan Hsien	Manufacturing of battery	$ 148,824	$ 148,824	18,042	20.00%	$ 271,067	$ 155,800	$ 31,160	—
	Mech-President Co.	Tainan Hsien	Gas station and elevator	$ 229,457	$ 229,457	6,600	20.00%	$ 112,022	$ 89,500	$ 17,900	—
	Scino Pharm Taiwan Ltd.	Tainan Hsien	Biochemistry	$ 769,468	$ 690,338	72,987	17.38%	$ 477,095	$ (526,872)	$(139,745)	—
	Allianz President Life Insurance Co.,Ltd	Taipei City	Life insurance	$ 409,657	$ 370,052	24,167	10.10%	$ 244,934	$ 617,566	$ 41,152	—
	Uni-President Dream Parks Corp. etc.	Tainan City etc.	Business of advertisement etc.	$ 1,400,508	$ 1,381,993	—	19.00% ~100.00%	$ 655,433	$ 11,313	$ 58,040	—
President International Trade and Investment Corp.	Uni-President (USA),Inc.	City of Industry, CA, U.S.A.	Instant foods	US$ 15,000	US$ 15,000	150	100.00%	US$ 6,932	US$ (1,666)	$ —	An indirect owned subsidiary
	Shanghai President International Food Co., Ltd. etc.	Shanghai City etc.	Biscuits, food etc.	US$ 25,450	US$ 25,450	—	100.00%	US$ 1,634	US$ (1,056)	$ —	An indirect owned subsidiary
Cayman President Holdings Ltd.	President Enterprises (China) Investment Co., Ltd.	Shanghai City	Professional investment	US$ 248,160	US$ 248,160	—	100.00%	US$ 280,358	US$ 14,779	$ —	An indirect owned subsidiary
	Uni-President Southeast Asia Holdings Limited.	Grand Cayman, Cayman Islands	Professional investment	US$ 38,902	US$ 0	—	100.00%	US$ 38,371	US$ (929)	$ —	An indirect owned subsidiary
	Zhangjiagang President Nisshin Food Co., Ltd.	Zhangjiagang Free Trade Zone, Jiangsu	Fats, feed, flour	US$ 10,200	US$ 10,200	—	60.00%	US$ 9,388	US$ 71	$ —	An indirect owned subsidiary

(Continued on next page)

Investors	Name of Investees	Address	Main activities	Original investments: Ending balance of the current period	Original investments: Beginning balance of the current period	Holdings status: Shares (in thousands)	Holdings status: Percentage of ownership	Holdings status: Book value	Net income (loss) of the investee	Income (loss) recognised by the Company	Note
	Cargill President Holdings Pte Ltd.	Singapore	Professional investment	US$ 15,280	US$ 10,000	15,280	50.00%	US$ 13,621	US$ (2,030)	$—	—
	Queen Holdings (BVI) Limited	Tortola,British Virgin Islands	Professional investment	US$ 12,067	US$ 12,067	5	45.40%	US$ 12,606	US$ 534	$—	—
	PPG Investment, Inc.	Rancho, Cucamonga CA, U.S.A.	Professional investment	US$ 3,182	US$ 3,182	—	45.40%	US$ 3,317	US$ (1,047)	$—	—
	Chongqing Carrefour Hypermarket Chainstore Co., Ltd.	Chongqing City	Hypermarket	US$ 13,191	US$ 13,191	—	45.00%	US$ 13,217	US$ 2,734	$—	—
	Jiafu(Tianjin) International Trading Co., Ltd.	Tianjin City	Hypermarket	US$ 5,400	US$ 5,400	—	45.00%	US$ 6,656	US$ 458	$—	—
	Zhuhai Kirin President Brewery Co., Ltd.	Zhuhai City, Guangdong	Beers and mineral water	US$ 22,200	US$ 22,200	—	30.00%	US$ 23,034	US$ 2,324	$—	—
	President Energy Development (Cayman Islands) Ltd.	Grand Cayman, Cayman Islands	Energy development	US$ 10,200	US$ 10,200	10,200	25.50%	US$ 9,000	US$ (209)	$—	—
	Uni-President International (HK) Co., Ltd. etc.	Hong Kong etc.	Trading etc.	US$ 4,762	US$ 9,942	—	0.02% ~100.00%	US$ 5,960	US$ (1,717)	$—	An Indirect owned subsidiary
Kai Yu Investment Co., Ltd.	Kai Yu (BVI) Investment Co., Ltd.	Tortola, British Virgin Islands	Investment on manufacturing business etc.	$ 1,788,868	$ 1,736,624	53,278	100.00%	$ 1,367,454	$ 358,436	$—	An Indirect owned subsidiary
	TTET Union Corp.	Tainan Hsien	Soybean crushing	$ 168,656	$ 109,233	11,076	6.92%	$ 163,299	$ 300,583	$—	—
	Scino Pharm Taiwan Ltd.	Tainan Hsien	Biochemistry	$ 113,002	$ —	11,300	2.69%	$ 109,472	$ (526,872)	$—	—
	Ton-Yi Industrial Corp.	Tainan Hsien	Manufacturing of tinplate	$ 405,757	$ 405,757	24,452	1.59%	$ 186,640	$ 564,591	$—	—

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UNI-PRESIDENT ENTERPRISES CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investors	Name of Investees	Address	Main activities	Original investments: Ending balance of the current period	Original investments: Beginning balance of the current period	Holdings status: Shares (in thousands)	Holdings status: Percentage of ownership	Holdings status: Book value	Net income (loss) of the investee	Income (loss) recognised by the Company	Note
	Tung Ang Enterprises Corp. etc.	Tainan Hsien etc.	Sale of soft drinks etc.	$ 335,500	$ 335,500	—	60.00% ~100.00%	$ 77,132	$ (36,512)	$—	An Indirect owned subsidiary
Kai Nan Investment Co., Ltd.	President Securities Corp.	Taipei City	Business of securities	$ 601,180	$ 601,180	30,564	2.68%	$ 513,277	$ 1,468,200	$—	—
President Global Corp.	Ameripec Inc.	Buena Park, CA U.S.A.	Manufacturing, processing and sales of food etc.	US$ 3,951	US$ 3,951	3	100.00%	US$ 3,951	US$ 1,400	$—	An indirect owned subsidiary
	President East Co.etc.	New York, U.S.A. etc.	Investment of buildings etc.	US$ 1,022	US$ 1,022	—	20.00% ~50.00%	US$ 3,164	US$ —	$—	—
Uni-President Dream Parks Corp.	Uni-Oao Travel Services Corp.	Taipei City	Business of tour	$ 4,800	US$ —	480	80.00%	$ 4,800	$ (7,661)	$—	An indirect owned subsidiary
Nanlien International Corp.	Union Chinese Corp.	Taipei City	Sale of foods	$ 80,100	$ 79,964	8,048	80.48%	$ 120,552	$ 38,237	$—	An indirect owned subsidiary
	Retail Support International Corp.	Taoyuan Hsien	Distribution centre	$ 153,480	$ 153,480	4,000	20.00%	$ 137,946	$ 118,467	$—	—
	Cayman Nanlien Holdings Ltd. etc.	Grand Cayman, Cayman Islands etc.	Professional investment etc.	$ 1,025,003	$ 1,125,034	—	20.00% ~100.00%	$ 937,328	$ 256,551	$—	An indirect owned subsidiary
President International Development Corp.	President (BVI) International Investment Holdings Ltd.	Tortola, British Virgin Islands	Investment on manufacturing business	$ 4,432,692	$ 4,432,692	133,023	100.00%	$ 5,364,453	$ 26,350	$—	An indirect owned subsidiary
	President Life Sciences Co., Ltd.	Taipei City	Manufacturing of chemical material and instrument	$ 1,650,000	$ 1,650,000	165,000	100.00%	$ 1,294,564	$ (63,020)	$—	An indirect owned subsidiary
	Tung Yu Investment Corp	Taipei City	Professional investment	$ 373,500	$ 260,500	37,350	100.00%	$ 364,956	$ (8,250)	$—	An indirect
	Tong Shou Investment Corp	Taipei City	Professional investment	$ 150,000	$ 150,000	15,000	100.00%	$ 154,984	$ 4,960	$—	owned subsidiary
	Tong Cheng Investment Corp	Taipei City	Professional investment	$ 111,400	$ 111,400	11,140	100.00%	$ 111,308	$ (20)	$ —	An indirect owned subsidiary
	President Fair Development Corp.	Tainan Hsien	Land exploitation	$ 1,800,000	$ 1,800,000	150,000	42.85%	$ 1,613,019	$ (33,120)	$—	—
	Presitex Co., Ltd.	Taipei City	Manufacturing and sale	$ 227,957	$ 189,182	36,473	38.78%	$ 191,818	$ (134,000)	$—	
	President Entertainment Corp.	Tainan Hsien	Entertaining business	$ 1,265,075	$ 1,186,008	47,440	38.19%	$ 573,979	$ (7,960)	$—	A subsidiary

(Continued on next page)

Investors	Name of Investees	Address	Main activities	Original investments		Holdings status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of the current period	Beginning balance of the current period	Shares (in thousands)	Percentage of ownership	Book value			
	Synergy ScienTech Corp.	Hsinchu City	Manufacturing of lithium battery	$ 692,544	$ 692,544	55,404	35.07%	$ 444,253	$ (96,500)	$—	—
	Kang Na Hsiung Enterprises Co., Ltd.	Tainan Hsien	Tissue and sanitary towel	$ 424,025	$ 424,025	45,093	24.90%	$ 536,592	$ 133,530	$—	—
	Allianz President Life Insurance Co.,Ltd	Taipei City	Life insurance	$ 222,597	$ 159,260	22,260	7.96%	$ 225,919	$ 622,860	$—	—
	Scino Pharm Taiwan Ltd.	Tainan Hsien	Biochemistry	$ 238,311	$ 212,474	23,831	5.74%	$ 152,863	$ (523,180)	$—	—
	President Medical Technologies Corp., Ltd. etc.	Taipei City etc.	Wholesale business of precise instrument etc.	$ 496,442	$ 456,457	—	7.14%~49.96%	$ 111,228	$ (87,390)	$—	—
President Packaging Corp.	Shanghai President Packaging Corp.	Songjiang area	Packageing material, Manufacturing and sale	US$ 1,200	$ —	—	100.00%	$ 52,027	$ —	$—	—
Tung Ho Development Co., Ltd.	Gu-Hsiang Corp. etc.	Taipei City etc.	The operation and Consultant of the Hotels and restaurant etc.	$ 256,000	$ 243,500	—	50.00%~100.00%	$ 204,741	$ (4,147)	$—	—
President Asian Enterprises Inc.	President Canada Income Properties Real Estate Investment Trust	Burnaby, BC, Canada	Real estate business	CAN 8,800	$ —	1	100.00%	CAN 7,535	CAN (138)	$—	—
	President Canada Construction Inc. etc.	Burnaby, BC, Canada etc.	Real estate business etc.	CAN 0.65	CAN 0.65	—	20.00%~100.00%	CAN 375	CAN 1,280	$—	—
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Tortola, British Virgin Islands	Professional investment	$ 1,520,776	$ 1,520,776	46,405	100.00%	$ 1,474,543	$ 185,201	$—	—
	President Drugstore Business Corp.	Taipei City	Sale of cosmetics and medicines	$ 396,000	$ 396,000	19,800	100.00%	$ 208,251	$ 23,209	$—	—
	Ren-Hui Investment Corp.	Taipei City	Professional investment	$ 198,000	$ 198,000	19,800	100.00%	$ 167,909	$ 8,489	$—	—
	Wisdom Distribution Services Corp.	Taipei City	Delivery of magazine	$ 50,000	$ 50,000	9,433	100.00%	$ 126,270	$ 15,613	$—	—
	President Transnet Corp.	Taipei Hsien	Distribution business	$ 813,230	$ 733,230	80,000	80.00%	$ 147,274	$ (60,082)	$—	—
	President Information Corp.	Taipei City	Information services	$ 135,956	$ 100,264	10,626	70.00%	$ 155,490	$ 23,221	$—	—
	Mech-President Co.	Tainan Hsien	Gas station and elevator	$ 364,683	$ 364,683	28,254	62.95%	$ 350,193	$ 65,162	$—	—
	President Musashino Corp.	Taipei City	Fresh food	$ 309,240	$ 309,240	29,880	60.00%	$ 334,871	$ 4,341	$—	—
	Uni-President Cold-Chain Corp.	Tainan Hsien	Distribution centre	$ 237,437	$ 237,437	19,563	60.00%	$ 321,595	$ 39,298	$—	—
	Retail Support International Corp.	Taoyuan Hsien	Distribution centre	$ 91,414	$ 91,414	5,000	25.00%	$ 106,701	$ 61,386	$—	—
	Uni-President Oven Bakery Corp. etc.	Taipei City etc.	Bread retailing etc.	$ 1,136,352	$ 899,751	—	20.00%~100.00%	$ 667,227	$ 42,044	$—	—
Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Grand Caymen, Cayman Islands	Professional investment	$ 1,388,578	$ 1,388,578	4,001	100.00%	$ (663,209)	$ 32,900	$—	—

(Continued on next page)

Investors	Name of Investees	Address	Main activities	Original investments: Ending balance of the current period	Original investments: Beginning balance of the current period	Holdings status: Shares (in thousands)	Holdings status: Percentage of ownership	Holdings status: Book value	Net income (loss) of the investee	Income (loss) recognised by the Company	Note
	Tovecan Corp. etc.	Ho Chi Minh city, Vietnam etc.	Manufacturing of cans etc.	$ 62,307	$ 62,307	—	40.00%~100.00%	$ 105,309	$ 14,276	$—	—
President Fair Development Corp.	Kai Nan Wood Industry Co., Ltd.	Kaohsiung City	Sale of timber	$ 685,649	$ —	20,000	100.00%	$ 676,846	$ 11,121	$—	—
Uni-President Cold-Chain Corp.	President Logistics international Corp.	Taoyuan Hsien	Transportation business	$ 27,615	$ 26,150	2,500	25.00%	$ 27,615	$ 23,132	$—	—
Retail Support International Corp.	President Logistics International Corp.etc.	Taoyuan Hsien etc.	Transportation business etc.	$ 60,275	$ 60,275	—	49.00%~51.00%	$ 98,798	$ 36,205	$—	—
Mech-President Co.	Safety Elevator Corp. etc.	Tainan Hsien etc.	Manufacturing and maintain elevator etc.	$ 98,151	$ 89,151	—	60.00%~100.00%	$ 98,151	$ (592)	$—	—
President Enterprises (China) Investment Co., Ltd.	Kunshan President Enterprises Co., Ltd.	Jiangsu Province Kunshan City	Instant noodles soft drinks	RMB364,222	RMB331,112	—	100.00%	RMB396,643	RMB 46,955	$—	—
	Guangzhou President Enterprises Co., Ltd.	Guangzhou City	Instant noodles soft drinks, dairy products, etc.	RMB397,300	RMB397,300	—	100.00%	RMB358,949	RMB 14,763	$—	—
	Wuhan President Enterprises Food Co., Ltd.	Wuhan City	Instant noodles soft drinks, dairy products, etc.	RMB200,359	RMB200,359	—	100.00%	RMB290,168	RMB 41,562	$—	—
	Chengdu President Enterprises Food Co., Ltd.	Sichuan Province wenjiang Hsien	Instant noodles, soft drinks, dairy products, etc.	RMB165,586	RMB165,586	—	100.00%	RMB275,929	RMB 78,646	$—	—
	Shenyang President Enterprises Co., Ltd.	Shenyang City	Instant noodles, soft drinks, dairy products, etc.	RMB124,190	RMB124,190	—	100.00%	RMB133,030	RMB(21,635)	$—	—
	Zhongshan President Enterprises Co., Ltd.	Guangdong Province Zhongshan City	Marine products etc.	RMB 99,332	RMB 99,332	—	100.00%	RMB107,090	RMB 5,845	$—	—
	Hefei President Enterprises Co., Ltd.	Anhui Province Hefei City	Instant noodles, soft drinks, dairy products, etc.	RMB 82,791	RMB 82,791	—	100.00%	RMB 99,539	RMB 16,592	$—	—
	Xinjiang President Enterprises Food Co., Ltd.	Xinjiang Province Urerngi City	Tomato products, Instant noodles, soft drinks	RMB128,304	RMB128,304	—	100.00%	RMB 94,818	RMB 318	$—	—
	Harbin President Enterprises Co., Ltd.	Harbin City	Instant noodles, soft drinks, dairy products, etc.	RMB124,181	RMB124,181	—	100.00%	RMB 62,939	RMB(22,161)	$—	—
	Meishan President Enterprises Co., Ltd.	Sichuan Province	Animal feeds, vegetable oil	RMB 82,777	RMB 82,777	—	100.00%	RMB 56,076	RMB (6,643)	$—	—
	Zhengzhou President Enterprises Co., Ltd.	Henan Province Zhengzhou	Instant noodles, soft drinks, dairy products, etc.	RMB 29,798	RMB —	—	100.00%	RMB 29,798	$ —	$—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holdings status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of the current period	Beginning balance of the current period	Shares (in thousands)	Percentage of ownership	Book value			
	Tianjiang President Enterprises Food Co., Ltd.	Tianjiang City	Flour, instant noodles, etc.	RMB109,266	RMB109,266	—	94.49%	RMB81,422	RMB (37)	$—	—
	Qingdao President Feed & Livestock Co., Ltd.	Qingdo City	Feed, breed stock and poultry	RMB 99,332	RMB 99,332	—	80.00%	RMB79,671	RMB(4,236)	$—	—
	Shanghai President Enterprises Livestock Food Co., Ltd.	Shanghai City	Animal feeds, food	RMB 51,818	RMB 51,818	—	78.25%	RMB 20,384	(RMB 6,063)	$—	—
	Beijing President Enterprises Drinks & Food Co., Ltd.	Beijing City	Instant noodles, soft drinks, dairy products, etc.	RMB 53,810	RMB 20,700	—	56.52%	RMB 55,512	RMB 14,614	$—	—
	Beijing President Food Co., Ltd.	Beijing City	Instant noodles	RMB 56,454	RMB 56,454	—	55.00%	RMB 39,763	(RMB 6,982)	$—	—
	Nanchang President Enterprises Co., Ltd.	Jiangxi Province Nanchang City	Instant noodles, soft drinks, dairy products, etc.	RMB 48,800	RMB 48,800	—	49.00%	RMB 54,311	RMB 12,124	$—	—
Uni-President Southeast Asia Holdings Limited.	Uni-President Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam	Food, flour and oil	US$ 25,898	$ —	—	100.00%	US$ 25,895	US$ 683	$—	—
	PT ABC President Enterprises Indonesia	Jakanta, Indonesia	Instant foods etc.	US$ 7,622	$ —	—	47.41%	US$ 7,759	US$ 944	$—	—
	Uni-President (Thailand) Ltd. etc.	Bangkok, Thailand etc.	Instant noodles, soft drink etc.	US$ 4,682	$ —	—	40.00% ~100.00%	US$ 5,746	(US$ 2,094)	$—	—
Kai Yu (BVI) Investment Co., Ltd.	Fuchou President Enterprises Co., Ltd.	Fukien Province Fuchou City	Instant noodles	US$ 10,000	US$ 10,000	—	100.00%	US$ 9,374	US$ 351	$—	—
	Kunshan President Kikkoman Biotechnogy Co., Ltd.	Jiangsu Province Kunshan City	Manufacturing of soy sauce	US$ 4,000	US$ 4,000	—	50.00%	US$ 4,660	(US$ 501)	$—	—
	Beijing President Enterprises Drinks & Food Co., Ltd.	Beijing City	Instant noodles, soft drinks, dairy products, etc.	US$ 5,000	US$ 5,000	—	43.48%	US$ 7,855	US$ 1,765	$—	—
	Zhuhai Kirin President Brewery Co., Ltd.	Zhuhai City, Guangdong	Beers and mineral water	US$ 7,400	US$ 7,400	—	10.00%	US$ 7,736	US$ 2,324	$—	—
	Songjiang President Enterprises Co., Ltd. etc.	Shanghai City etc.	Feed etc.	US$ 6,408	US$ 6,408	—	20.00% ~100.00%	US$ 2,837	(US$ 295)	$—	—

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Investors	Name of Investees	Address	Main activities	Original investments: Ending balance of the current period	Original investments: Beginning balance of the current period	Holdings status: Shares (in thousands)	Holdings status: Percentage of ownership	Holdings status: Book value	Net income (loss) of the investee	Income (loss) recognised by the Company	Note
Union Chinese Corp.	Chi Fu Enterprises Co. etc	Taipei City	Sale of food	$ 22,814	$ 22,814	—	100%	$ 23,491	$ 862	$—	—
President International Investment Holdings (BVI) Co.,Ltd.	Uni-Home Tech Corp.	Tortola, British Virgin Islands	General investment	US$ 42,472	US$ 42,472	42,472	50.00%	US$ 50,117	US$ 2,207	$—	—
	President Energy Development (Cayman Islands) Ltd.	Grand Cayman, Cayman Islands	Energy investment	US$ 15,834	US$ 15,834	15,834	39.58%	US$ 14,317	(US$ 259)	$—	—
	Accuary Inc.	Silicon Valley, CA, USA	Computerised knife	US$ 14,500	US$ 14,500	7,833	34.50%	US$ 6,515	(US$ 2,116)	$—	—
	Outlook Investment Pte Ltd.	Singapore	General investment	US$ 6,171	US$ 6,171	7,433	25.00%	US$ 5,458	US$ 604	$—	—
	Scino Pharm (Kunshan) Biochemical Technology Co., Ltd. etc.	Jiangsu Province Kunshan City etc.	Manufacturing of biochemical medicine etc.	US$ 4,270	US$ 1,000	—	20.09% ~45.31%	US$ 4,115	(US$ 93)	$—	—
President Life Sciences Co., Ltd.	President Life Sciences Cayman Co., Ltd.	Grand Cayman, Cayman Islands	Global finance	$ 878,395	$ 821,451	26,698	100.00%	$ 542,765	($ 37,760)	$—	—
	President Biosystem Co., Ltd. etc.	Taipei Cityetc.	Organism wafer etc.	$ 111,182	$ 102,232	—	24.99% ~100.00%	$ 121,553	($ 20,575)	$—	—
Nella Ltd.	Tunnel 88 International Marketing Corp. etc.	Tortola, British Virgins Islands etc.	Professional investment etc.	HK$ 4,022	HK$ 3,712	—	80.00% ~100.00%	(HK$ 2,485)	(HK 621)	$—	—
Ton Yu Industrial Corp.	Scino Pharm Taiwan Ltd.	Tainan Hsien	Manufacturing of biochemical medicine etc.	113,002	—	11,300	2.69%	$ 104,792	($ 523,180)	$—	—
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia Labuan Islands	Professional investment	US$ 20,684	US$ 19,910	20,684	100.00%	US$ 15,676	(US$ 1,118)	$—	—
	T&T Supermarket Inc.	Richmond, BC, Canada	Wholesale and retail business	CAN 12,000	CAN 12,000	—	20.00%	US$ 5,896	CAN 3,970	$ —	—
	Presiclerc Ltd. etc.	Tortola, British Virgins Islands etc.	Professional investment	US$ 9,526	US$ 9,418	9,284	30.00% ~47.50%	US$ 3,371	(US$ 666)	$—	—

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Investors	Name of Investees	Address	Main activities	Original investments: Ending balance of the current period	Original investments: Beginning balance of the current period	Holdings status: Shares (in thousands)	Holdings status: Percentage of ownership	Holdings status: Book value	Net income (loss) of the investee	Income (loss) recognised by the Company	Note
Wisdom Distribution Services Corp.	President Logistics International Corp.	Taoyuan Hsien	Transportation business	$ 20,904	$ 20,904	2,000	20.00%	$ 24,476	$ 14,120	$—	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packaging Corp.	Jiangsu Province Wuxi City	Manufacturing of cans	US$ 6,720	US$ 6,720	—	100.00%	US$ 4,742	US$ (12)	$—	—
	Chengdu Ton Yi Industrial Packaging Corp.	Szechwan Province Chengdu City	Manufacturing of cans	US$ 7,500	US$ 7,500	—	100.00%	US$ 2,194	US$ (384)	$—	—
	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	General Investment	US$ 10	US$ 10	—	100.00%	US$ 252	US$ 24	$—	—
	Cayman Fujian Ton Yi Industrial Holdings Ltd.	Grand Cayman, Cayman Islands	General Investment	US$ 33,993	US$ 33,993	—	88.58%	US$29,993	US$ 2,470	$—	—
	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Grand Cayman, Cayman Islands	General Investment	US$ 28,127	US$ 28,127	—	87.93%	US$17,417	US$ 1,436	$—	—
Kunshan President Enterprises Food Co., Ltd.	Guangzhou Wang Sheng Industrial Co., Ltd.	Guangzhou City	Manufacturing, processing and sales of food	RMB10,000	RMB 2,500	—	50.00%	RMB10,039	RMB 118	$—	—
Wuhan President Enterprises Food Co., Ltd.	Nanchang President Enterprises Co., Ltd.	Jiangxi Province Nanchang City	Instant noodles, soft drinks, dairy products, etc.	RMB50,800	RMB50,800	—	51.00%	RMB52,738	RMB12,124	$—	—
	Guangzhou Wang Sheng Industrial Co., Ltd.	Guangzhou City	Manufacturing, processing and sales of food	RMB10,000	RMB 2,500	—	50.00%	RMB10,039	RMB 118	$—	—
Meishan President Feed & Oil Co., Ltd.	President Fuche (Qingdo) Co., Ltd.	Qingdo City	Manufacturing and processing of eggs	RMB 4,138	RMB 4,138	—	50.00%	RMB2,082	RMB (2,234)	$—	—
Qingdao President Feed & Livestock Co., Ltd.	San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	Qingdo City	Feed, breed stock and poultry	RMB29,797	RMB24,831	—	30.00%	RMB29,194	RMB (2,012)	$—	—

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Investors	Name of Investees	Address	Main activities	Original investments		Holdings status			Net income (loss) of the investee	Income (loss) recognised by the Company	Note
				Ending balance of the current period	Beginning balance of the current period	Shares (in thousands)	Percentage of ownership	Book value			
President Life Sciences Cayman Co., Ltd.	Aura Oncology Systems, Inc.	Sunny Bale, CA, U.S.A. etc.	Analysis of cell etc.	US$ 8,350	US$ 7,850	—	29.41% ~70.88%	US$ 1,501	US$ (1,593)	$—	—
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Mandaluyoung City, Philippine	Retail of food and merchandise	US$ 20,656	US$ 19,882	134,258	56.59%	US$ 15,657	PESO(11,899)	$—	—
Philippine Seven Corp.	Convenience Distribution Inc. etc.	Quezon City, Philippine etc.	Distribution and storage etc.	PESO80,822	PESO80,822	—	40.00% ~100.00%	PESO85,663	PESO (1,263)	$—	—
Mech-President (BVI) Corp.	Shanghai President Machine Co., Ltd.	Shanghai City	Filling station and elevator	US$ 2,500	US$ 2,500	—	100.00%	US$ 2,418	US$ (31)	$—	—
Cayman Fujian Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	US$ 32,668	US$ 32,668	—	83.58%	US$ 33,771	US$ 2,918	$—	—
Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	US$ 31,217	US$ 31,217	—	82.86%	US$ 19,831	US$ 1,800	$—	—

3. The basic information in Mainland China as of September 30, 2003 were as follows

A. Disclosure of information on indirect investment in Mainland China (Units in thousands of currencies indicated)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Percentage of ownership held by the Company (Direct or indirect)	Investment gain (loss)	Investment balance as of September 30, 2003	Accumulated remittance
					Payment	Remittance					
Shanghai President Enterprises Livestock Food Co., Ltd.	Animal feeds, food	US$ 8,000	(Note1)	US$ 6,077.5	$—	$—	US$6,077.5	78.25%	(RMB$4,744) (Note 2)	(RMB$ 2,168)	$—
Xinjiang President Enterprises Food Co., Ltd.	Tomato products, instant noodles, soft drinks, etc.	US$15,500	(Note1)	US$ 13,077	$—	$—	US$ 13,077	100.00%	RMB$318 (Note 2)	RMB$ 29,553	$—
Beijing President Enterprises Drinks & Food Co., Ltd.	Instant noodles	US$12,400	(Note1)	US$ 3,828	$—	$—	US$ 3,828	55.00%	(RMB$3,840) (Note 2)	RMB$ 99,917	$—
Tianjiang President Enterprises Food Co., Ltd.	Flour, instant noodles, etc.	US$15,210	(Note1)	US$13,207.4	$—	$—	US$ 13,207	94.49%	(RMB$35) (Note 2)	RMB$ 43,994	$—
Tianjing President International Food Co., Ltd.	Biscuits, food	US$12,450	(Note1)	US$ 12,450	$—	$—	US$ 12,450	100.00%	(RMB$3,770) (Note 2)	RMB$ 5,923	$—
Chengdu President Enterprises Food Co., Ltd.	Instant noodles, soft drinks, dairy products, etc.	US$20,000	(Note1)	US$ 20,000	$—	$—	US$ 20,000	100.00%	RMB$78,646 (Note 2)	RMB$ 292,784	$—
Kunshan President Enterprises Food Co., Ltd.	Meat, instant noodles, soft drinks	US$40,600	(Note1)	US$ 40,000	$—	$—	US$ 40,000	100.00%	RMB$46,955 (Note 2)	RMB$ 514,807	$—
Wuhan President Enterprises Food Co., Ltd.	Meat, instant noodles, soft drinks	US$24,200	(Note1)	US$ 26,440	$—	$—	US$ 26,440	100.00%	RMB$41,562 (Note 2)	RMB$ 382,699	$—
Leshan President Feed & Oil Co., Ltd.	Animal feeds, vegetable oil	US$10,000	(Note1)	US$ 9,400	$—	$—	US$ 9,400	100.00%	(RMB$6,643) (Note 2)	RMB$ 62,676	$—
Guangzhou President Enterprises Co., Ltd.	Meat, instant noodles, soft drinks	US$48,000	(Note1)	US$ 48,000	$—	$—	US$ 48,000	100.00%	RMB$14,763 (Note 2)	RMB$ 189,056	$—

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Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Percentage of ownership held by the Company (Direct or indirect)	Investment gain (loss)	Investment balance as of September 30, 2003	Accumulated remittance
					Payment	Remittance					
Shenyang President Enterprises Co., Ltd.	Instant noodles, soft drinks, dairy products, etc.	US$ 19,900	(Note1)	US$15,000	$—	$—	US$15,000	100.00%	(RMB$21,635) (Note 2)	RMB$ 145,586	$—
Zhongshan President Enterprises Co., Ltd.	Marine products, livestock, pet foods	US$ 12,000	(Note1)	US$12,000	$—	$—	US$12,000	100.00%	RMB$5,845 (Note 2)	RMB$ 122,368	$—
Shanghai President International Food Co., Ltd.	Biscuits, food	US$ 13,000	(Note1)	US$13,000	$—	$—	US$13,000	100.00%	(RMB$4,962) (Note 2)	RMB$ 7,661	$—
Ningbo Malting Co., Ltd.	Malt	US$ 26,000	(Note1)	US$ 5,200	$—	$—	US$ 5,200	20.00%	(RMB$122) (Note 2)	RMB$ 9,405	$—
Zhangjiagang President Nisshin Food Co., Ltd.	Fats, feed, flour	US$ 17,000	(Note1)	US$10,200	$—	$—	US$10,200	60.00%	RMB$354 (Note 2)	RMB$ 77,845	$—
Zhuhai Kirin President Brewery Co., Ltd.	Beers and mineral water	US$ 74,000	(Note1)	US$22,200	$—	$—	US$22,200	30.00%	RMB$5,791 (Note 2)	RMB$ 206,691	$—
Jiafu (Tianjin) International Trading Co., Ltd.	Hypermarket	US$ 12,000	(Note1)	US$ 5,400	$—	$—	US$ 5,400	45.00%	RMB$1,704 (Note 2)	RMB$ 51,659	$—
Chongqing Carrefour Hypermarket Chainstore Co., Ltd.	Hypermarket	US$ 29,320	(Note1)	US$13,191	$—	$—	US$13,191	45.00%	RMB$10,182 (Note 2)	RMB$ 111,639	$—
Guangazhou President Covenience Stores Co., Ltd.	Warehouse & wholesale	US$ 8,400	(Note1)	US$ 3,780	$—	$—	US$ 3,780	45.00%	(RMB$680) (Note 2)	RMB$ 9,142	$—
President Enterprises (China) Investment Co., Ltd.	Professional investment	US$ 248,160	(Note1)	—	$—	$—	$ —	100.00%	RMB$122,329 (Note 2)	RMB$2,679,496	$—
Qingdao President Feed & Livestock Co., Ltd.	Feed, breed stock and poultry	US$ 15,000	(Note1)	US$12,000	$—	$—	US$12,000	80.00%	(RMB$4,235) (Note 2)	RMB$ 75,182	$—
Hefei President Enterprises Co., Ltd.	Meat, instant noodles, soft drinks	US$ 10,000	(Note1)	US$10,000	$—	$—	US$10,000	100.00%	RMB$16,592 (Note 2)	RMB$ 109,414	$—
Harbin President Enterprises Co., Ltd.	Meat, instant noodles, soft drinks	US$ 15,000	(Note1)	US$15,000	$—	$—	US$15,000	100.00%	(RMB$22,161) (Note 2)	RMB$ 68,084	$—

(Continued on next page)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Percentage of ownership held by the Company (Direct or indirect)	Investment gain (loss)	Investment balance as of September 30, 2003	Accumulated remittance
					Payment	Remittance					
President Enterprises (China) Finance Co., Ltd. (Note 3)	Financing	US$ 1,000	(Note1)	$ —	$ —	$ —	$ —	100.00%	$ —	$ —	$—
Guangzhou Wang Sheng Industrial Co., Ltd.	Manufacturing, processing and sales of food	RMB$ 5,000	(Note1)	$ —	$ —	$ —	$ —	100.00%	RMB$118 (Note 2)	RMB$ 1,220	$—
Nanchang President Enterprises Co., Ltd.	Meat, instant noodles, soft drinks	US$ 12,000	(Note1)	$ —	$ —	$—	$ —	100.00%	RMB$12,124 (Note 2)	RMB$ 107,116	$—
Cargill-President Enterprises Co., Ltd.	Animal feeds	US$ 30,560	(Note1)	US$10,000	US$5,280	$—	US$15,280	50.00%	(RMB$8,362) (Note 2)	RMB$ 69,182	$—
Beijing President Enterprises Drinks & Food Co., Ltd.	Meat, instant noodles, soft drinks	US$ 11,500	(Note1)	$ —	$ —	$—	$ —	100.00%	RMB$8,250 (Note 2)	RMB$ 96,253	$—
President Fuche (Qingdo) Co., Ltd.	Manufacturing and processing of eggs	US$ 1,000	(Note1)	$ —	$ —	$—	$ —	50.00%	(RMB$1,117) (Note 2)	RMB$ 2,078	$—
Kunshan Sanwa Foods Industry Co., Ltd.	Flavouring	US$ 1,200	(Note1)	US$ 180	$ —	$—	US$ 180	15.00%	RMB$381 (Note 2)	RMB$ 1,870	$—
Kunshan President Healthy Food Co., Ltd. (Note 3)	Juice, soft drinks	US$ 4,720	(Note1)	$ —	$ —	$—	$ —	100.00%	—	—	$—
San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	Feed, breed stock and poultry	US$ 12,000	(Note1)	$ —	$ —	$—	$ —	30.00%	(RMB$604) (Note 2)	RMB$ 24,227	$—
Zheng Zhou President Enterprises Co., Ltd.	Meat, instant noodles, soft drinks	US$ 3,600	(Note1)	$ —	$ —	$—	$ —	100.00%	— (Note 2)	RMB$ 28,918	$—

(Continued on next page)

B. The ceiling amount of investment in Mainland China

Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	(Amounts in thousands of US dollars & NT dollars) The ceiling amount of investment in Mainland China approved by MOEA
$11,623,497 (Note 4)	$12,079,492 (Note 5)	$9,950,110 (Note 6)
(US 344,910.9)	(US 358,441.9)	

(Note 1) Indirect investment in PRC through existing companies located in the third area.
(Note 2) Recognised based on unreviewed financial statements for the nine-month period ended September 30, 2003 for each entity.
(Note 3) Capital has not been remitted as it is still in the preparation stage.
(Note 4) Calculated at the exchange rate of 33.7 (US dollars to NT dollars). If calculated at the exchange rate when approved by MOEA, the amount is $9,727,638.
(Note 5) Calculated at the exchange rate of 33.7 (US dollars to NT dollars). If calculated at the exchange rate when approved by MOEA, the amount is $10,150,973.
(Note 6) The ceiling amount was the sum of the following:

- The first 5 billion of net worth multiply 40%;
- Amount between 5 billion to 10 billion multiply 30%; and
- Amount greater than 10 billion multiply 20%.

C. The Direct or indirect transactions through the third area company with the investees in Mainland China.

(1) Purchases

The third area company	Name of investees in Mainland China	Nine-month period ended September 30, 2003
Nella Ltd.	Xinjiang President Enterprises Food Co., Ltd.	$44,215
Uni-President International (HK) Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	1,801
		$46,106

The terms of the transactions were the same as those with other vendors.

(2) Sales

The third area company	Name of investees in Mainland China	Nine-month period ended September 30, 2003
Nella Ltd.	Changjiagang President Nisshin Food Co., Ltd.	$31,516
	Kunshan President Enterprises Food Co., Ltd.	23,947
	Beijing President Food Co., Ltd.	13,967
	Other	24,476
		$93,906

The terms of the transactions were the same as those with other customers.

(3) Accounts receivable

The third area company	Name of investees in Mainland China	September 30, 2003
Nella Ltd.	Changjiagang President Nisshin Food Co., Ltd.	$28,960
	Other	6,646
		$35,606

(4) Accounts payable

The third area company	Name of investees in Mainland China	September 30, 2003
Nella Ltd.	Xinjiang President Enterprises Food Co., Ltd.	$4,726

(5) Endorsement, guarantee and security (Units: in thousands of US dollars): None

(6) Other events having significant effects on the operating results and financial condition: None

Note 12. Segment information

For the years ended December 31, 2000, 2001 and 2002

1. Financial information by business segments

   (1) Information about the Company's operations in different business segments in 2000, 2001 and 2002

	2000			
	Provisions	Food products	Adjustment and elimination	Total
Sales to unaffiliated customers	$8,844,452	$24,438,514	$ —	$33,282,966
Intersegment sales	1,052,300	2,013,650	(3,065,950)	—
Total revenues	$9,896,752	$26,452,164	($ 3,065,950)	$33,282,966
Operating profit	$ 270,665	$ 1,209,172	$ —	$ 1,479,837
Investment loss				(235,367)
Interest expenses				(994,674)
General corporate revenues				3,736,892
General corporate expenses				(736,962)
Income before income tax and cumulative effect of changes in accounting principle				$ 3,249,726
Identifiable assets	$2,043,735	$ 9,695,597	$ —	$11,739,332
Long-term investments accounted for by the equity method				41,454,397
Corporate assets				17,617,592
Total assets				$70,811,321
Depreciation expenses	$ 147,995	$ 1,153,634		
Amortisation expenses	$ 8,253	$ 53,290		
Capital expenditures	$ 151,162	$ 2,921,243		

	2001			
	Provisions	Food products	Adjustment and elimination	Total
Sales to unaffiliated customers	$ 9,725,382	$25,166,441	$ —	$34,891,823
Intersegment sales	1,048,692	35,594	(1,084,286)	—
Total revenues	$10,774,074	$25,202,035	($ 1,084,286)	$34,891,823
Operating profit	$ 186,525	$ 1,519,016	$ —	$ 1,705,541
Investment loss				(1,491,284)
Interest expenses				(1,215,371)
General corporate revenues				5,065,739
General corporate expenses				(1,023,739)
Income before income tax and cumulative effect of changes in accounting principle				$ 3,040,886
Identifiable assets	$ 3,499,302	$10,997,026	$ —	$14,496,328
Long-term investments accounted for by the equity method				40,625,514
Corporate assets				17,078,367
Total assets				$72,200,209
Depreciation expenses	$ 203,359	$ 1,178,368		
Amortisation expenses	$ 8,502	$ 58,815		
Capital expenditures	$ 166,499	$ 1,115,024		

	2002			
	Provisions	Food products	Adjustment and elimination	Total
Sales to unaffiliated customers	$10,457,499	$25,753,470	$ —	$36,210,969
Intersegment sales	1,128,271	34,375	(1,162,646)	—
Total revenues	$11,585,770	$25,787,845	($ 1,162,646)	$36,210,969
Operating profit	$ 264,028	$ 1,672,760	$ —	$ 1,936,788
Investment loss				(1,523,080)
Interest expenses				(931,361)
General corporate revenues				3,048,231
General corporate expenses				(841,231)
Income before income tax and cumulative effect of changes in accounting principle				$ 1,689,347
Identifiable assets	$ 3,620,622	$10,407,210	$ —	$14,027,832
Long-term investments accounted for by the equity method				40,668,982
Corporate assets				13,987,427
Total assets				$68,684,241
Depreciation expenses	$ 193,604	$ 1,164,816		
Amortisation expenses	$ 16,041	$ 74,963		
Capital expenditures	$ 146,637	$ 910,221		

(2) Revenues of a business segment included revenues from both sales to unaffiliated customers (including sales, other operating revenues, rent revenues, gain on disposal of segments and other income) and intersegment sales. Investment income was excluded from total segment revenues.

(3) Operating profit of loss of a business segment is its segment revenues minus segment costs and expenses, which was generated in relation to the segment revenues except interest expenses.

The Company's intersegment purchases and intersegment sales used the same internal transfer pricing basis.

(4) The identifiable assets of a business segment are those tangible and intangible assets that are specifically attributable to a business segment, but the following items are not included:

a. Assets not used by any business segment.

b. Long-term investments.

2. Financial information on geographic areas: Not applicable as the Company did have foreign operations.

3. Information on export sales:

   Not applicable as export sales of the Company in 2000, 2001, 2002 constituted less than 10% of the total revenues of 2000, 2001, 2002, respectively.

4. Information on significant customers:

   In 2000, 2001 and 2002, customers constituted more than 10% of the Company's total revenues of 2000, 2001 and 2002, respectively, were as follows:.

	2000		2001		2002	
Name of customers	Amount	Percentage of net operating revenues	Amount	Percentage of net operating revenues	Amount	Percentage of net operating revenues
A Corp.	$ 493,822	2	$ 572,332	2	$4,878,071	14
B Corp.	3,319,935	10	3,659,928	11	4,233,571	12
	$3,813,757	12	$4,232,260	13	$9,111,642	26

For the nine-month periods ended September 30, 2002 and 2003

According to ROC FAS No. 23, "Disclosure and Presentation for Interim Financial Reporting", the disclosures of segment information in the interim financial statements are voluntary. The Company has opted not to disclose.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002, 2001 and 2000
(With Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

The Board of Directors
TON YI Industrial Corp.:

We have audited the accompanying consolidated balance sheets of TON YI Industrial Corp. (the Company) and subsidiaries as of December 31, 2002, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As of December 31, 2002, 2001 and 2000, the Company's long-term investment in Tung-On Enterprise Co., Ltd. amounted to NT$15,249,640, NT$19,254,979 and NT$17,732,993, respectively, and under the equity method the related investment gain recognised amounted to NT$1,994,661, NT$1,521,986 and NT$3,575,863 for the years then ended. The financial statements of Tung-On Enterprise Co., Ltd. were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for this long-term investment, is based solely upon the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TON YI Industrial Corp. and subsidiaries as of December 31, 2002, 2001 and 2000, and the consolidated results of TON YI Industrial Corp. and subsidiaries' operations and the consolidated cash flows for each of the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

KPMG Certified Public Accountants
Taiwan (the Republic of China)
March 5, 2003

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the 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.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2002, 2001 and 2000
(expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Assets			
Current assets:			
Cash and cash equivalents (note 14)	$ 345,896	160,545	522,774
Notes receivable, less allowance for doubtful account of $3,541 thousand in 2002, $13,870 thousand in 2001 and $4,674 thousand in 2000 (notes 14 and 16)	472,508	484,449	794,396
Accounts receivable, less allowance for doubtful account of $99,298 thousand in 2002, $104,823 thousand in 2001 and $99,776 thousand in 2000 (notes 14 and 15)	908,511	1,090,703	1,153,227
Other receivables (notes 14 and 18)	60,080	30,758	475,031
Inventories (note 3)	2,852,308	3,349,795	3,888,667
Prepayments and other current assets (notes 12,14 and 15)	207,634	333,630	287,927
Total current assets	4,846,937	5,449,880	7,122,022
Long-term investments (notes 4, 14 and 18)	963,801	966,450	926,780
Property, plant and equipment (notes 5, 15 and 16)	34,110,053	35,691,713	35,093,059
Intangible assets (note 10)	147,802	157,099	96,989
Other assets (notes 12, 14, 16 and 17)	1,686,326	1,729,991	2,099,334
Total assets	**$41,754,919**	**43,995,133**	**45,338,184**
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings (notes 6, 14 and 16)	$ 5,469,255	5,268,568	5,059,302
Payable on commercial paper (notes 6, 7 and 14)	867,667	1,690,618	833,248
Notes payable (notes 14 and 15)	180,613	94,049	176,964
Accounts payable (notes 14, 15 and 18)	288,574	229,611	326,880
Accrued expense (notes 12, 14 and 15)	448,688	441,609	464,397
Current portion of long-term borrowings (notes 6, 8, 9, 14, 15 and 16)	4,452,562	4,140,814	3,290,307
Other current liabilities (notes 14 and 15)	300,028	147,914	296,254
Total current liabilities	12,007,387	12,013,183	10,447,352
Long-term liabilities:			
Bonds payable, net of current portion (notes 8 and 14)	500,000	1,002,506	2,671,533
Long-term borrowings, net of current portion (notes 6, 9, 14, 15 and 16)	11,562,209	13,174,718	13,780,148
Provision for tax on increment of land value (note 5)	433,546	433,546	433,546
Total long-term liabilities	12,495,755	14,610,770	16,885,227
Other liabilities:			
Minority interest	515,483	495,193	558,054
Other liabilities—other (notes 10, 14, 15 and 18)	194,074	380,916	226,171
Total other liabilities	709,557	876,109	784,225
Total liabilities	25,212,699	27,500,062	28,116,804
Stockholders' equity (notes 8, 10, 11, 12, 13 and 14):			
Common stock, $10 par value	15,347,009	15,347,009	15,046,087
Capital surplus	935,960	935,960	1,236,575
Legal reserve	216,091	592,179	553,428
Special reserve	22,240	22,240	—
Retained earnings (accumulated deficit)	163,417	(376,088)	407,530
Cumulative translation adjustments	(102,671)	(6,350)	(22,240)
Net loss not recognised as pension cost	(39,826)	(19,879)	—
Total stockholders' equity	16,542,220	16,495,071	17,221,380
Commitments and contingent liabilities (notes 14, 15, 17 and 18)			
Total liabilities and stockholders' equity	**$41,754,919**	**43,995,133**	**45,338,184**

See accompanying notes to consolidated financial statements.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2002, 2001 and 2000
(expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Sales (notes 15, 18 and 19)	$16,260,126	13,740,758	13,702,444
Less: Sales returns and allowance	34,517	100,497	45,306
	16,225,609	13,640,261	13,657,138
Cost of goods sold (notes 15 and 18)	13,651,118	11,835,424	11,016,062
Gross profit	2,574,491	1,804,837	2,641,076
Realised gain on inter-affiliate accounts (note 15)	10,951	12,123	11,285
Unrealised gain on inter-affiliate accounts (note 15)	10,533	10,951	12,123
Realised gross profit	2,574,909	1,806,009	2,640,238
Operating expenses (note 15)			
Selling expenses	992,225	942,429	846,023
Administrative and general expenses	342,582	352,816	375,444
	1,334,807	1,295,245	1,221,467
Operating income	1,240,102	510,764	1,418,771
Non-operation income:			
Interest income	52,404	129,641	53,221
Income from investments, net (note 4)	9,641	15,471	—
Gain on sale of investments, net (note 4)	285	309	601,786
Gain on disposal of property, plant and equipment, net	—	—	4,493
Foreign exchange gain, net (note 14)	4,818	387,753	121,698
Gain on inventory value recoveries	27,421	52,293	—
Other	204,385	57,247	61,946
	298,954	642,714	843,144
Non-operation expenses:			
Interest expenses, net of capitalised interest of $449 thousand in 2002, $31,469 thousand in 2001 and $6,966 thousand in 2000	1,128,410	1,470,112	1,239,213
Loss from investments, net (note 4)	—	—	373,398
Loss on disposal of property, plant and equipment, net	4,332	1,398	—
Loss on inventory valuation	—	—	84,041
Other	118,644	69,801	74,324
	1,251,386	1,541,311	1,770,976
Income (loss) before income tax	287,670	(387,833)	490,939
Income tax expense (note 12)	(101,193)	(96,267)	(163,810)
Loss (income) for minority interest	(23,060)	91,782	64,221
Net income (loss)	**$ 163,417**	**(392,318)**	**391,350**
Primary earnings per share (note 13) (expressed in New Taiwan dollars)			
Income (loss) before income tax	**$ 0.17**	**(0.19)**	**0.33**
Net income (loss)	**$ 0.11**	**(0.26)**	**0.26**

See accompanying notes to consolidated financial statements.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2002, 2001 and 2000
(expressed in thousands of New Taiwan dollars)

	Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognised as Pension Cost	Total
Balance as of December 31, 1999	$14,009,392	2,268,922	510,605	—	461,099	41,764	—	17,291,782
Appropriations and distributions:								
Legal reserve	—	—	42,823	—	(42,823)	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(7,708)	—	—	(7,708)
Employees' bonuses	—	—	—	—	(26,308)	—	—	(26,308)
Cash dividends	—	—	—	—	(364,244)	—	—	(364,244)
Gain on disposal of property, plant and equipment transferred to capital surplus	—	3,836	—	—	(3,836)	—	—	—
Capital surplus transferred to common stock (note 11)	1,036,695	(1,036,695)	—	—	—	—	—	—
Net income for 2000	—	—	—	—	391,350	—	—	391,350
Income from donations received	—	512	—	—	—	—	—	512
Changes in cumulative translation adjustments	—	—	—	—	—	(64,004)	—	(64,004)
Balance as of December 31, 2000	**15,046,087**	**1,236,575**	**553,428**	**—**	**407,530**	**(22,240)**	**—**	**17,221,380**
Appropriations and distributions:								
Legal reserve	—	—	38,751	—	(38,751)	—	—	—
Special reserve (note 11)	—	—	—	22,240	(22,240)	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(6,530)	—	—	(6,530)
Employees' bonuses	—	—	—	—	(22,857)	—	—	(22,857)
Cash dividends	—	—	—	—	(300,922)	—	—	(300,922)
Capital surplus transferred to common stock (note 11)	300,922	(300,922)	—	—	—	—	—	—
Net loss for 2001	—	—	—	—	(392,318)	—	—	(392,318)
Income from donations received	—	307	—	—	—	—	—	307
Changes in cumulative translation adjustments	—	—	—	—	—	15,890	—	15,890
Net loss not recognised as pension cost (note 10)	—	—	—	—	—	—	(19,879)	(19,879)
Balance as of December 31, 2001	**15,347,009**	**935,960**	**592,179**	**22,240**	**(376,088)**	**(6,350)**	**(19,879)**	**16,495,071**
Appropriations and distributions:								
Legal reserve to offset deficits (note 11)	—	—	(376,088)	—	376,088	—	—	—
Net income for 2002	—	—	—	—	163,417	—	—	163,417
Changes in cumulative translation adjustments	—	—	—	—	—	(96,321)	—	(96,321)
Net loss not recognised as pension cost (note 10)	—	—	—	—	—	—	(19,947)	(19,947)
Balance as of December 31, 2002	**$15,347,009**	**935,960**	**216,091**	**22,240**	**163,417**	**(102,671)**	**(39,826)**	**16,542,220**

See accompanying notes to consolidated financial statements.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002, 2001 and 2000
(expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Cash flows from operating activities:			
Net income (loss)	$ 163,417	(392,318)	391,350
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income (loss) for minority interest	23,060	(91,782)	(64,221)
Unrealised (realised) gain on inter-affiliate accounts	(418)	(1,172)	838
Provision for (recovery of) allowance for doubtful accounts	(8,476)	10,550	42,614
Depreciation	1,644,179	1,671,245	1,579,048
Deferred expense amortisations	91,888	74,984	81,461
Provision for reserve (payment) for redemption of convertible bonds	36	(169,027)	50,150
Cash dividends of long-term investments	11,704	5,702	5,100
Gain on sale of investments	(285)	(309)	(601,786)
Provision for (recovery of) allowance for inventory valuation	(27,421)	(52,293)	84,041
Reversal of allowance for idled asset valuation	(21)	—	—
Loss (gain) on disposal of property, plant and equipment, net	4,332	1,398	(4,319)
Long-term accounts receivables transferred to other expense	83,774	—	—
Construction in progress and prepayments for equipment transferred to other expense	—	36,428	—
Unrealised foreign exchange loss (gain), net	(12,378)	(69,844)	17,037
Loss (income) on equity-method investments, net	(9,506)	(7,176)	384,678
Provision for pension expenses	28,764	15,534	12,697
Deferred income tax expense (benefit)	(26,907)	9,309	31,303
Decrease in notes receivable and accounts receivable	205,710	394,024	316,205
Decrease (increase) in other receivables	(29,476)	123,379	(29,082)
Decrease (increase) in inventories	516,104	592,223	(772,932)
Decrease (increase) in prepayments and other current assets	46,239	47,530	(884)
Increase (decrease) in notes payable and accounts payable	146,457	(180,184)	(312,777)
Increase (decrease) in accrued expenses	7,462	(22,788)	139,340
Increase (decrease) in other current liabilities	(8,151)	(148,599)	197,372
Net cash provided by operating activities	2,850,087	1,846,814	1,528,970
Cash flows from investing activities:			
Decrease in other receivables	—	321,982	—
Decrease (increase) in restricted deposits	142,440	72,135	(119,047)
Decrease in forward exchange contracts receivable	48,237	—	—
Increase in short-term investments	(3,000)	—	—
Increase in long-term investments	—	(36,567)	(125,000)
Proceeds from sale of short-term investments	3,285	—	—
Proceeds from sale of long-term investments	—	3,055	208,405
Acquisitions of property, plant, equipment and other assets	(110,246)	(2,307,276)	(2,690,298)
Proceeds from disposal of property, plant, equipment and other assets	662	2,209	16,851
Increase in deferred expenses and other assets	(14,440)	(72,858)	—
Decrease (increase) in guarantee deposits paid	(2,002)	25,546	(25,342)
Increase in consolidated debit	—	—	(13,960)
Net cash provided by (used in) investing activities	64,936	(1,991,774)	(2,748,391)

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

For the Years ended December 31, 2002, 2001 and 2000
(expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	219,759	201,621	(1,382,259)
Increase (decrease) in payable on commercial paper	(822,951)	857,370	13,817
Increase in long-term borrowings	3,186,089	4,059,500	7,704,142
Repayments of long-term borrowings	(4,780,962)	(4,961,679)	(4,429,420)
Repayments of bonds payable	(502,000)	—	—
Payments of directors' and supervisors' remuneration and employees' bonuses	—	(29,387)	(34,016)
Payments of cash dividends	—	(300,922)	(364,244)
Income from donations received	—	307	512
Increase (decrease) in guarantee deposits received	(29,026)	15,701	(33,447)
Increase in minority interest	257	28,921	38,288
Net cash provided by (used in) financing activities	(2,728,834)	(128,568)	1,513,373
Effect of exchange rate changes on cash	(838)	(88,701)	(72,223)
Net increase (decrease) in cash and cash equivalents	185,351	(362,229)	221,729
Cash and cash equivalents, beginning of year	160,545	522,774	301,045
Cash and cash equivalents, end of year	**$ 345,896**	**160,545**	**522,774**
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest (not including capitalised interest)	**$ 1,033,458**	**1,775,435**	**1,157,054**
Income tax	**$ 105,628**	**106,853**	**27,058**
Investing and financing activities with no cash flows effect:			
Property, plant and equipment transferred to other assets, net	**$ 30**	**—**	**73**
Recognition (recovery) of cumulative translation adjustments resulted from long-term investments	**$ 451**	**4,375**	**4,112**
Recognition (recovery) of long-term accounts receivable resulting from exchange loss on long-term borrowings	**$ 309,958**	**(315,994)**	**354,155**
Current portion of long-term borrowings	**$ 4,452,562**	**4,140,814**	**3,290,307**
Recognition (recovery) of cumulative translation adjustments resulted from forward exchange contracts receivable, net	**$ (100,370)**	**100,370**	**—**
Proceeds receivable from sale of long-term investments	**$ —**	**—**	**321,982**
Increase in accrued pension liability, deferred pension costs and net loss not recognised as pension cost	**$ 19,947**	**76,878**	**—**

See accompanying notes to consolidated financial statements.

(1) ORGANISATION AND BUSINESS SCOPE

TON YI Industrial Corp. (the Company) was founded in Yeong Kong, Tainan, the Republic of China (ROC) on April 14, 1969. The Company went through changes of its name and business scope, and mergers. The Company is engaged in (i) the manufacture and process of tin mill black plates, tinplates, tin steels and tin cans, (ii) the import, export and sale of tinplate machines, and (iii) sale of iron oxide, fatty acid and tin products.

Cayman Ton Yi Industrial Holdings Ltd. (Cayman Ton Yi) is wholly owned by the Company and was incorporated on January 31, 1997, as a limited company under the Laws of the Cayman Islands. Cayman Ton Yi is engaged mainly in the manufacture and/or sale of tin plates and tin cans, and in investing activities.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company and subsidiaries are prepared in accordance with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the ROC.

(a) Presentation of consolidated financial statements

Investments which give the Company more than 50% ownership interest are accounted for under the equity method and are consolidated into the Company's financial statements at the end of each fiscal year, except for those where total assets and sales do not exceed 10% of the Company's total assets and sales and the total unconsolidated subsidiaries' assets and sales do not exceed 30% of the Company's total assets and sales. If the total assets or sales of subsidiaries are in aggregate more than 30% of the Company's total assets or sales, then a subsidiary whose total assets or sales are more than 3% of the Company's total assets or sales must be consolidated to the extent that total assets and sales of the remaining non-consolidated subsidiaries are not more than 20% of the Company's total assets and sales.

The consolidated financial statements include the financial statements of the Company, Cayman Ton Yi, and all subsidiaries (including Hong Kong Ton Yi Industrial Holdings Ltd., Cayman Jiangsu Ton Yi Holdings Ltd., Cayman Fujian Ton Yi Holdings Ltd., Fujian Ton Yi Tinplate Co., Ltd., Jiangsu Ton Yi Tinplate Co., Ltd., Wuxi Ton Yi Industrial Packaging Co., Ltd. and Chengdu Ton Yi Industrial Packaging Co., Ltd.) All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

Tovecan Factory Corporation Ltd., a subsidiary of the Company, whose total assets and sales are less than 10% of the corresponding amounts of the Company, was not included in the consolidated financial statements.

(b) Foreign currency transactions and translation of foreign-currency financial statements

The Company and subsidiaries maintain their accounts in the currency of their respective currencies of incorporation (local currencies) and functional currencies.

Foreign currency transactions, other than foreign currency forward exchange contracts, are recorded in the local currencies at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when foreign-currency assets and liabilities are settled are charged or credited to non-operating income or loss in the year of actual conversion or settlement. Year-end balances of foreign currency assets and liabilities are restated based on prevailing exchange rates and the resulting differences are charged or credited to income.

The foreign investee companies recorded under the equity method of accounting by the Company adopt the currencies of the foreign countries as their functional currencies; the foreign exchange differences resulting from translating the functional currencies of the financial statements of investee companies to New Taiwan dollars are charged to accumulated translation adjustments under stockholders' equity of the Company. The year-end balances of the foreign operating entities' assets and liabilities are translated into New Taiwan dollar amounts at the prevailing year-end foreign exchange rates; the stockholders' equity is converted into New Taiwan dollars by adopting the historical exchange rates, excluding the beginning balance of retained earnings which is carried over from the converted ending balance of the prior year. Dividends are translated at the exchange rate prevailing at the declaration date. Revenue, costs and expenses are translated at the average exchange rate during the reporting periods.

(c) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based upon the results of an evaluation of the collectibility of receivables.

(d) Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by the weighted-average method. Market value is determined by net realisable value or replacement cost.

(e) Long-term investments

(i) Equity investments

Investments in which ownership interest is 20% or more, or in which the Company has ability to exercise significant influence, are accounted for by the equity method. Gain or loss on sale of the investment is accounted for as non-operating income or expense in the statement of operations.

Investments in which the Company owns less than 20% of the investee's voting shares, and in which the Company has no ability to exercise significant influence, are accounted for by the cost method.

Stock dividends received are recorded only as an increase in the number of shares held and not as investment income. Costs of investments sold are determined by the weighted-average method.

When additional shares issued by an investee are not purchased on a prorated basis by its existing stockholders, the change in the investors' share of the investee's equity is accounted for as capital surplus and long-term investments. If there is any deficiency in the capital surplus, the differences will be charged to the retained earnings. Whenever the investee incurs additional capital surplus the investors, accordingly, have to adjust their capital surplus and long-term equity investments on a prorated basis.

(ii) Inter-affiliate transactions

Under the equity method, gains or losses resulting from inter-affiliate transactions are deferred and recognised when realised. Gains or losses resulting from transactions involving depreciable or amortisable assets are deferred and recognised over the assets' estimated useful lives. Gains or losses resulting from other transactions are recognised in the period of realisation.

(f) Property, plant and equipment and related depreciation

Fixed assets are stated at acquisition cost and revaluation increment. Acquisition cost includes capitalisation of interest incurred in connection with construction of tin plate and cold rolling plant and the installation of machinery and equipment. The Company's fixed assets were revalued in 1974, 1980, 1985 and 1998.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed when incurred, while costs of major additions, improvements and replacements are capitalised. Where the fixed assets have reached the end of their prescribed useful lives but the accumulation of the depreciation thereof has not amounted to the cost thereof, depreciation at the original rate may be continued until full depreciation has been achieved.

Gains or losses on the disposal of property, plant and equipment are recorded as non-operating income or expense. Gains on the disposal of property, plant and equipment net of related income tax, are transferred to capital surplus in the year of disposal. After January 1, 2001, gains on disposal of property, plant and equipment are not transferred to capital surplus in accordance with the amendment of the ROC Company Law.

Assets for operating lease are recorded as other assets and are depreciated using the straight-line method over the estimated useful lives. The depreciation is recorded as non-operating expense.

Idled assets are recorded as other assets and are valued at the lower of net book value or net realisable value.

(g) Organisation costs

Costs incurred in the formation of a corporation, referred to as organisation costs, are amortised over five years on a straight-line basis.

(h) Deferred expense

The Company entered into agreements with Kawasaki Steel Corp. (Kawasaki) on the construction of and technical services related to a tin plate and cold rolling plant. In conformity with the agreements, Kawasaki shall not sell or transfer such technology to any third party in the ROC until March 31, 2005, and April 22, 2016, respectively. Payments to Kawasaki by the Company are amortised over fifteen and twenty years, respectively, on a straight-line basis.

The Company entered into two land lease agreements with Taisugar Co., Ltd. for the plants. The agreements are effective from July 1, 1993, through June 30, 2043, and March 10, 1998 through March 9, 2048, respectively. The related royalty of two to four times the annual rentals are to be paid once every twenty years and are amortised over twenty years using the straight-line method.

Service charges paid to manager banks for syndicated loans are recorded as deferred expenses and amortised over 7 years using the straight-line method.

Expenses for installation of telephone and power lines are amortised over periods ranging from 5 to 20 years on the straight-line method.

(i) Leased land prepayments

Payments for land use rights are amortised over periods ranging from 50 to 70 years using the straight-line method.

(j) Pension plan

The Company established a noncontributory defined benefit retirement plan covering all regular employees in the ROC in 1987. According to the Plan, the pension benefits a participant receives are determined based on an employee's number of years of service and average monthly compensation for the six-month period prior to retirement.

The Company has been funding the Plan monthly at 2% (3% before October 2001) of salaries and wages in accordance with the labour Standards Law. The pension fund is deposited with the Central Trust of China, the government-designated custodian of pension funds.

The Company adopted ROC Statement of Financial Accounting Standards No. 18, "Accounting for Pensions". A minimum pension liability is recognised when the accumulated benefit obligation exceeds the fair value of plan assets. The additional accrued liability being recognized due to unrecognised transitional net benefit obligation. If the amount of additional accrued liability does not exceed the amount of remaining balance of unrecognised transitional net benefit obligation, then the deferred pension cost account shall be charged; if the amount of additional accrued liability exceeds the amount of remaining balance of unrecognised transitional net benefit obligation, the excess shall be charged to the net loss not recognized as pension cost account, and be recorded as a reduction of stockholders' equity. Net periodic pension cost includes service cost and the amortisation of net transition assets or obligation, prior service cost, and gains or losses of plan assets and benefit obligation by using the straight-line method over the employees' average remaining service period.

Cayman Ton Yi and all subsidiaries have not established any employee retirement plan.

(k) Income tax

Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to reverse. The income tax effects due to taxable temporary differences are recognised as deferred income tax liabilities. The income tax effects resulting from deductible temporary differences, net operating loss carryforwards and income tax credits are recognised as deferred income tax assets. The realisation of the deferred tax assets is evaluated, and a valuation allowance is recognised accordingly.

The Company uses the flow-through method to recognise income tax credits, recognising the entire reduction in income tax payables as the income of the year in which the credit arises.

Classification of the deferred tax assets or liabilities as current or non-current is based on the classification of the related assets or liabilities for financial reporting. If not so related, they are classified on the basis of the expected period of realisation.

A tax imputation system was adopted in accordance with the amendment of the ROC Income Tax Law. Under the system, the Company may retain the earnings occurring after December 31, 1997, by paying 10% surtax on such undistributed earnings, and the surtax is accounted for as income tax expense upon the stockholders' resolution on distribution of earnings.

(l) Minority interests

The rights of stockholders other than the Company to the net worth and earnings of the Company's subsidiaries are stated as minority interests.

(m) Earnings per share of common stock

Primary earnings per share of common stock are based on net income divided by the weighted-average number of common shares outstanding. When additional shares are issued for cash, the issuance date should be used in the calculation of the weighted-average number of shares outstanding. The number of shares outstanding should be retroactively adjusted in the calculation of the weighted-average number of shares outstanding if the number of shares outstanding increases as a result of stock dividends or a stock split, or decreases as a result of reverse stock splits or if capital is decreased to offset the prior year's deficit. If the measurement date referred to above is earlier than the date when the financial statements are issued, retroactive adjustments should be made.

(n) Derivative financial instruments

Premiums or discounts on foreign currency forward exchange contracts that hedge foreign currency assets or liabilities arising from difference between the forward rate and the spot rate at the date of each contract are deferred and amortised over the

contract period. At balance sheet date, the balances of the forward exchange receivables or payables are restated based on prevailing exchange rates and the resulting gain or loss is charged or credited to income. Any exchange gain or loss when the contract is settled is also credited or charged to income.

Option contracts to buy/sell foreign currency entered into for hedging purposes are not recorded as assets or liabilities on the contract dates. For contracts outstanding at the balance sheet date are measured at the quotation from banks and gains or losses from the measurement are recorded in the statement of operations. Foreign currency option premiums are deferred and recorded as an exchange gain or loss when the contract expires or is settled.

Foreign currency spot-position assets and liabilities arising from hedging currency swap contracts are recorded at spot rates when the transactions occur. Realised and unrealised gains or losses on these contracts resulting from actual execution or balance sheet date translation are charged or credited to current operations. Receivables and payables resulting from foreign currency swap contracts are offset against each other and the net balances are recorded as assets or liabilities.

The derivative financial instruments for the purpose of hedging the exchange risk of equity investment in foreign investee companies are revalued by the prevailing spot rate as of the balance sheet date. The differences are recorded as cumulative translation adjustments, a component of stockholders' equity.

(3) INVENTORIES

As of December 31, 2002, 2001, and 2000, inventories consisted of the following:

	2002	2001	2000
Finished goods	$1,137,489,641	1,182,715,138	1,993,222,959
Work-in-process	374,879,527	362,380,173	511,390,813
Raw materials	936,376,345	1,556,519,030	1,277,541,709
Supplies	227,291,391	223,512,707	165,130,725
Material in transit	214,455,435	90,741,675	59,668,674
	2,890,492,339	3,415,868,723	4,006,954,880
Less: allowance for inventory devaluation	38,184,157	66,073,432	118,288,162
	$2,852,308,182	**3,349,795,291**	**3,888,666,718**

As of December 31, 2002, 2001, and 2000, the insurance coverage for inventories amounted to $3,256,092 thousand, $4,040,040 thousand and $3,533,406 thousand, respectively.

(4) LONG-TERM INVESTMENTS

As of December 31, 2002, 2001, and 2000, long-term investments comprised the following:

Name of investee	2002		2001		2000	
	% of ownership	Amount	% of ownership	Amount	% of ownership	Amount
Accounted for under the cost method:						
Sino-Aerospace Investment Corp.	8.19%	$210,000,000	8.19%	210,000,000	8.19%	210,000,000
Global Securities Finance Corp.	1.75%	115,664,200	1.75%	115,664,200	1.75%	115,664,200
United Steel International Development Corp.	—	—	—	—	1.00%	2,746,000
President International Investment Corp.	3.33%	500,000,000	3.33%	500,000,000	3.33%	500,000,000
Grand Bills Finance Corp.	0.02%	1,050,000	0.02%	1,050,000	0.02%	1,050,000
CDIB High-Tech. Investment Inc.	2.11%	30,000,000	2.11%	30,000,000	—	—
		856,714,200		856,714,200		829,460,200
Accounted for under the equity method:						
Tovecan Factory Corporation Ltd.	51.00%	85,048,844	51.00%	83,840,281	51.00%	79,587,253
Tung-On Enterprise Co., Ltd.	40.00%	15,249,640	39.99%	19,254,979	39.99%	17,732,993
Western Samoa New Dawn Enterprises Ltd.	100.00%	6,788,657	100.00%	6,640,500	—	—
		107,087,141		109,735,760		97,320,246
		$963,801,341		**966,449,960**		**926,780,446**

As of December 31, 2002, 2001, and 2000, the original cost of long-term investments consisted of the following:

	2002	2001	2000
Tovecan Factory Corporation Ltd.	$43,739,967	43,739,967	43,739,967
Tung-On Enterprise Co., Ltd.	12,000,000	12,000,000	12,000,000
Western Samoa New Dawn Enterprises Ltd.	6,566,855	6,566,855	—
	$62,306,822	**62,306,822**	**55,739,967**

Related investment income (loss) in 2002, 2001 and 2000 consisted of the following:

	2002	2001	2000
Tovecan Factory Corporation Ltd.	$7,326,436	5,653,775	6,998,889
Tung-On Enterprise Co., Ltd.	1,994,661	1,521,986	3,575,863
Western Samoa New Dawn Enterprises Ltd.	185,193	—	—
Yen Tone Investment Co., Ltd.	—	—	(242,150,879)
Chang Won Investment Co., Ltd.	—	—	(153,102,487)
	$9,506,290	**7,175,761**	**(384,678,614)**

In 2001, the Company gained $309 thousand from the sale of investment in United Steel International Development Corp. Related proceeds were approximately $3,055 thousand with a cost of $2,746 thousand. The gain was recorded in the statement of operations. As of December 31, 2001, the related receivable was collected.

In 2000, the Company gained $601,786 thousand from the sale of investment in Ton Cheng Development Corp., Yen Tone Investment Co., Ltd. and Chang Won Investment Co., Ltd. Related proceeds were approximately $531,982 thousand with a cost of $(71,400) thousand and the securities transactions tax of $1,596 thousand. The gain was recorded in the statement of operations. As of December 31, 2000, the related receivable of $321,982 thousand, was recorded as other receivable. In 2001, the related receivable was collected.

(5) PROPERTY, PLANT AND EQUIPMENT

The Company's fixed assets were revalued in 1974, 1980, 1985 and 1998. As of December 31, 2002, 2001 and 2000, the Company's revaluation increment comprised the following:

	2002	2001	2000
Land	$763,827,310	763,827,310	763,827,310
Buildings and improvements	10,971,060	10,971,060	10,971,060
Machinery and equipment	480,127	480,127	1,156,592
Other equipment	727,886	727,886	727,886
	$776,006,383	**776,006,383**	**776,682,848**

(i) As of December 31, 2002, 2001 and 2000, the insurance coverage for property, plant and equipment amounted to $24,792,514 thousand, $25,925,544 thousand and $26,248,964 thousand, respectively.

(ii) As of December 31, 2002, 2001 and 2000, provision for tax on increment of land value was $433,545,693 and was recorded as long-term liabilities.

(6) SHORT-TERM BORROWINGS

As of December 31, 2002, 2001 and 2000, short-term borrowings consisted of the following:

	2002	2001	2000
Credit loans	$4,776,921,855	4,385,691,072	4,100,015,416
Letter of credit loans	348,076,448	545,053,378	499,738,819
Secured loans	344,256,848	337,823,960	459,547,360
	$5,469,255,151	**5,268,568,410**	**5,059,301,595**
Annual interest rate	**0.6237%~5.04%**	**0.49%~7.63%**	**0.71%~8.0127%**

As of December 31, 2002, 2001 and 2000, the Company and subsidiaries had unused credit lines totalling $7,514,047 thousand, $7,609,336 thousand and $18,000,000 thousand, respectively, which were available for short-term bank loans, long-term loans, and commercial paper.

(7) PAYABLE ON COMMERCIAL PAPER

As of December 31, 2002, 2001 and 2000, payable on commercial paper consisted of the following:

	2002		2001		2000	
	Amount	Annual interest rate	Amount	Annual interest rate	Amount	Annual interest rate
Commercial paper	$ 870,000,000	1.72%~3.00%	1,700,000,000	2.95%~3.65%	840,000,000	5.1%~5.7%
Less: discount	2,333,429		9,382,085		6,752,091	
	$867,666,571		**1,690,617,915**		**833,247,909**	

(8) BONDS PAYABLE

As of December 31, 2002, 2001 and 2000, bonds payable were as follows:

	2002	2001	2000
Unsecured corporate bonds	$ —	—	670,000,000
Unsecured convertible corporate bonds	—	2,000,000	1,002,000,000
Secured corporate bonds	1,000,000,000	1,500,000,000	1,500,000,000
	1,000,000,000	1,502,000,000	3,172,000,000
Reserve for redemption of convertible bonds	—	506,000	169,533,150
	1,000,000,000	1,502,506,000	3,341,533,150
Less: current portion	500,000,000	500,000,000	670,000,000
	$ 500,000,000	**1,002,506,000**	**2,671,533,150**

On December 6, 1996, the Company issued 3-year, 4-year, and 5-year term bonds totalling $2,000,000 thousand with nominal interest rate of 6.75%~6.82%. The related interest was paid annually. As of December 31, 2000, the principal value of unsecured corporate bonds due within one year amounted to $670,000 thousand. The bonds matured and were repaid on December 26, 2001.

On August 13, 1997, the Company issued its first unsecured convertible bonds at par value. The significant terms of the convertible bonds are as follows:

(a) Par value: $3,000,000 thousand.
(b) Coupon rate: 0%.
(c) Duration: seven years (effective from August 13, 1997, through August 12, 2004).
(d) Final redemption: Unless previously redeemed at the option of the Company or the bondholders, or converted in accordance with the offering of the convertible bonds, the convertible bonds are to be redeemed at the outstanding principal amount on August 12, 2004.

(e) Redemption at the option of bondholders: The bondholders have the right to require the Company to repurchase the convertible bonds at a price equal to 121.55% and 127.63% of the unpaid principal amount together with unpaid interest on August 12, of 2001 and 2002, respectively.

(f) Terms of conversion:
   1. Bondholders may elect to have the convertible bonds converted into a certificate for common stock of the Company within the period from September 13, 1997, through August 2, 2004. The certificate may be converted into common stock of the Company.
   2. Conversion price: $40.6 per share of common stock on the issuance date. The conversion price is subject to adjustment for capital increases in order to protect the bondholders from dilution.

(g) As of December 31, 2002, convertible bonds with total principal value of $2,000,000 thousand had been converted to 57,142,857 common shares with par value of $10, and the premiums were recorded as capital surplus. The stock issuance has been authorised by and registered with the government authority.

(h) As of December 31, 2001, the total principal value of convertible bonds repurchased amounted to $1,000,000 thousand at the par value and interest on the redemption of convertible bonds amounted to $215,400 thousand.

On August 19, 1998, the Company issued its second unsecured convertible bonds at par value. The significant terms of the convertible bonds are as follows:

(a) Par value: $3,000,000 thousand.
(b) Coupon rate: 0%.
(c) Duration: seven years (effective from August 19, 1998, through August 18, 2005).
(d) Final redemption: Unless previously redeemed at the option of the Company or the bondholders, or converted in accordance with the offering of the convertible bonds, the convertible bonds are to be redeemed at the outstanding principal amount on August 18, 2005.
(e) Redemption at the option of bondholders: The bondholders have the right to require the Company to repurchase the convertible bonds at a price equal to 115.56%, 125.97%, 137.31% and 150.37% of the unpaid principal amount together with unpaid interest on August 18 of 2000, 2001, 2002 and 2003, respectively.
(f) Terms of conversion:
   1. Bondholders may elect to have the convertible bonds converted into a certificate for common stock of the Company from December 19, 1998, to August 8, 2005. The certificate may be converted into common stock of the Company.
   2. Conversion price: $22.2 per share of common stock on the issuance date. The conversion price is subject to adjustment for capital increases in order to protect the bondholders from dilution.
(g) As of December 31, 2002, convertible bonds with total principle value of $2,998,000 thousand had been converted to 182,804,877 common shares with par value of $10, and the premiums were recorded as capital surplus. The stock issuance has been authorised by and registered with the government authority.
(h) As of December 31, 2002, the total principal value of convertible bonds repurchased amounted to $2,000 thousand at the par value and interest on the redemption of convertible bonds amounted to $672 thousand.

On July 14 and 27, 1999, the Company issued its second and third secured corporate bonds, respectively. The significant terms of the secured corporate bonds are as follows:

	The second	The third
Par value	$1,200,000 thousand	$300,000 thousand
Issue date	July 14, 1999	July 27, 1999
Issue price	At par value	At par value
Coupon rate	5.85%~6.14%	5.85%~6.20%
Duration	3-year, 4-year and 5-year term	3-year, 4-year and 5-year term
Redemption	At maturity	At maturity

3-year-term bonds amounting to $500,000 thousand matured and were repaid in July 2002. As of December 31, 2002 and 2001, the principal value of secured corporate bonds due within one year amounted to $500,000 thousand.

(9) LONG-TERM BORROWINGS

As of December 31, 2002, 2001 and 2000, long-term borrowings consisted of the following:

Bank	2002 Amount	2001 Amount	2000 Amount
Chiao Tung Bank, Tainan Branch	$741,517,717	960,250,627	762,823,564
China Development Industrial Bank	338,220,096	385,226,957	500,451,091
Jih Sun International Commercial Bank, Tainan Branch (Note 1)	380,000,000	400,000,000	235,000,000
En Tie Commercial Bank, Tainan Branch	300,000,000	300,000,000	300,000,000
Far Eastern International Bank, Tainan Branch	240,000,000	300,000,000	300,000,000
Chinatrust Commercial Bank, West Tainan Branch	540,000,000	300,000,000	300,000,000
Overseas-Chinese Bank, Ren De Branch	120,000,000	—	20,000,000
E. Sun Commercial Bank, Tainan Branch	200,000,000	300,000,000	300,000,000
Fuhwa Bank, Yeong Kong Branch (Note 2)	300,000,000	380,000,000	260,000,000
The Export-Import Bank of the Republic of China, Kaohsiung Branch	676,440,664	770,454,451	1,000,902,881
Bank of Taiwan, Tainan Branch	876,440,664	970,454,451	1,000,902,881
Central Trust of China, Kaohsiung Branch	538,220,096	585,226,957	700,451,091
First Bank, Tainan Branch	281,850,080	321,022,464	417,042,576
Chang Hwa Commercial Bank, West Tainan Branch	613,975,080	521,022,464	617,042,576
The International Commercial Bank of China, Tainan Branch	281,850,080	321,022,464	417,042,576
Taiwan Cooperative Bank, Nan King Branch	112,739,717	128,408,627	166,816,565
Hua Nan Commercial Bank, Chun Lun Branch	112,739,717	128,408,627	166,816,565
The Farmers Bank of China, Tainan Branch	56,369,702	64,204,135	83,408,050
Taiwan Development & Trust Corporation	—	110,000,000	300,000,000
Ta Chong Bank, Tainan Branch	298,399,256	150,000,000	150,000,000
Fubon International Commercial Bank, Tainan Branch	200,000,000	150,000,000	200,000,000
Taishin International Commercial Bank, Tainan Branch (Note 3)	—	450,000,000	550,000,000
Industrial Bank of Taiwan, Kaohsiung Branch	400,000,000	400,000,000	175,000,000
International Bank of Taipei, Tainan Branch	100,000,000	250,000,000	150,000,000
Taipei Bank, Paoching Branch	200,000,000	200,000,000	200,000,000
Sunny Bank, Mu Zha Branch	200,000,000	200,000,000	200,000,000
Hsinchu International Bank, Neihu Branch	200,000,000	200,000,000	200,000,000
Taipei Bank, Kaohsiung Branch	200,000,000	200,000,000	—
Taichung Commercial Bank, Kaohsiung Branch	200,000,000	200,000,000	—
COTA Commercial Bank Saving Department	100,000,000	100,000,000	—
United World Chinese Commercial Bank, Kaohsiung Branch	200,000,000	200,000,000	—
Taiwan Cooperative Bank, Kaohsiung Branch	200,000,000	200,000,000	—
Oversea-Chinese Banking Corporation Limited, Taipei Branch	100,000,000	100,000,000	—

(Continued on next page)

Bank	2002 Amount	2001 Amount	2000 Amount
United-Credit Commercial Bank, Setun Branch	160,000,000	200,000,000	—
Bank of Panhsin, Yeong Kong Branch	100,000,000	100,000,000	100,000,000
Kao Shin Commercial Bank, Shin-Hsing Branch	50,000,000	50,000,000	—
Kao Shin Commercial Bank, Taipei Branch	100,000,000	100,000,000	100,000,000
China United Trust & Investment Corp., Tao Yuan Branch	240,000,000	—	—
Lucky Bank, Na-Tun Branch	160,000,000	—	—
Chinfon Commercial Bank, Tainan Branch	160,000,000	—	—
The Chinese Bank, Yeong Kong Branch	80,000,000	—	—
Tainan Business Bank, Fu-Cheng Branch	80,000,000	—	—
Asia Trust & Investment Corp.	80,000,000	—	—
Hwa Tai Bank, Guting Branch	80,000,000	—	—
The Belgium Bank, Singapore Branch	—	41,304,546	78,189,091
Sumitomo Bank Ltd., Hong Kong Branch	—	41,304,546	78,189,091
The ABN AMRO Bank N.V., Hong Kong Branch	—	31,772,729	60,145,456
The Bank of Tokyo-Mitsubishi, Ltd., Shanghai Branch	—	282,365,561	560,050,227
The UFJ Bank Ltd., Tianjin Branch (Note 4)	103,132,766	446,412,054	801,768,864
The Mizuho Corporate Bank, Shanghai Branch (Note 5)	—	26,671,925	61,533,272
Central Finance Co. Ltd.	521,250,000	699,000,000	330,800,000
Fortis Bank, Offshore Banking Branch	347,500,000	349,500,000	330,800,000
Bank of Kaohsiung, OBU	278,000,000	279,600,000	264,640,000
The Sakura Bank, Hong Kong Branch	243,250,000	244,650,000	231,560,000
Jih Sun International Commercial Bank (Note 1)	173,750,000	174,750,000	165,400,000
Chiao Tung Bank, OBU	173,750,000	174,750,000	165,400,000
Taishin International Commercial Bank, OBU (Note 3)	173,750,000	174,750,000	165,400,000
The Development Bank of Singapore, OBU	173,750,000	174,750,000	165,400,000
Chinfon Commercial Bank, Offshore Banking Branch	220,083,333	174,750,000	165,400,000
Far Eastern International Bank, Offshore Banking Branch	115,833,333	174,750,000	165,400,000
Hua Nan Commercial Bank Limited, Offshore Banking Branch	115,833,333	174,750,000	165,400,000
The Shanghai Commercial and Savings Bank Limited, Offshore Banking Branch	220,083,333	279,600,000	264,640,000
Taiwan Business Bank, Offshore Banking Branch	115,833,333	174,750,000	165,400,000
United World Chinese Commercial Bank, Offshore Banking Branch	46,333,333	69,900,000	66,160,000
The Hong Kong and Shanghai Banking Corporation Limited, Kaohsiung Office	—	74,723,100	131,459,920
The Mizuho Corporate Bank, OBU (Note 5)	173,750,000	174,750,000	165,400,000
Fuhwa Bank, OBU (Note 2)	139,000,000	139,800,000	132,320,000
The Bank of East Asia, OBU	139,000,000	139,800,000	132,320,000
Taichung Commercial Bank, OBU	243,250,000	139,800,000	132,320,000
Taipei Bank, OBU	104,250,000	104,850,000	99,240,000
The ABN AMRO Bank N.V., Taipei Offshore Banking Branch	359,083,334	419,400,000	396,960,000
Central Trust of China, Offshore Banking Branch	115,833,333	174,750,000	165,400,000
China Trust Commercial Bank, Offshore Banking Branch	289,583,333	174,750,000	165,400,000
International Bank of Taipei, OBU	173,750,000	174,750,000	165,400,000
BNP Paribas, Kaohsiung Branch	—	120,072,313	220,712,767
The Mizuho Corporate Bank, Kaohsiung Branch (Note 5)	—	23,067,000	43,665,600
Deutsche Bank, Taipei Branch	—	69,235,950	124,480,040
Overseas-Chinese Bank, Offshore Banking Branch	52,125,000	—	—
Tainan Business Bank, Offshore Banking Branch	104,250,000	—	—
	15,514,770,633	16,815,531,948	16,400,454,744
Less: current portion	3,952,561,631	3,640,814,197	2,620,306,727
	$11,562,209,002	**13,174,717,751**	**13,780,148,017**

Note 1: BaoDao Commercial Bank changed its name to Jih Sun International Commercial Bank in 2001.

Note 2: Asia Commercial Bank Corporation Limited joined Fuhwa Financial Holding Company Limited and changed its name to Fuhwa Commercial Bank Corporation Limited in 2002.

Note 3: Ta-An Commercial Bank Corporation Limited merged with Taishin International Commercial Bank Corporation Limited in 2002. Taishin International Commercial Bank Corporation Limited is the surviving corporation.

Note 4: The Tokai Bank Ltd. and The Sanwa Bank Ltd. merged and became The UFJ Bank Ltd. in 2002.

Note 5: The Dai-Ichi Kangyo Bank, The Fuji Bank and The Industrial Bank of Japan merged and became The Mizuho Corporate Bank in 2002.

In 2002, 2001 and 2000, the related interest rates for the above long-term borrowings ranged from 0.65% to 7.10%, from 0.65% to 7.84% and from 0.94% to 8.48%, respectively.

The Company entered into syndicated loan agreements with banks for the construction of its plants. The Company's land, buildings and machinery were pledged as collateral against the borrowings (please refer to note 16). The Company was restricted to maintaining its debt-equity ratio at 200% and times interest earned at 2 as specified in the agreements.

As of December 31, 2002, long-term borrowings due in the next 5 years and thereafter are as follows:

Maturity Period	Amount
January 1–December 31, 2003	$ 3,952,561,631
January 1–December 31, 2004	4,373,704,440
January 1–December 31, 2005	4,913,996,553
January 1–December 31, 2006	1,760,222,294
January 1–December 31, 2007	514,285,715
	$15,514,770,633

(10) PENSION

Ending balances for funded status and accrued pension liabilities were as follows:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Benefit obligation:			
Vested benefit obligation (VBO)	$ (94,523)	(79,310)	(58,106)
Non-vested benefit obligation	(157,449)	(139,326)	(78,179)
Accumulated benefit obligation	(251,972)	(218,636)	(136,285)
Additional benefit based on future salaries	(81,256)	(77,914)	(87,439)
Projected benefit obligation (PBO)	(333,228)	(296,550)	(223,724)
Fair value of the pension plan assets	84,158	93,199	109,040
Funded status	(249,070)	(203,351)	(114,684)
Unrecognised net loss	121,082	97,793	18,326
Unrecognised transitional net benefit obligation	50,665	56,999	63,333
Additional minimum pension liabilities	(90,491)(Note 1)	(76,878)(Note 2)	—
Accrued pension liabilities	**$(167,814)**	**(125,437)**	**(33,025)**

Note 1: Additional accrued pension cost incurred from unrecognised transitional net benefit obligation of $50,665 thousand is recorded as deferred pension cost, and the excess amount of $39,826 thousand is recorded as net loss not recognised as pension cost.

Note 2: Additional accrued pension cost incurred from unrecognised transitional net benefit obligation of $56,999 thousand is recorded as deferred pension cost and the excess amount of $19,879 thousand is recorded as net loss not recognised as pension cost.

As of December 31, 2002, 2001 and 2000, the actuarial assumptions were as follows:

	2002	2001	2000
Discount rate	3.75%	4.50%	6.00%
Expected long-term rate of increase in compensation	2.00%	1.00% for first three years, then 2.50%	4.00%
Expected long-term rate of return on pension plan assets	3.75%	4.50%	6.00%

For the years ended December 31, 2002, 2001 and 2000, the net periodic pension cost consisted of the following:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Service cost	$17,339	13,272	12,269
Interest cost	13,318	13,123	12,955
Actual return on plan assets	(1,906)	(4,033)	(4,487)
Net amortisation and deferral	7,411	3,795	3,391
Net periodic pension cost	**$36,162**	**26,157**	**24,128**

As of December 31, 2002, 2001 and 2000, the Company's employee vested benefit amounted to $126,849,000, $116,329,000 and $87,608,000, respectively.

(11) STOCKHOLDERS' EQUITY

(a) Common stock and capital increase

On June 16, 2000, the Company's stockholders' meeting resolved to increase the authorised capital stock from $16,509,392,410 to $17,546,087,440 and to transfer capital surplus of $1,036,695,030 to common stock by issuing 103,669,503 shares of common stock. On December 18, 2000, the stock issuance was authorised by and registered with the government authority.

On June 22, 2001, the Company's stockholders' meeting resolved to increase the authorised capital stock from $17,546,087,440 to $17,847,009,180 and to transfer capital surplus of $300,921,740 to common stock by issuing 30,092,174 shares of common stock. On December 17, 2001, the stock issuance was authorised by and registered with the government authority.

As of December 31, 2002, 2001 and 2000, the issued common stock amounted to $15,347,009,180, at $10 par value.

(b) Capital surplus

As of December 31, 2002, 2001 and 2000, the components of capital surplus were as follows:

	2002	2001	2000
Premium on stock issuance	$492,890,673	492,890,673	776,988,525
Assets reappraisals	302,829,978	302,829,978	319,653,866
Gain on disposal of property, plant and equipment	25,390,914	25,390,914	25,390,914
Additional paid-in capital— bond conversion	28,767,123	28,767,123	28,767,123
Adjustments from long-term equity investments	85,263,177	85,263,177	85,263,177
Income from donations received	818,570	818,570	511,633
	$935,960,435	**935,960,435**	**1,236,575,238**

Under the ROC Company Law, a company may, after it has used capital surplus to offset its deficit, convert a part or the whole of capital surplus representing premium on stock issuance and donated surplus into capital stock. The ROC Securities and Futures Exchange Commissions (SFC) regulated that directives, capital surplus converted into capital may not exceed 10% the Company's issued share capital annually.

(c) Legal reserve

The ROC Company Law stipulates that a company must retain 10% of its annual earnings until such retention equals the amount of authorised share capital. The purpose of the legal reserve is to offset the prior year's deficit. The legal reserve cannot be distributed in cash but can be converted to share capital upon approval at a shareholders' meeting when it reaches an amount equal to one-half of issued share capital. The amount to be converted to share capital may not exceed one-half of the reserve.

(d) Special reserve

According to ROC SFC regulations, a ROC publicly listed company should retain a special reserve equal to any deductions made to stockholders' equity before distribution of earnings, which were generated after 1998. If the aforementioned deduction from stockholders' equity is reversed, the same amount could be removed from special reserve and transferred to retained earnings.

The Company's stockholders' meeting in 2001 resolved to retain an equal amount of cumulative translation adjustments as special reserve. The reserve amounted to $22,240,345.

(e) Earnings distribution

According to the Company's articles of incorporation, the balance of income, after offsetting accumulated deficit, if any, must be set aside as legal reserve at 10% of such balance; the remainder, if any, should be appropriated in the following proportion:

(i) 2% as remuneration to directors and supervisors;
(ii) at least 0.2% as bonuses to employees; and
(iii) the remainder as dividends to shareholders to be determined by the annual stockholders' general meeting; but the dividends should be distributed in the following proportion: 50% as cash dividend and 50% as stock dividend.

Based on stockholders' resolutions in 2002, the Company offset the accumulated deficit with legal reserve of $376,088,763 and did not distribute any employees' bonuses and directors' and supervisors' remuneration.

From 2003, the remuneration of directors and supervisors and the employees' bonuses are supposed to be resolved in the future board of directors' meeting and stockholders' meeting, and related information can be queried on the Market Observation Post System after the meetings.

(12) INCOME TAX

The Company was approved for exemption from income tax for its income generated from processing of tin mill black plates for four consecutive years starting December 31, 1996.

The components of income tax expense were as follows:

	2002	2001	2000
Current income tax expense	$ 94,891,965	55,540,428	57,234,165
10% surtax on unappropriated earnings	35,462,035	30,550,572	91,261,835
Deferred income tax expense (benefit)	(26,907,000)	9,309,000	31,303,000
Understated (overstated) income tax in previous years	(2,538,831)	581,578	(16,244,049)
Other	285,192	285,110	255,000
Income tax expense	**$101,193,361**	**96,266,688**	**163,809,951**

The differences between the "expected" income tax expense (benefit) based on the statutory income tax rate and "effective" income tax expense are summarised as follows:

	2002	2001	2000
"Expected" income tax expense (benefit)	$ 71,907,634	(96,948,478)	122,724,833
Equity in investees' loss (gain)	(498,665)	(380,497)	96,169,654
Non-taxable gain on sale of marketable securities	(71,238)	(2,375)	(150,446,499)
Tax-exempt income	—	—	(173,929,791)
Investment tax credits	—	(55,540,323)	(2,586,151)
10% surtax on unappropriated earnings	35,462,035	30,550,572	91,261,835
Bad debts disallowed	16,901,105	—	—
Understated (overstated) income tax in previous years	(2,538,831)	581,578	(16,244,049)
Loss (profit) of Cayman Ton Yi and subsidiaries	(18,703,308)	218,744,839	197,739,737
Other	(1,265,371)	(738,628)	(879,618)
Effective income tax expenses	**$101,193,361**	**96,266,688**	**163,809,951**

The components of deferred income tax expense (benefit) are summarised as follows:

	2002	2001	2000
Realised (unrealised) gain on inter-affiliate accounts	$ 14,086,964	(6,545,725)	4,207,055
Equity in investees' gain	451,556	1,413,444	—
Changes in unrealised foreign exchange loss and gain	(37,374,104)	13,223,137	21,148,629
Reversal of (provision for) allowance for inventory valuation	—	4,455,179	(4,455,179)
Pension expenses — difference between financial reporting and tax purposes	(7,191,000)	(3,883,500)	(3,174,250)
Bad debts in excess of tax limit	3,114,037	589,783	(1,702,296)
Investment tax credits	—	—	15,150,801
Other	5,547	56,682	128,240
	$(26,907,000)	**9,309,000**	**31,303,000**

As of December 31, 2002, 2001 and 2000, deferred income tax assets and liabilities were stated as follows:

	2002	2001	2000
Current:			
Deferred income tax assets	$32,273,000	28,042,000	23,862,000
Deferred income tax liabilities	1,819,000	19,210,000	6,986,000
Deferred income tax assets, net (included in prepayments and other current assets)	**$30,454,000**	**8,832,000**	**16,876,000**
Non-current:			
Deferred income tax assets	$36,166,000	30,835,000	32,100,000
Deferred income tax liabilities	46,000	—	—
Deferred income tax assets, net (included in other assets)	**$36,120,000**	**30,835,000**	**32,100,000**
Total deferred income tax assets	**$68,439,000**	**58,877,000**	**55,962,000**
Total deferred income tax liabilities	**$ 1,865,000**	**19,210,000**	**6,986,000**

As of December 31, 2002, 2001 and 2000, the temporary differences and tax effects relating to deferred income tax assets (liabilities) were as follows:

	2002		2001		2000	
	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets:						
Unrealised gain on inter-affiliate accounts	$ 94,400,000	23,600,000	150,747,856	37,686,964	124,564,956	31,141,239
Unrealised foreign exchange loss	116,911,421	29,227,855	38,601,226	9,650,307	48,251,553	12,062,888
Unrealised loss on inventory valuation	—	—	—	—	17,820,716	4,455,179
Bad debts in excess of tax limit	—	—	12,456,149	3,114,037	14,815,280	3,703,820
Pension expense	56,995,000	14,248,750	28,231,000	7,057,750	12,697,000	3,174,250
Other	5,449,774	1,362,395	5,470,000	1,367,942	5,696,904	1,424,624
		$68,439,000		**58,877,000**		**55,962,000**
Deferred income tax liabilities:						
Equity in investees' gain	$ 7,461,564	1,865,000	5,653,775	1,413,444	—	—
Unrealised foreign exchange gain	—	—	71,187,182	17,796,556	27,945,283	6,986,000
		$ 1,865,000		**19,210,000**		**6,986,000**

As of December 31, 2002, 2001 and 2002, income tax payables amounted to $107,763,334, $85,291,151 and $105,186,112, respectively, and were included in accrued expense in the accompanying consolidated financial statements.

The Company's income tax returns have been examined and assessed by the tax authorities through 2000.

As of December 31, 2002, 2001 and 2000, the balance of the Company's imputation credit account, as required by the ROC Income Tax Law, amounted to $114,768,420, $5,448,855, and $27,109,140, respectively. The Company expects that the creditable ratio for the distribution of its 2002 earnings for the Company's stockholders who are residents of the ROC will be 33.33%. The actual creditable ratios for 2001 and 2000 earnings appropriation were 0% and 33.33%, respectively.

Unappropriated earnings (accumulated deficit) as of December 31, 2002, 2001 and 2000 are summarised below:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Earnings for years prior to 1997	$ —	16,230	20,016
Earnings (loss) for 1998 and thereafter	163,417	(392,318)	387,514
	$163,417	**(376,088)**	**407,530**

(13) EARNINGS PER SHARE

	2002			
	Amount		Shares	Earnings per Share
	Before Income Tax	After Income Tax		Before Income Tax / After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share which is expressed in New Taiwan dollars)			
Net income	$ 264,610	163,417		
Basic earnings per share:				
Net income applicable to common stockholders	264,610	163,417	1,534,701	$0.17 / 0.11
Dilutive effect of potential common stock:				
Unsecured convertible bonds	—(Note 1)	—(Note 1)	—(Note 1)	
Diluted earnings per common share:				
Net income applicable to common stockholders	264,610	163,417	1,534,701	$0.17 / 0.11

	2001			
	Amount		Shares	Earnings per Share
	Before Income Tax	After Income Tax		Before Income Tax / After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share which is expressed in New Taiwan dollars)			
Net loss	$(296,051)	(392,318)		
Basic earnings per share:				
Net loss applicable to common stockholders	(296,051)	(392,318)	1,534,701	$(0.19) / (0.26)
Dilutive effect of potential common stock:				
Unsecured convertible bonds	-(Note 2)	-(Note 2)	-(Note 2)	
Diluted earnings per common share:				
Net loss applicable to common stockholders	(296,051)	(392,318)	1,534,701	$(0.19) / (0.26)

	2000				
	Amount		Shares	Earnings per Share	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share which is expressed in New Taiwan dollars)				
Net income	$ 555,160	391,350			
Basic earnings per share:					
Income applicable to common stockholders	555,160	391,350	1,504,609	$0.37	0.26
Dilutive effect of potential common stock:					
Unsecured convertible bonds	-(Note 3)	-(Note 3)	-(Note 3)		
Diluted earnings per common share:					
Net income applicable to common stockholders	555,160	391,350	1,504,609	$0.37	0.26

Note 1: The Company repurchased the convertible bonds on April 4, 2002. As of December 31, 2002, the number of the potential common shares was nil. The anti-dilutive effect is minor if the weighted-average number of outstanding shares of common stock includes the potential common shares before the repurchase to recalculate the earnings per common share. The aforementioned potential common shares were excluded from the calculation.

Note 2: To avoid the anti-dilutive effect from the net loss incurred in 2001, the potential common shares were excluded from the calculation.

Note 3: As of December 31, 2000, the balance of convertible bonds amounted to $1,002,000 thousand. The anti-dilutive effect is minor if the weighted-average number of outstanding shares of common stock includes the potential common shares to recalculate the earnings per common share. The aforementioned potential common shares were excluded from the calculation.

(14) FINANCIAL INSTRUMENTS

(a) Derivative financial instruments

(i) Contract amount or notional principal and credit risk

Derivative financial instruments	2002 Contract amount (Notional principal amount)	2002 Credit risk	2001 Contract amount (Notional principal amount)	2001 Credit risk	2002 Contract amount (Notional principal amount)	2002 Credit risk
Advance Purchase Forward Foreign Exchange Contracts—USD	$ —	$ —	USD40,020,000	17,000,000	USD27,000,000	26,400,000
Advance Purchase Forward Foreign Exchange Contracts—USD/JPY	USD3,000,000	—	—	—	—	—
Advance Purchase Forward Foreign Exchange Contracts—JPY/USD	—	—	—	—	JPY 800,000,000	—
Advance Booking Forward Foreign Exchange Contracts—JPY/USD	JPY3,610,000,000	—	—	—	—	—
Advance Booking Forward Foreign Exchange Contracts—USD	USD35,890,000	—	—	—	—	—
Foreign Currency Option—USD/NTD	USD47,360,000	26,775,000	USD185,680,000	—	USD6,000,000	—
Foreign Currency Option—USD/JPY	USD77,000,000	—	USD17,500,000	—	USD7,000,000	—
Foreign Currency Option—JPY/USD	JPY1,860,000,000	—	—	—	—	—
Currency Swap Contracts—USD/NTD	USD211,170,000/ NTD7,278,775,390	16,660,000	USD197,046,528/ NTD6,736,206,949	138,827,000	—	—
Currency Swap Contracts—JPY/USD	JPY6,923,500,000/ USD59,603,925.12	—	JPY5,000,000,000/ USD43,859,649.12	—	JPY5,000,000,000 USD43,859,649.12	—
Currency Swap Contracts—NTD/USD	—	—	—	—	NTD845,745,000/ USD25,500,000	2,050,000

The credit risk stated above represents the ultimate loss from the Currency Swap Contracts if settled at the balance sheet date and defaulted on by the counterparts. However, as the counterparts are banks with good credit ratings, the credit risk is minimal.

(ii) Market risk

The main purpose of holding derivative financial instruments is to hedge loss. Gain or loss resulting from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, market risk is immaterial.

(iii) Liquidity risk, cash flow risk, and amount, timing and uncertainty of future cash demand

As of December 31, 2002, the Company and subsidiaries estimated that before January 23, 2003, the above Advance Purchase Forward Foreign Exchange Contracts will generate cash inflows of US$3,000 thousand, and cash outflows of JPY370,460 thousand. Before January 27, 2003, the Advance Booking Forward Foreign Exchange Contracts will generate cash inflows of US$27,271 thousand and cash outflows of

JPY3,300,000 thousand. And before December 18, 2003, the Advance Booking Forward Foreign Exchange Contracts will generate cash inflows of $1,231,146 thousand and cash outflow of JPY310,000 thousand and US$33,310 thousand.

The Company and subsidiaries also estimated that before January 14, 2003, the Currency Swap Contract will generate cash inflows of JPY5,000,000 thousand and cash outflows of US$43,860 thousand. And before March 5, 2005, the Currency Swap Contract will generate cash inflows of US$209,494 thousand and cash outflows of $6,689,623 thousand and JPY1,923,500 thousand.

In 2002, the above Advance Purchase Forward Foreign Exchange Contracts generated cash inflows of US$40,020 thousand and cash outflows of $1,379,751 thousand before August 23, 2002, and the Currency Swap Contract generated cash inflow of US$152,047 thousand and cash outflows of $5,220,255 thousand before December 30, 2002. The Company estimated that it will generate cash inflows of US$45,000 thousand and cash outflows of $1,515,950 thousand before July 25, 2004.

In 2001, the above Advance Purchase Forward Foreign Exchange Contracts generated cash inflows of US$27,000 thousand and JPY800,000 thousand and cash outflows of $866,760 thousand and US$7,269 thousand before November 26, 2001, and the Currency Swap Contract generated cash inflows of $845,745 thousand and cash outflows of US$25,500 thousand before January 12, 2001.

As the Company and subsidiaries have sufficient working capital, the liquidity risk is low. And due to the certainty of the exchange rate under the Currency Swap Contract, the cash flow risk in minimal.

The Company and subsidiaries recognised the premium of the receipts (payments) in non-operating income and expense from sale and purchase of Foreign Currency Option transactions. The option exercise price is based on the current market value at the fixed cost, and the holding (issuing) period is matched by the Company and subsidiaries' future cash flow, when as the contract is due. The market risk of the foreign exchange fluctuation, and impact on the Company and subsidiaries' operation is insignificant.

(iv) Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives.

The derivative financial instruments held by the Company and subsidiaries are not for trading purpose. The Company and subsidiaries engages in Forward Foreign Exchange Contract, Foreign Currency Option and Currency Swap Contract in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulted from fluctuation of exchange rates. The strategy for achieving the objective is to hedge most of the market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions, and are evaluated periodically.

(v) Presentation of derivative financial instruments on the financial statements

Derivative financial instruments	Premium or Net Receipts (Payments) on Forward Foreign Exchange		
	2002	2001	2000
Advance Purchase Forward Foreign Exchange Contracts—USD	$ —	17,000,000 (Note 9)	26,400,000 (Note 13)
Advance Purchase Forward Foreign Exchange Contracts—USD/JPY	(4,295,000) (Note 1)	—	—
Advance Purchase Forward Foreign Exchange Contracts—JPY/USD	—	—	(7,900,000)(Note 14)
Advance Booking Forward Foreign Exchange Contracts—JPY/USD	(20,402,860) (Note 2)	—	—
Advance Booking Forward Foreign Exchange Contracts—USD	(16,031,000) (Note 3)	—	—
Foreign Currency Option—USD/NTD	26,775,000 (Note 4)	5,316,400 (Note 10)	1,530,000 (Note 10)
Foreign Currency Option—USD/JPY	(80,030,000) (Note 5)	—	436,000 (Note 10)
Foreign Currency Option—JPY/USD	(1,744,000) (Note 6)	—	—
Currency Swap Contracts—USD/NTD	16,660,000 (Note 7)	138,827,000 (Note 11)	—
Currency Swap Contracts—JPY/USD	(75,586,375) (Note 8)	(205,007,198)(Note 12)	(157,264,212)(Note 15)
Currency Swap Contracts—NTD/USD	—	—	2,050,000 (Note 16)

Note 1: The net receipts on Advance Purchase Forward Foreign Exchange Contract—USD/JPY of $4,295 thousand are recorded as other current liabilities. Unamortised premium of $136 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange loss of $4,431 thousand is recorded as non-operating expense.

Note 2: The net receipts on Advance Booking Forward Foreign Exchange Contract—JPY/USD of $1,163 thousand are recorded as other current liabilities. Unamortised premium of $1,290 thousand on the Advance Booking Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange loss of $2,453 thousand is recorded as non-operating expense. And Cayman Ton Yi's net receipts in Advance Booking Forward Foreign Exchange Contract of $19,240 thousand are recorded as other current liabilities.

Note 3: The net receipts on Advance Booking Forward Foreign Exchange Contract—USD of $16,031 thousand are recorded as other current liabilities. Unamortised discount of $641 thousand on the Advance Booking Forward Foreign Exchange Contract is recorded as prepayments and other current assets, and the exchange loss of $15,390 thousand is recorded as non-operating expense.

Note 4: The net advances on Foreign Currency Option—USD/NTD of $26,775 thousand are recorded as a deduction from other current liabilities, and the exchange gain of $26,775 thousand is recorded as a deduction from non-operating expense—foreign exchange loss.

Note 5: The net receipts on Foreign Currency Option—USD/JPY of $80,030 thousand are recorded as other current liabilities, and the exchange loss of $80,030 thousand is recorded as non-operating expense.

Note 6: The net receipts on Foreign Currency Option—JPY/USD of $1,744 thousand are recorded as other current liabilities, and the exchange loss of $1,744 thousand is recorded as non-operating expense.

Note 7: The net advances on Currency Swap Contract—USD/NTD of $16,660 thousand are recorded as a deduction from other current liabilities of $22,760 thousand and as other liabilities of $6,100 thousand, respectively. Unamortised premium of $3,419 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities. Unamortised discount of $311 thousand on the Currency Swap Contract is recorded as prepayment and other current assets, and the exchange gain of $107,022 thousand is recorded as a deduction from non-operating expense—foreign exchange loss.

Note 8: The net receipts on Currency Swap Contract—JPY/USD of $16,472 thousand are recorded as other current liabilities. Unamortised premium of $5,619 thousand on the Currency Swap Contract is recorded as other current liabilities, and the exchange loss of $22,091 thousand is recorded as non-operating expense. And Cayman Ton Yi's net receipts on Currency Swap Contract of $59,114 thousand are recorded as other current liabilities.

Note 9: The net advances on Advance Purchase Forward Foreign Exchange Contract—USD of $17,000 thousand are recorded as prepayment and other current assets. Unamortised premium of $320 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange gain of $16,680 thousand is recorded as non-operating income.

Note 10: Premium received was recorded as non-operating income.

Note 11: The net advances on Currency Swap Contract—USD/NTD of $138,827 thousand are recorded as prepayment and other current assets of $84,277 thousand and other assets of $54,550 thousand, respectively, and the exchange gain of $138,827 thousand is recorded as non-operating income of $38,457 thousand and cumulative translation adjustments of $100,370 thousand.

Note 12: The net receipts on Currency Swap Contract—JPY/USD of $205,007 thousand are recorded as other liabilities.

Note 13: The net advances on Advance Purchase Forward Foreign Exchange Contract—USD of $26,400 thousand are recorded as prepayment and other current assets. Unamortised premium of $2,828 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange gain of $23,572 thousand is recorded as non-operating income.

Note 14: The net receipts on Advance Purchase Forward Foreign Exchange Contract—JPY/USD of $7,900 thousand are recorded as a deduction from prepayment and other current assets. Unamortised premium of $628 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as a deduction from other current liabilities, and the exchange loss of $7,272 thousand is recorded as a deduction from non-operating income—foreign exchange gain.

Note 15: The net receipts on Currency Swap Contract—NTD/USD amounted to $2,205 thousand. Due to the insignificant of the amount, which was excluded from the balance sheets.

Note 16: The net receipts on Currency Swap Contract—JPY/USD of $157,264 thousand are recorded as other liabilities.

(b) Fair value of derivative financial instruments

	2002		2001		2000	
	(expressed in thousands of New Taiwan dollars)					
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Derivative financial instruments:						
Advance Purchase/Booking Forward Foreign Exchange Contract	$ (40,729)	(40,729)	17,000	17,000	18,500	18,500
Foreign Currency Option	(54,999)	(54,999)	—	2,800	—	1,966
Currency Swap Contract	(58,926)	(58,926)	(66,180)	(66,180)	(157,264)	(155,059)
Non-derivative financial instruments:						
Financial assets:						
Financial assets with the same fair and book value	1,786,995	1,786,995	1,766,455	1,766,455	2,945,428	2,945,428
Long-term investments	963,801	—	966,450	—	926,780	—
Financial liabilities:						
Financial liabilities with the same fair and book value	11,707,359	11,707,359	11,865,269	11,865,269	10,151,098	10,151,098
Bonds payable	500,000	500,000	1,002,506	1,002,506	2,671,553	2,671,553
Long-term borrowings	11,562,209	11,562,209	13,174,718	13,174,718	13,780,148	13,780,148
Off-balance-sheet financial instruments:						
Letters of credit	—	580,404	—	158,988	—	309,364

The methods and assumptions used to estimate the fair value of financial instruments are summarised as follows:

(i) The fair values of derivative financial instruments are estimated based on the amount the Company and subsidiaries may receive or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from open contracts. Most of the derivative financial instruments have price quote by financial institutions.

(ii) Financial assets /liabilities with the same fair and book value:

a. The due dates of short-term financial instruments are near the balance sheet date. Accordingly, the fair values of short-term financial instruments are estimated based on the book value at the balance sheet date which include the accounts of cash and cash equivalents, other receivables, notes and accounts receivable, short-term borrowings, notes and accounts payable, payable on commercial paper, accrued expenses and the current portion of long-term liabilities.

b. Long-term investments:

Long-term investments in the accompanying financial statements consist of non-listed common stocks whose quoted market price is not available. Related original costs, percentage of ownership and the book value please refer to note 4.

To get information concerning the investees of long-term investments accounted for under cost method is difficult because the Company owns less than 20% of the investee's voting shares.

Information concerning the investees of long-term investments accounted for under equity method is summarised as follows:

	(expressed in thousands of New Taiwan dollars)			
	2002			
	Total assets	Total stockholders' equity	Net sales	Net income
Tovecan Factory Corporation Ltd.	$171,245	166,756	116,227	14,826
Tung-On Enterprise Co., Ltd.	656,824	38,129	5,550,370	5,113
Western Samoa New Dawn Enterprises Ltd.	6,789	6,789	—	185
	2001			
	Total assets	Total stockholders' equity	Net sales	Net income
Tovecan Factory Corporation Ltd.	$172,131	164,435	115,036	11,578
Tung-On Enterprise Co., Ltd.	130,633	48,142	693,353	3,806
Western Samoa New Dawn Enterprises Ltd.	6,641	6,641	—	—
	2000			
	Total assets	Total stockholders' equity	Net sales	Net income
Tovecan Factory Corporation Ltd.	$173,552	155,820	107,916	14,169
Tung-On Enterprise Co., Ltd.	93,344	44,336	612,598	8,942

(iii) Bonds payable: Book value of the convertible bonds payable also includes interest on the redemption. The fair value is based on the market price. If there is no market price, the Company and subsidiaries estimates it as the carrying amount.

(iv) Fair value of long-term borrowings is determined based on the estimated present value of future cash flows using the interest rates of similar long-term debt instruments which the Company and subsidiaries is able to obtain as the discount rate. Fair value of long-term borrowings is carrying value because floating interest rates are applied.

(v) Letters of credit: The fair value of letters of credit is determined by the contract amount.

(c) Financial instruments with off-balance-sheet credit risk

Letters of credit: As of December 31, 2002, 2001 and 2000, the Company and subsidiaries' outstanding letters of credit for purchase of raw materials and machinery amounted to $580,404 thousand, $158,988 thousand and $309,364 thousand, respectively. Because terms of most of those letters of credit are limited to six months, their fair value equals the contract amount.

(d) Information on concentrations of credit risk

The Company and subsidiaries' accounts receivable are the main source of potential concentration of credit risk. However, the Company and subsidiaries have no concentration of credit risk from any individual customer. In addition, the Company and subsidiaries have regularly evaluated customers' financial condition in order to grant related credit terms.

(15) TRANSACTIONS WITH RELATED PARTIES

(a) Name and relationship of related party

Name of related parties	Relationship
Uni-President Enterprises Corp. (Uni-President)	Major shareholder of the Company and whose vice-chairman is the Company's chairman.
Teh Hsing Transportation & Customs Broker Co., Ltd. (Teh Hsing Transportation)	Whose chairman is the Company's supervisor (resigned in October 2001 and elected again in June 2002)
China Development Industrial Bank	A director
Tomen Corporation	A director (resigned in July 2001)
Toyota Tsusho Corp.	A director
Tovecan Factory Corporation Ltd. (Tovecan)	Investee accounted for under the equity method
Kawasaki Steel Corp. (Kawasaki)	Minority interest
Kawasho Corp. (Kawasho)	Minority interest

(b) Significant transactions

(i) Sales and accounts receivable

Sales to related parties are summarised as follows:

	2002		2001		2000	
	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales
Other (less than 10%)	$478,422,090	3	574,563,122	4	621,184,468	5

The related accounts receivable resulting from the above sales as of December 31, 2002, 2001 and 2000, were as follows:

	2002		2001		2000	
	Amount	Percentage of accounts and notes receivable	Amount	Percentage of accounts and notes receivable	Amount	Percentage of accounts and notes receivable
Accounts receivable (less than 5%)	**$50,171,113**	**4**	**68,259,578**	**4**	**68,427,877**	**4**

In 2002, 2001 and 2000, the credit terms granted to third parties were 33, 47 and 56 days, respectively, and 45, 43 and 44 days, respectively, to related parties.

(ii) Other

As of December 31, 2002, 2001 and 2000, the Company and subsidiaries' unrealised gain on inter-affiliate accounts of sale of raw materials and supplies to Tovecan amounted to $2,870,556, $2,124,436 and $2,184,781, respectively, and were recorded as other current liabilities. As of December 31, 2002 and 2001, the Company and subsidiaries unrealised gain on inter-affiliate accounts of sales of machinery and equipment to Tovecan amounted to $7,662,860, $8,826,877 and $9,938,059, respectively, and were recorded as other liabilities.

(iii) Purchases

Purchases from related parties are summarised as follows:

	2002		2001		2000	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Tomen Corporation	$ —	—	191,231,101	3	2,668,952,714	33
Toyota Tsusho Corp.	622,838,841	7	—	—	—	—
Other (less than 10%)	25,113,031	—	20,994,871	—	39,363,426	—
	$647,951,872	**7**	**212,225,972**	**3**	**2,708,316,140**	**33**

The purchase price from related parties and third parties was equivalent. The Company pays for accounts of purchase from Toyota Tsusho and Tomen Corporation by letters of credit of 180 days.

(iv) In 2002, 2001 and 2000, the Company requested Teh Hsing Transportation to provide import/export services, and such expenses amounted to $9,790,954, $14,560,690 and $14,933,601, respectively.

(v) The delegate of director from Uni-President was guarantee for the borrowings of the Company oneself, and the Company paid monthly guaranty fees of 0.2% of the ending balances of borrowings. Such expenses amounted to $8,685,974, $8,281,994 and $7,868,753, respectively, and were recorded as administrative and general expenses.

(vi) As of December 31, 2002, 2001 and 2000, payables to related parties resulting from the above purchases, guaranty fees, and import/ export service expenses, were as follows:

	2002		2001		2000	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Notes and accounts payable:						
Teh Hsing Transportation	$15,500,198	3	24,244,053	8	18,588,383	4
Other (less than 5%)	10,567,087	2	1,739,310	—	3,725,444	—
	26,067,285	**5**	**25,983,363**	**8**	**22,313,827**	**4**
The balances recorded as:						
Notes payable	$ 2,955,813	—	837,169	—	698,097	—
Accounts payable	23,111,472	5	25,146,194	8	21,615,730	4
	$26,067,285	**5**	**25,983,363**	**8**	**22,313,827**	**4**
Accrued expenses:						
Uni-President	**$ 9,120,273**	**2**	**9,117,139**	**2**	**9,478,917**	**2**

(vii) As of December 31, 2002, 2001 and 2000, the prepayments resulting from the Company's requesting Teh Hsing Transportation to provide import/export services amounted to $109,054, $365,008 and $2,004,334, respectively, and were recorded as prepayments and other current assets.

(viii) Financing

a. For the Company's long-term borrowings from China Development Industrial Bank in 2002, 2001 and 2000 please refer to note 9.

b. In addition, the Company requested China Development Industrial Bank to be the manager bank of syndicated loan for plant construction, and the syndicated loan management expenses resulting from above transaction amounted to $9,000,000, of which, $6,300,000 was paid to China Development Industrial Bank. Such expenses were fully amortised in 2001.

(ix) In 2001 and 2000, the Company purchased machinery and spare parts from Tomen Corporation amounting to $82,386,929 and $755,384,341, respectively. As of December 31, 2001 and 2000, the related payable was fully settled.

(x) Guaranty

As of December 31, 2002, 2001 and 2000, the delegate of director provided a guaranty on the borrowings of the Company amounting to $6,186,955 thousand, $6,013,439 thousand and $5,983,226 thousand, respectively.

As of December 31, 2002 and 2001, the delegate of director provided a guaranty for the loans of the Company and subsidiaries from the foreign banks amounting to US$13,500,000 and US$6,000,000, respectively.

As of December 31, 2002, 2001 and 2000, the details of the guaranty provided by related parties on the borrowings of the Company and subsidiaries from the foreign banks were as follows:

	2002	2001	2000
		(in U.S. dollars)	
Tomen Corporation	$ —	1,884,096	8,500,030
Toyota Tsusho Corp.	452,338	—	—
Kawasaki	258,871	1,300,657	3,139,134
Kawasho	258,871	1,300,657	3,139,134
	$970,080	**4,485,410**	**14,778,298**

(16) ASSETS PLEDGED

As of December 31, 2002, 2001 and 2000, the book values of assets pledged as collateral for short-term and long-term borrowings and for customs duty guaranty were as follows:

Assets Pledged	Subject of Pledge	2002	2001	2000
Notes receivable	Short-term borrowings	$ —	13,254,660	—
Land	Long-term borrowings	676,403,467	676,403,467	676,403,467
Building and structures, net	Long-term borrowings	780,381,079	806,085,478	1,032,642,566
Machinery and equipment, net	Long-term borrowings	17,273,715,450	18,084,269,132	17,616,454,817
Restricted deposits (included in other assets)	Customs duties	23,491,435	166,886,248	—
		$18,753,991,431	**19,746,898,985**	**19,325,500,850**

(17) COMMITMENTS AND CONTINGENT LIABILITIES

(a) Letters of credit

As of December 31, 2002, 2001 and 2000, the Company and subsidiaries' letters of credit for purchase of raw materials and equipment were $580,404 thousand, $158,988 thousand and $309,364, respectively, without guarantee deposit.

(b) The Company has entered into land lease agreements with Taisugar Co., Ltd. for the plants. The agreements are effective from July 1, 1993, through June 30, 2043, and from March 10, 1998, through March 9, 2048, respectively. Related rental fees were 10% of the annual land value. Additionally, the Company has to pay royalty of two to four times the annual rental fees every twenty years, and the royalty are amortised over twenty years using the straight-line method. As of December 31, 2002, 2001 and 2000, the unamortised royalty amounted to $26,931,379, $28,916,648 and $31,248,920, respectively, and was recorded as other assets.

(c) As of December 31, 2002, 2001 and 2000, the amount of guaranty provided by banks for customs duties on account were $19,976 thousand, $33,104 thousand and $39,253 thousand, respectively.

(d) In consideration of significant exchange gain or loss on a long-term Japanese Yen loan of the Company for the machinery and equipment purchased from a Japanese company, both parties agreed that the seller is to pay to the Company the difference between amount of the loan converted into New Taiwan dollars based on actual exchange rate and the rate specified within $0.2250 to $0.2570. As of December 31, 2002, 2001 and 2000, the seller's payable to the Company for the excess of exchange loss amounted to $668,027,552, $358,069,256 and $674,063,033, respectively, and was recorded as other assets-long-term accounts receivable.

(18) ADDITIONAL DISCLOSURES INFORMATION

1. Significant Transactions Information

(i) Financing activities with any one company or person:

2002

Number	Name	Name of counter party	Account	Maximum balance during 2002	Balance at December 31, 2002	Interest rate	Nature of Financing activity	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged Item	Assets pledged Value	Loan limit per entity (Note 1)	Maximum amount available for loan (Note 1)
0	The Company	Cayman Ton Yi	Other receivables	$1,063,925,004	$ —	—	Trading partner	$3,439,198,068 (sales) 32,716 (purchases)	—	$—	—	$—	$4,135,554,965	$8,271,109,930

2001

Number	Name	Name of counter party	Account	Maximum balance during 2001	Balance at December 31, 2001	Interest rate	Nature of financing activity	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged Item	Assets pledged Value	Loan limit per entity (Note 1)	Maximum amount available for loan (Note 1)
0	The Company	Cayman Ton Yi	Other receivables	$1,036,927,119	$71,321,423	—	Trading partner	$3,309,183,980 (sales)	—	$—	—	$—	$4,123,767,759	$8,247,535,518

2000

Number	Name	Name of counter party	Account	Loan limit per entity (Note 1)	Maximum balance during 2000	Balance at December 31, 2000	Interest rate	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged Item	Assets pledged Value	Total transaction volume	Maximum amount available for loan (Note 1)
0	The Company	Cayman Ton Yi	Other receivables	$4,305,345,001	$377,986,925	$80,946,025	—	Business turn	$—	—	$—	3,646,854,533 (sales)	$8,610,690,003

Note 1: The maximum amount available for loan of the Company is 50% of its net worth, while the maximum amount for any one entity is 25%.

Note 2: The above transactions had been eliminated in the consolidated financial statements.

(ii) The Company provided the following endorsement and guarantee to third parties:

2002

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 1)	The highest balance during the period	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 1)
		Name of endorsees	Relationship with the Company						
0	The Company	Cayman Ton Yi	Majority owned subsidiary	$11,579,553,901	US$267,530,000 (Note 3)	US$153,683,000 (Note 3)	—	32.33	$11,579,553,901
0	The Company	Jiangsu Ton Yi Tinplate Co., Ltd.	Majority owned subsidiary	11,579,553,901	38,339,000	5,000,000	—	1.05	11,579,553,901
0	The Company	Fujian Ton Yi Tinplate Co., Ltd	Majority owned subsidiary	11,579,553,901	33,200,000	12,526,000	—	2.64	11,579,553,901
0	The Company	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,579,553,901	22,430,000	14,196,000	—	2.99	11,579,553,901
0	The Company	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,579,553,901	1,972,000	1,972,000	—	0.41	11,579,553,901

2001

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 1)	The highest balance during the period	The outstanding balance at 12/31/2001	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 1)
		Name of endorsees	Relationship with the Company						
0	The Company	Cayman Ton Yi	Majority owned subsidiary	11,546,549,725	US$270,463,900 (Note 4)	US$270,463,900 (Note 4)	—	32.63	$11,546,549,725
0	The Company	Jiangsu Ton Yi Tinplate Co., Ltd.	Majority owned subsidiary	11,546,549,725	38,339,000	38,339,000	—	8.15	11,546,549,725
0	The Company	Fujian Ton Yi Tinplate Co., Ltd	Majority owned subsidiary	11,546,549,725	31,844,000	31,844,000	—	6.77	11,546,549,725
0	The Company	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,546,549,725	18,092,000	18,092,000	—	3.85	11,546,549,725
0	The Company	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,546,549,725	9,000,000	7,000,000	—	1.49	11,546,549,725

2000												
		Endorsee										
Number	Name of endorsers	Name of endorsees	Relationship with the Company	Endorsement limit for a single entity (Note 2)		The highest balance during the period		The outstanding balance at 12/31/2000	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 2)
0	The Company	Cayman Ton Yi	Majority owned subsidiary.	$8,610,690,003	US$	272,760,000 (Note 5)	US$	272,760,000 (Note 5)	—	54.01	$10,332,828,003

Note 1: The total amount of transactions of endorsement equal to 70% of net worth for the Company and the limit of transactions of endorsement for any single entity is 70% of its net worth.

Note 2: The total amount of transactions of endorsement equal to 60% of net worth for the Company and the limit of transactions of endorsement for any single entity is 50% of its net worth.

Note 3: UD$85,433,000 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

Note 4: UD$116,977,000 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

Note 5: UD$64,300,000 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

(iii) The ending balance of securities held as of December 31, 2002, 2001 and 2000 were summarised as follows:

					2002				
Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	Number of shares	Book value	Percentage of ownership	Market value	Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$ 210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	CDIB High-Tech. Investment Inc.	Third party	Long-term investments—accounted for under the cost method	3,000,000	30,000,000	2.11%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	4,001,000	(715,949,908)	100.00%	$(179)	Note 1, 3
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,200,000	15,249,640	40.00%	12.71	Note 1
The Company	Stock	Western Samoa New Dawn Enterprises Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	190,000	6,788,657	100.00%	35.73	Note 1

Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	2001 Number of shares	2001 Book value	2001 Percentage of ownership	2001 Market value	Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$ 210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	CDIB High-Tech. Investment Inc.	Third party	Long-term investments—accounted for under the cost method	3,000,000	30,000,000	2.11%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	4,001,000	(772,202,858)	100.00%	$(193)	Note 2, 3
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,199,998	19,254,979	39.99%	16.04	Note 2
The Company	Stock	Western Samoa New Dawn Enterprises Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	190,000	6,640,500	100.00%	34.95	Note 2

					2000				
Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	Number of shares	Book value	Percentage of ownership	Market value	Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$ 210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	United Steel International Development Corp.	Third party	Long-term investments—accounted for under the cost method	100,000	2,746,000	1.00%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	1,000	(1,128,925,042)	100.00%	$(1,287,925)	Note 3
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,199,998	17,732,993	39.99%	14.78	—

Note 1: The market price stands for the net worth as of December 31, 2002.

Note 2: The market price stands for the net worth as of December 31, 2001.

Note 3: The above transactions had been eliminated in the consolidated financial statements.

(iv) The cumulative buying or selling amount of one specific security exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

					2001									
					Beginning balance		Addition		Disposal				Ending balance	
Investors	Name of the securities	Accounts	Name of counter party	Relationship	Number of shares	Amount	Number of shares	Amount	Number of shares	Sale price	Book value	Gain (loss) from disposal	Number of shares	Amount
					(expressed in New Taiwan dollars/shares)									
The Company	Cayman Ton Yi	Long-term investments	Cayman Ton Yi (Capital increase)	Accounted for under the equity method	1,000	$(1,287,925,042)	4,000,000	$1,388,296,000	—	—	—	—	4,001,000	$(772.202.858) (Note 1, 5)

2000														
					Beginning balance		Addition		Disposal				Ending balance	
Investors	Name of the securities	Accounts	Name of counter party	Relationship	Number of shares	Amount	Number of shares	Amount	Number of shares	Sale price	Book value	Gain (loss) from disposal	Number of shares	Amount
					(expressed in New Taiwan dollars/shares)									
The Company	Chang Won Investment Co., Ltd.	Long-term investments	ISTRA Corp.	Third party	13,399,988	$ 95,636,074	—	$—	13,399,988	125,119,911	(116,891,592)	241,330,918 (Note 2)	—	$—
The Company	Yen Tone Investment Co., Ltd.	Long-term investments	ISTRA Corp.	Third party	16,999,988	$ 78,217,060	—	$—	16,999,988	226,861,796	(104,508,640)	330,995,076 (Note 3)	—	—
The Company	Ton Cheng Development Corp.	Long-term investments	President International Investment Corp.	Whose institutional shareholders are the same as the Company	15,000,000	$150,000,000	—	$—	15,000,000	180,000,000	150,000,000	29,460,000 (Note 4)	—	—

Note 1: $783,718,733 of the amount was recorded as investment loss and $88,855,083 of the amount was recorded as an increase in accumulated translation adjustment and a deduction from long-term investments simultaneously.

Note 2: Net of the securities transactions tax of $680,585.

Note 3: Net of the securities transactions tax of $375,360.

Note 4: Net of the securities transactions tax of $540,000.

Note 5: The above transactions had been eliminated in the consolidated financial statements.

(v) In 2002, 2001 and 2000, acquisition of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vi) In 2002, 2001 and 2000, disposal of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vii) In 2002, 2001 and 2000, purchase or sales transactions with related parties' exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002

			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/(payable)		
Purchases/ sales company	Name of the counter parties	Relationship with the Company	Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/payable	Note
The Company	Cayman Ton Yi	Subsidiary company of the Company	Sales	$3,439,198,068	24%	The same as regular	—	—	$1,008,133,203	70%	Note
The Company	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	225,099,957	2%	The same as regular	—	—	21,520,663	2%	—
The Company	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	170,005,493	1%	The same as regular	—	—	22,392,850	2%	—
The Company	Toyota Tsusho Corp.	Director of the Company	Purchases	622,838,841	7%	The same as regular	—	—	(5,882,680)	2%	—

2001

			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/ (payable)		
Purchases/ sales company	Name of the counter parties	Relationship with the Company	Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/payable	Note
The Company	Tomen Corporation	Director of the Company	Purchases	$ 191,231,101	3%	The same as regular	—	—	$ —	—	—
The Company	Cayman Ton Yi	Subsidiary company of the Company	Sales	3,309,183,980	26%	The same as regular	—	—	998,111,831	63%	Note
The Company	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company indirectly owned by the Company	Sales	258,905,049	2%	The same as regular	—	—	54,914,742	3%	Note
The Company	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	195,311,367	2%	The same as regular	—	—	18,982,462	1%	—
The Company	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	182,200,943	1%	The same as regular	—	—	27,806,548	2%	—

2000

Purchases/sales company	Name of the counter parties	Relationship with the Company	Description of the transaction: Purchases/sales	Amount	Percentage of net purchases/sales	Credit terms	Description of and reasons for difference in transaction terms compared to non-related party transactions: Unit price	Credit terms	Notes or accounts receivable/(payable): Amount	Percentage of notes or accounts receivable/payable	Note
The Company	Tomen Corporation	Director of the Company	Purchases	$2,668,952,714	32.69%	The same as regular	—	—	$ —	—	—
The Company	Cayman Ton Yi	Subsidiary company of the Company	Sales	3,646,854,533	29.30%	The same as regular	—	—	773,177,000	50.59%	Note
The Company	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	143,462,046	1.15%	The same as regular	—	—	20,882,453	1.37%	—
The Company	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	195,723,569	1.57%	The same as regular	—	—	17,422,446	1.14%	—

Note: The above transactions had been eliminated in the consolidated financial statements.

(viii) Receivables from related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002

The name of the Company	Name of the counter party	Relationship	Ending balance: Accounts	Amounts	Turnover ratio	Over-due balance: Amounts	Resolve method	Subsequent collections	Allowance for doubtful accounts
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$1,008,133,203	3.43	$ —	—	$418,953,096	$ —

2001

The name of the Company	Name of the counter party	Relationship	Ending balance: Accounts	Amounts	Turnover ratio	Over-due balance: Amounts	Resolve method	Subsequent collections	Allowance for doubtful accounts
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$ 998,111,831	3.74	$ —	—	$445,496,212	$28,209,248
			Other Receivables	71,321,423	—	—	—	—	—

2000

The name of the Company	Name of the counter party	Relationship	Ending balance: Accounts	Amounts	Turnover ratio	Over-due balance: Amounts	Resolve method	Subsequent collections	Allowance for doubtful accounts
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$ 773,177,000	3.83	$ —	—	$ —	$21,330,000
			Other Receivables	80,946,025	—	—	—	—	—

Note: The above transactions had been eliminated in the consolidated financial statements.

(ix) Derivative Financial Instruments Transaction: Please refer to note 14.

2. RELATED INFORMATION ON INVESTEE COMPANIES

(i) Relevant information about investees:

2002											
				Original investments		The Company/majority owned subsidiary owns					
Investors	Name of Investees	Address	Main activities	Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
The Company ...	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$1,388,577,600	$1,388,577,600	4,001,000	100.00%	$(715,949,908)	$51,752,860	$51,752,860	Subsidiary (Note 1)
The Company ...	Western Samoa New Dawn Enterprises Ltd.	Western Samoa	Investing and trading	6,566,855	6,566,855	190,000	100.00%	6,788,657	185,193	185,193	Subsidiary
The Company ...	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	85,048,844	14,825,501	7,326,436	Subsidiary
The Company ...	Tung-On Enterprise Co., Ltd.	Yeong Kong, Tainan	Trading	12,000,000	12,000,000	1,200,000	40.00%	15,249,640	5,113,267	1,994,661	Investee accounted for by the equity method

Note 1: The above transactions had been eliminated in the consolidated financial statements.

2002

Investors	Name of investees	Address	Main activities	Original investments		The Company / majority owned subsidiary owns			Net income (loss) of investee	Income (loss) recognised by the Company	Note
				Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value			
				(Amount expressed in US dollars)							
Cayman Ton Yi ...	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$ 7,500,000	US$ 7,500,000	—	100.00%	US$ 2,579,047	US$ (147,308)	US$ (147,308)	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	4,754,285	311,860	311,860	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	227,387	(4,705)	(4,705)	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	16,154,494	293,556	258,124	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	33,993,371	—	88.58%	27,808,885	1,364,001	1,202,315	Indirectly owned subsidiary (Note 1)
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	18,394,019	1,006,172	296,644	Indirectly owned subsidiary (Note 1)
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	32,668,300	—	83.58%	31,299,252	1,847,771	1,367,365	Indirectly owned subsidiary (Note 1)

Note 1: The above transactions had been eliminated in the consolidated financial statements.

2001

Investors	Name of investees	Address	Main activities	Original investments		The Company/majority owned subsidiary owns			Net income (loss) of investee	Income (loss) recognised by the Company	Note
				Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value			
The Company . . .	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$1,388,577,600	$ 281,600	4,001,000	100.00%	$(772,202,858)	$(783,718,733)	$(783,718,733)	Subsidiary (Note 1)
The Company . . .	Western Samoa New Dawn Enterprises Ltd.	Western Samoa	Investing and trading	6,566,855	—	190,000	100.00%	6,640,500	—	—	Subsidiary
The Company . . .	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	83,840,281	14,577,880	5,653,775	Subsidiary
The Company . . .	Tung-On Enterprise Co., Ltd.	Yeong Kong, Taiwan	Trading	12,000,000	12,000,000	1,199,998	39.99%	19,254,979	3,805,917	1,521,986	Investee accounted for by the equity method

Note 1: The above transactions had been eliminated in the consolidated financial statements.

2001

Investors	Name of investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company/majority owned subsidiary owns: Shares	The Company/majority owned subsidiary owns: Percentage of ownership	The Company/majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
				(Amount expressed in US dollars)							
Cayman Ton Yi ...	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$ 7,500,000	US$ 7,500,000	—	100.00%	US$ 2,726,659	US$ (468,669)	US$ (468,669)	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	4,442,966	(828,056)	(828,056)	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	232,092	(511,016)	(511,016)	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	15,897,806	(4,672,553)	(4,108,576)	Indirectly owned subsidiary (Note 1)
Cayman Ton Yi ...	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	33,993,371	—	88.58%	26,609,707	(4,011,195)	(3,559,033)	Indirectly owned subsidiary (Note 1)
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	18,099,007	(5,321,233)	(4,670,737)	Indirectly owned subsidiary (Note 1)
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	32,668,300	—	83.58%	29,935,429	(4,755,531)	(4,008,873)	Indirectly owned subsidiary (Note 1)

Note 1: The above transactions had been eliminated in the consolidated financial statements.

2000											
				Original investments		The Company/majority owned subsidiary owns					
Investors	Name of investees	Address	Main activities	Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
The Company	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$ 281,600	$ 281,600	1,000	100.00%	$(1,287,925,042)	$(726,738,413)	$(726,738,413)	Subsidiary (Note 1)
The Company	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	79,587,253	14,168,811	6,998,889	Subsidiary
The Company	Tung-On Enterprise Co., Ltd.	Yeong Kong, Tainan	Trading	12,000,000	12,000,000	1,199,998	39.99%	17,732,993	8,941,892	3,575,863	Subsidiary

Note 1: The above transactions had been eliminated in the consolidated financial statements.

2000											
				Original investments		The Company/majority owned subsidiary owns					
Investors	Name of investees	Address	Main activities	Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
				(Amount expressed in US dollars)							
Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$ 7,500,000	US$45,000,000	—	100.00%	US$3,182,877	US$(685,404)	US$(685,404)	Indirectly owned subsidiary
Cayman Ton Yi	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	5,270,015	184,012	184,012	Indirectly owned subsidiary
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	743,108	(15,432)	(15,432)	Indirectly owned subsidiary
Cayman Ton Yi	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	20,003,443	(4,563,295)	(4,012,505)	Indirectly owned subsidiary
Cayman Ton Yi	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	30,993,371	—	88.58%	30,163,163	(1,889,540)	(1,661,850)	Indirectly owned subsidiary
Cayman Jiangsu Ton Yi Holdings Ltd. ...	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	22,766,402	(5,074,257)	(4,204,529)	Indirectly owned subsidiary
Cayman Fujian Ton Yi Holdings Ltd. ...	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	29,668,300	—	83.58%	33,938,006	(2,271,334)	(1,873,850)	Indirectly owned subsidiary

Note 1: The above transactions had been eliminated in the consolidated financial statements.

(ii) Financing activities with any one company or person:

2002														
Number	Name	Name of counter party	Account	Maximum balance during 2002	Balance at December 31, 2002	Interest rate	Nature of financing activity (Note 1)	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)
											Item	Value		
				(Amount expressed in US dollars)										
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$5,213,824	US$5,021,468	—	1,2	US$ —	Business turn	US$ —	—	US$ —	NT$4,135,554,965	NT$8,271,109,930
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	1,811,460	1,276,493	—	1,2	572,096 (sales)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
1	Cayman Ton Yi	Cayman Jiangsu Ton Yi Holdings Ltd.	Other receivables	18,920	18,920	—	2	—	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
1	Cayman Ton Yi	Cayman Fujian Ton Yi Holdings Ltd.	Other receivables	24,598	24,598	—	2	—	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
2	Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	2	—	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
3	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	1,2	177,621 (sales)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
3	Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	1,208,123	986,370	—	1,2	2,557,987 (sales) 1,125,398 (purchases)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	6,465,092	—	—	1,2	867,630 (sales) 8,229,420 (purchases)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	2,572,469	2,572,469	—	1,2	335,339 (sales) 853,099 (purchases)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930

2001

Number	Name	Name of counterpart	Account	Maximum balance during 2001	Balance at December 31, 2001	Interest rate	Nature of financing activity (Note 1)	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)
											Item	Value		
				(Amount expressed in US dollars)										
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$5,625,347	US$5,208,738	—	1.2	US$1,537,246 (sales)	Business turn	US$—	—	US$—	NT$4,123,767,759	NT$8,247,535,518
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	1,768,713	1,641,020	—	1.2	876,158 (sales)	Business turn	—	—	—	NT$4,123,767,759	NT$8,247,535,518
2	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	1.2	399,793 (sales)	Business turn	—	—	—	NT$4,123,767,759	NT$8,247,535,518
2	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	6,465,092	6,465,092	—	1.2	695,368 (sales) 8,699,463 (purchases)	Business turn	—	—	—	NT$4,123,767,759	NT$8,247,535,518

2000

Number	Name	Name of counterpart	Account	Loan limit per entity (Note 2)	Maximum balance during 2000	Balance at December 31, 2000	Interest rate	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Total transaction volume	Maximum amount available for loan (Note 2)
										Item	Value		
				(Amount expressed in US dollars)									
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$4,305,345,001	US$5,625,347	US$5,436,980	—	Business turn	US$—	—	US$—	US$—	NT$8,610,690,003
2	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	4,305,345,001	3,833,300	3,833,300	—	Business turn	—	—	—	2,793,264 (Purchases)	NT$8,610,690,003

Note 1: The following nature of code about financing activities with any ones:

1. Trading partner.

2. Short-term financing.

Note 2: The maximum amount available for loan of the Company is 50% of its net worth, while the maximum amount for any one entity is 25%.

Note 3: The above transactions had been eliminated in the consolidated financial statements.

(iii) The investee companies provided the following endorsement and guarantee to third parties:

2002

Number	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship with the Company (Note 1)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
				(Amount expressed in US dollars)					
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 4	US$48,383,000	US$44,743,000	—	Note 4	Note 4
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 4	68,594,000	36,750,000	—	Note 4	Note 4
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	2	Note 4	4,000,000	1,970,000	—	Note 4	Note 4
1	Cayman Ton Yi	Wuxi Ton Yi Industrial Packaging Co., Ltd.	2	Note 4	2,480,000	1,970,000	—	Note 4	Note 4
2	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$11,579,553,901 (Note 2)	5,704,000	5,704,000	—	1.20%	NT$11,579,553,901 (Note 2)
3	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$11,579,553,901 (Note 2)	7,420,000	7,420,000	—	1.56%	NT$11,579,553,901 (Note 2)

2001

Number	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship with the Company (Note 1)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 12/31/2001	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
				(Amount expressed in US dollars)					
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 4	US$48,383,000	US$48,383,000	—	Note 5	—
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 4	68,594,000	68,594,000	—	Note 5	—
2	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$11,546,549,725 (Note 3)	4,832,377	—	—	—	—
3	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$11,546,549,725 (Note 3)	5,315,550	2,416,451	—	—	—

2000

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 12/31/2000	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
		Name of endorsees	Relationship with the Company (Note 1)						
				(Amount expressed in US dollars)					
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 4	US$25,080,000	US$25,080,000	—	Note 5	—
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 4	39,220,000	39,220,000	—	Note 5	—
2	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$8,610,690,003 (Note 4)	4,832,000	4,832,000	—	—	—
3	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$8,610,690,003 (Note 4)	4,590,400	4,590,400	—	—	—

Note 1: The following code represents the relationship with the Company:

1. Trading partner.

2. Majority owned subsidiary.

Note 2: The total amount of transactions of endorsement equal to 70% of net worth for the Company and the limit of transactions of endorsement for any single entity is 70% of its net worth.

Note 3: The total amount of transactions of endorsement equal to 70% of net worth for the Company.

Note 4: The total amount of transactions of endorsement equal to 50% of net worth for the Company.

Note 5: The endorsements among subsidiaries were guaranteed by the Company. The Company endorsed the obligation for its subsidiaries in comply with its ruling for guarantees and endorsements.

(iv) In 2002, 2001 and 2000 the ending balance of securities held as of December 31 were summarised as follows: None

(v) In 2002, 2001 and 2000 the cumulative buying or selling amount of one specific security exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vi) In 2002, 2001 and 2000 acquisition of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vii) In 2002, 2001 and 2000 disposal of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(viii) Purchase or sales transactions with related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002											
			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/(payable)		
Purchases/sales company	Name of the counter parties	Relationship with the Company	Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/payable	Note
			(Amount expressed in US dollars)								
Cayman Ton Yi	The Company	Parent company	Purchases	US$99,847,305	100%	—	—	—	US$(29,047,066)	86%	Note 1
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	44,177,610	44%	—	—	—	26,871,425	68%	Note 1
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	55,630,157	55%	—	—	—	12,604,734	32%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	44,177,610	88%	—	—	—	(26,871,425)	88%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Sales	8,229,420	12%	—	—	—	2,656,301	26%	Note 1
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	55,630,157	91%	—	—	—	(12,604,734)	94%	Note 1
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Purchases	8,229,420	84%	—	—	—	(2,656,301)	45%	Note 1

2001

Purchases/sales company	Name of the counter parties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/(payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/ payable	Note
			(Amount expressed in US dollars)								
Cayman Ton Yi	The Company	Parent company	Purchases	US$98,431,546	99%	—	—	—	US$(29,377,787)	85%	Note 1
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	40,454,940	41%	—	—	—	13,648,915	40%	Note 1
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	50,903,705	51%	—	—	—	17,406,950	50%	Note 1
Hong Kong Ton Yi Industrial Holdings Ltd.	The Company	Parent company	Purchases	7,754,894	83%	—	—	—	(1,603,772)	51%	Note 1
Hong Kong Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	3,355,442	37%	—	—	—	3,827,856	45%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	40,454,940	81%	—	—	—	(13,648,915)	73%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Sales	8,699,463	15%	—	—	—	2,909,322	24%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Hong Kong Ton Yi Industrial Holdings Ltd.	Affiliated company	Purchases	3,355,442	7%	—	—	—	(3,827,856)	21%	Note 1
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	50,903,705	94%	—	—	—	(17,406,950)	78%	Note 1
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Purchases	8,699,463	84%	—	—	—	(2,909,322)	35%	Note 1

2000

Purchases/sales company	Name of the counter parties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/ (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/payable	Note
			(Amount expressed in US dollars)								
Cayman Ton Yi	The Company	Parent company	Purchases	US$115,144,038	99.22%	—	—	—	US$(23,324,669)	99.87%	Note 1
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	50,183,941	42.80%	—	—	—	8,044,555	44.49%	Note 1
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	60,619,359	51.69%	—	—	—	9,242,511	51.12%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	50,183,941	85.52%	—	—	—	(8,044,555)	58.73%	Note 1
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Sales	11,200,826	15.94%	—	—	—	3,952,069	27.17%	Note 1
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	60,619,359	95.15%	—	—	—	(9,245,511)	69.10%	Note 1

Note 1: The above transactions had been eliminated in the consolidated financial statements.

(ix) Receivables from related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover ratio	Over-due balance		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amounts	Resolve method		
			(Amount expressed in US dollars)						
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$12,604,734	3.71	US$—	—	US$4,494,790	US$—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	26,871,425	2.18	—	—	7,578,974	—
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	5,021,468	—	—	—	20,000	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	3,833,300	—	—	—	—	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,000	—	—	—	—	—

2001

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover ratio	Over-due balance		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amounts	Resolve method		
			(Amount expressed in US dollars)						
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$17,406,950	3.82	US$—	—	US$4,580,939	US$—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	13,648,915	3.73	—	—	2,941,576	—
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	5,208,738	—	—	—	—	—
			Accounts Receivable	1,537,246	1.00	—	—	—	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by Cayman Ton Yi	Accounts Receivable	3,827,856	1.13	—	—	—	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by Cayman Ton Yi	Other Receivables	3,833,300	—	—	—	—	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Accounts Receivable	2,909,322	2.97	—	—	834,200	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,300	—	—	—	—	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	6,465,092	—	—	—	2,443,333	—

2000

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover ratio	Over-due balance		Subsequent collections	Allowance for doubtful amounts
			Accounts	Amounts		Amounts	Resolve method		
			(Amount expressed in US dollars)						
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$9,242,511	4.4	US$ —	—	US$—	US$—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	8,044,555	4.7	—	—	—	—
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	5,436,980	—	—	—	—	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Accounts Receivables	3,952,069	3.12	—	—	—	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,300	—	—	—	—	—

Note: The above transactions had been eliminated in the consolidated financial statements.

(x) Derivative Financial Instruments Transaction:

(a) Contract amount or notional principals amount and credit risk

2002

Name of investee	Derivative financial instruments	The objectives of holding derivative	Contract amount	Credit risk
Cayman Ton Yi	Currency Swap Contract—USD/JPY	To hedge loss	USD43,859,649.12/ JPY5,000,000,000	—
Cayman Ton Yi	Advance Booking Forward Foreign Exchange Contracts	To hedge loss	JPY3,300,000,000/ USD27,270,955.18	—

2001

Name of the investee	Derivative financial instruments	The objectives of holding derivative	Contract amount	Credit risk
Cayman Ton Yi	Currency Swap Contract—USD/JPY	To hedge loss	USD43,859,649.12/ JPY5,000,000,000	—
Cayman Ton Yi	Foreign Currency Option	To hedge loss	USD12,000,000/ JPY1,392,000,000	—

2000

Name of the investee	Derivative financial instruments	Contract amount	Credit risk
Cayman Ton Yi	Currency Swap Contract—USD/JPY	USD43,859,649.12/ JPY5,000,000,000	—

The credit risk stated above represents the ultimate loss from the Currency Swap Contracts if settled at the balance sheet date and defaulted by the counterparts. However, as the counterparts are banks with good credit ratings, the credit risk is minimal.

(b) Market risk

The main purpose of holding derivative financial instruments is to hedge loss. Gain or loss resulted from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, market risk is immaterial.

(c) Liquidity risk, cash flow risk and amount, timing and uncertainty of future cash demand

As of December 31, 2002, Cayman Ton Yi estimated that before January 24, 2003, the above Currency Swap Contract and Advance Booking Forward Foreign Exchange Contracts will generate cash inflows of JPY 1,700,000 thousand, and cash outflows of US$16,589 thousand.

In 2001 and 2000, Cayman Ton Yi estimated that before January 14, 2003, the above Currency Swap Contract will generate cash inflows of JPY 5,000,000 thousand, and cash outflows of US$43,860 thousand.

The investee recognised the premium of the receipts (payments) in non-operating income and expense from sale and purchase of Forward Foreign Exchange Option transactions. The option exercise price is based on the current market value at the fixed cost, and the holding (issuing) period is matched by the investee' future cash flow, when as the contract is due. The market risk of the exchange foreign fluctuation, and impact on the investee' operation is insignificant.

As the investee has sufficient working capital, the liquidity risk is low. And due to the certainty of the exchange rate under the Currency Swap Contract, the cash flow risk in minimal.

(d) Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives

The derivative financial instruments held by the investee are not for trading purpose. The investee engages in Forward Foreign Exchange Contract and Currency Swap Contract in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulted from fluctuation of exchange rates. The strategy for achieving the objective is to hedge most of the market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions, and are evaluated periodically.

(e) Presentation of derivative financial instruments on the financial statements

As of December 31, 2002, the net receipts on Currency Swap Contract of US$1,701 thousand and the net receipts on Forward Foreign Exchange Contracts of US$554 thousand are recorded as other current liabilities.

As of December 31, 2001, the net receipts on Currency Swap Contract of US$5,866 thousand are recorded as other liabilities. In 2001, premium received from Foreign Currency Option was recorded as non-operating income.

As of December 31, 2000, the net receipts on Currency Swap Contract of US$4,754 thousand are recorded as other liabilities.

(f) Fair value of derivative financial instruments

2002

Name of investee	Derivative financial instrument	December 31, 2002 Book value	December 31, 2002 Fair value
Cayman Ton Yi	Currency Swap Contract—USD/JPY	US$(1,701) thousand	US$(1,701) thousand
Cayman Ton Yi	Advance Booking Forward Foreign Exchange Contracts	(554) thousand	(554) thousand

2001

Name of investee	Derivative financial instrument	December 31, 2001 Book value	December 31, 2001 Fair value
Cayman Ton Yi	Currency Swap Contract—USD/JPY	US$(5,866) thousand	US$(5,866) thousand
Cayman Ton Yi	Foreign Currency Option	—	72 thousand

2000

Name of investee	Derivative financial instrument	December 31, 2000 Book value	December 31, 2000 Fair value
Cayman Ton Yi	Currency Swap Contract—USD/JPY	US$(4,754) thousand	US$(4,754) thousand

The method and assumption used to estimate the fair value of derivative financial instruments are as follows:

The fair value of derivative financial instruments are estimated based on the amount the investee may receive or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from open contracts.

3. Disclosure of Information on Indirect Investments in Mainland China

(i) The basic information of investments in Mainland China

2002											
Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gain (loss) (Note2)	Investment amount as of Dec 31, 2002	Accumulated remittance
					Payment	Remittance					
				(Amount expressed in US dollars)							
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$ 7,500,000	Note 1	US$40,010,000	US$—	US$—	US$40,010,000	US$100.00%	US$(147,308)	US$2,579,047	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	40,010,000	—	—	40,010,000	100.00%	311,860	4,754,285	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	40,010,000	—	—	40,010,000	72.85%	260,839	16,173,861	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	40,010,000	—	—	40,010,000	74.04%	1,211,212	27,724,877	—

2002		
Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA
NT$1,388,577,600	NT$ 2,639,839,211	NT$4,808,443,972
(USD40,010,000)	(USD75,966,596)	

2001

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gain (loss) (Note2)	Investment amount as of Dec 31, 2001	Accumulated remittance
					Payment	Remittance					
				(Amount expressed in US dollars)							
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$ 7,500,000	Note 1	US$ 10,000	US$40,000,000 (Note 3)	US$—	US$40,010,000	US$100.00%	US$(468,669)	US$2,726,659	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	10,000	—	—	40,010,000	100.00%	(828,056)	4,442,966	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	10,000	—	—	40,010,000	72.85%	(4,106,979)	15,914,457	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	10,000	—	—	40,010,000	74.04%	(3,551,060)	26,516,803	—

2001

Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA
NT$1,388,577,600 (USD40,010,000)	NT$2,622,367,000 (USD75,966,596)	NT$4,799,014,207

2000

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gain (loss) (Note 2)	Investment amount as of Dec 31, 2000	Accumulated remittance
					Payment	Remittance					
				(Amount expressed in US dollars)							
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$ 7,500,000	Note 1	US$10,000	US$—	US$—	US$10,000	US$100.00%	US$ (685,404)	US$ 3,182,877	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	10,000	—	—	10,000	100.00%	184,012	5,270,015	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	10,000	—	—	10,000	72.85%	(3,696,596)	20,018,497	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	10,000	—	—	10,000	74.04%	(1,648,051)	30,062,286	—

2000

Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA	
		20% of the enrolled capital	20% of the net worth
NT$281,600 (USD10,000)	NT$2,612,251,000 (USD75,966,596)	NT$3,009,217,480	NT$3,444,276,001

Note 1: Indirect investment in PRC through existing companies located in the third area.

Note 2: The financial statements are audited by the CPA of parent company in Taiwan.

Note 3: Remittance for new shares issued by Cayman Ton Yi

(ii) Significant Transactions Information

The transaction with the investee in Mainland China: please refer to notes 15 and 18.

(19) SEGMENT INFORMATION

(a) Industrial information

The Company and subsidiaries are mainly engaged in the manufacture and process of tinplates, and sale of related machinery and equipment. The main industrial department's revenue, income and identifiable assets accounted for 90% or more of the Company and subsidiaries' total revenue, income and identifiable assets. As a result, the Company and subsidiaries are not required to disclose industrial segment information.

(b) Geographic information

The Company and subsidiaries have no foreign operating segment. As a result, geographic segment information is not required.

(c) Export sales information

In 2002, 2001 and 2000, the Company and subsidiaries' export sales amounted to $7,270,269 thousand, $6,277,832 thousand and $5,988,363 thousand, respectively. The details are as follows:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Asia	$6,006,946	4,716,770	4,730,351
Australia	197,543	187,390	790,914
Others	1,065,780	1,373,672	467,098
	$7,270,269	**6,277,832**	**5,988,363**

(d) Information regarding major customers

In 2002, 2001 and 2000, there was no major customer that can bring in revenue as much as 10% of the Company and subsidiaries' net sales.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002, 2001 and 2000

(With Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

The Board of Directors
TON YI Industrial Corp.:

We have audited the accompanying non-consolidated balance sheets of TON YI Industrial Corp. (the Company) as of December 31, 2002, 2001 and 2000, and the related non-consolidated statements of operations, 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. As of December 31, 2002, 2001 and 2000, the Company's long-term investment in Tung-On Enterprise Co., Ltd. amounted to NT$15,249,640, NT$19,254,979 and NT$17,732,993, respectively, and under the equity method the related investment gain recognised amounted to NT$1,994,661, NT$1,521,986 and NT$3,575,863 for the years then ended. The financial statements of Tung-On Enterprise Co., Ltd. were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for this investee company, is based solely on the reports of other auditors.

We conducted our audits in accordance with generally accepted auditing standards and the "Rules Governing Examination of Financial Statements by Certified Public Accountants" 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 misstatement. 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 statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of TON YI Industrial Corp. as of December 31, 2002, 2001 and 2000, and the results of its operations and its cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of TON YI Industrial Corp. and subsidiaries for the years ended December 31, 2002, 2001 and 2000. We have issued an independent auditors' report with a modified unqualified opinion on those consolidated financial statements.

KPMG Certified Public Accountants
Taiwan (the Republic of China)
March 5, 2003

The accompanying non-consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the 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.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED BALANCE SHEETS

December 31, 2002, 2001 and 2000
(Expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Assets			
Current assets:			
Cash and cash equivalents (note 14)	$ 14,470	27,138	306,507
Notes receivable, less allowance for doubtful accounts of $3,198 thousand in 2002, $4,560 thousand in 2001 and 2000 (note 14)	197,429	244,067	257,724
Accounts receivable, less allowance for doubtful accounts of $7,962 thousand in 2002, $9,621 thousand in 2001 and $20,126 thousand in 2000 (note 14)	130,035	258,225	458,966
Accounts receivable—related parties, less allowance for doubtful accounts of $750 thousand in 2002, $30,760 thousand in 2001 and $22,048 thousand in 2000 (notes 14, 15 and 18)	1,105,595	1,084,303	811,488
Other receivables (notes 14, 15 and 18)	28,812	75,204	438,552
Inventories (note 3)	1,783,823	2,092,772	2,711,806
Prepayments and other current assets (notes 12, 14 and 15)	145,617	149,465	92,305
Total current assets	3,405,781	3,931,174	5,077,348
Long-term investments (notes 4, 14 and 18)	963,801	966,450	926,780
Property, plant and equipment (notes 5, 15 and 16)	26,854,572	28,105,528	27,656,011
Intangible assets (note 10)	50,665	56,999	—
Other assets (notes 12, 14, 15 and 17)	1,271,896	1,126,957	1,391,987
Total assets	**$32,546,715**	**34,187,108**	**35,052,126**
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings (notes 6 and 14)	$ 1,340,891	1,697,123	1,196,294
Payable on commercial paper (notes 6, 7 and 14)	867,667	1,690,618	833,248
Notes payable (notes 14, 15 and 18)	170,490	86,860	96,494
Accounts payable (notes 14, 15 and 18)	163,857	110,815	183,566
Accrued expense (notes 12, 14 and 15)	379,435	378,956	377,002
Current portion of long-term borrowings (notes 6, 8, 9, 14, 15 and 16)	2,588,762	2,051,836	2,260,447
Other current liabilities (notes 14 and 15)	168,731	125,369	101,513
Total current liabilities	5,679,833	6,141,577	5,048,564
Long-term liabilities:			
Bonds payable, net of current portion (notes 8 and 14)	500,000	1,002,506	2,671,533
Long-term borrowings, net of current portion (notes 6, 9, 14, 15 and 16)	8,457,875	9,143,866	8,283,253
Provision for tax on increment of land value (note 5)	433,546	433,546	433,546
Total long-term liabilities	9,391,421	10,579,918	11,388,332
Other liabilities (notes 4,10, 14, 15 and 18)	933,241	970,542	1,393,850
Total liabilities	16,004,495	17,692,037	17,830,746
Stockholders' equity (notes 8, 10, 11, 12, 13 and 14):			
Common stock, $10 par value	15,347,009	15,347,009	15,046,087
Capital surplus	935,960	935,960	1,236,575
Legal reserve	216,091	592,179	553,428
Special reserve	22,240	22,240	—
Retained earnings (accumulated deficit)	163,417	(376,088)	407,530
Cumulative translation adjustments	(102,671)	(6,350)	(22,240)
Net loss not recognised as pension cost	(39,826)	(19,879)	—
Total stockholders' equity	16,542,220	16,495,071	17,221,380
Commitments and contingent liabilities (notes 14, 15, 17 and 18)			
Total liabilities and stockholders' equity	**$32,546,715**	**34,187,108**	**35,052,126**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2002, 2001 and 2000
(Expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Sales (notes 15, 18 and 19)	$14,104,111	12,670,584	12,489,466
Less: Sales returns and allowance	8,881	25,901	41,574
	14,095,230	12,644,683	12,447,892
Cost of goods sold (notes 15 and 18)	12,169,249	10,743,645	10,019,958
Gross profit	1,925,981	1,901,038	2,427,934
Realised gain on inter-affiliate accounts (note 15)	150,748	124,565	141,393
Unrealised gain on inter-affiliate accounts (note 15)	94,400	150,748	124,565
Realised gross profit	1,982,329	1,874,855	2,444,762
Operating expenses (note 15)			
Selling expenses	812,163	776,661	691,033
Administrative and general expenses	229,877	243,573	256,025
	1,042,040	1,020,234	947,058
Operating income	940,289	854,621	1,497,704
Non-operation income:			
Interest income	1,650	7,859	11,364
Income from investments, net (note 4)	61,394	—	—
Gain on disposal of property, plant and equipment, net	25	265	5,115
Gain on sale of investments, net (note 4)	285	309	601,786
Foreign exchange gain, net (note 14)	—	364,867	240,760
Gain on inventory value recoveries	—	21,000	—
Other	69,878	36,035	39,761
	133,232	430,335	898,786
Non-operation expenses:			
Interest expenses, net of capitalised interest of $449 thousand in 2002, $31,469 thousand in 2001 and $6,966 thousand in 2000	677,086	772,994	719,698
Loss from investments, net (note 4)	—	768,248	1,100,136
Loss on disposal of property, plant and equipment, net	848	354	523
Foreign exchange loss, net (note 14)	44,202	—	—
Loss on inventory valuation	—	—	17,821
Other	86,775	39,853	3,152
	808,911	1,581,449	1,841,330
Income (loss) before income tax	264,610	(296,493)	555,160
Income tax expense (note 12)	(101,193)	(95,825)	(163,810)
Net income (loss)	**$ 163,417**	**(392,318)**	**391,350**
Primary earnings per share (note 13) (expressed in New Taiwan dollars)			
Income (loss) before income tax	**$ 0.17**	**(0.19)**	**0.33**
Net income (loss)	**$ 0.11**	**(0.26)**	**0.26**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2002, 2001 and 2000
(Expressed in thousands of New Taiwan dollars)

	Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognised as Pension Cost	Total
Balance as of December 31, 1999	$14,009,392	2,268,922	510,605	—	461,099	41,764	—	17,291,782
Appropriations and distributions:								
Legal reserve	—	—	42,823	—	(42,823)	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(7,708)	—	—	(7,708)
Employees' bonuses	—	—	—	—	(26,308)	—	—	(26,308)
Cash dividends	—	—	—	—	(364,244)	—	—	(364,244)
Gain on disposal of property, plant and equipment transferred to capital surplus	—	3,836	—	—	(3,836)	—	—	—
Capital surplus transferred to common stock (note 11)	1,036,695	(1,036,695)	—	—	—	—	—	—
Net income for 2000	—	—	—	—	391,350	—	—	391,350
Income from donations received	—	512	—	—	—	—	—	512
Changes in cumulative translation adjustments	—	—	—	—	—	(64,004)	—	(64,004)
Balance as of December 31, 2000	**15,046,087**	**1,236,575**	**553,428**	**—**	**407,530**	**(22,240)**	**—**	**17,221,380**
Appropriations and distributions:								
Legal reserve	—	—	38,751	—	(38,751)	—	—	—
Special reserve (note 11)	—	—	—	22,240	(22,240)	—	—	—
Directors' and supervisors' remuneration	—	—	—	—	(6,530)	—	—	(6,530)
Employees' bonuses	—	—	—	—	(22,857)	—	—	(22,857)
Cash dividends	—	—	—	—	(300,922)	—	—	(300,922)
Capital surplus transferred to common stock (note 11)	300,922	(300,922)	—	—	—	—	—	—
Net loss for 2001	—	—	—	—	(392,318)	—	—	(392,318)
Income from donations received	—	307	—	—	—	—	—	307
Changes in cumulative translation adjustments	—	—	—	—	—	15,890	—	15,890
Net loss not recognised as pension cost (note 10)	—	—	—	—	—	—	(19,879)	(19,879)
Balance as of December 31, 2001	**15,347,009**	**935,960**	**592,179**	**22,240**	**(376,088)**	**(6,350)**	**(19,879)**	**16,495,071**
Appropriations and distributions:								
Legal reserve to offset deficits (note 11)	—	—	(376,088)	—	376,088	—	—	—
Net income for 2002	—	—	—	—	163,417	—	—	163,417
Changes in cumulative translation adjustments	—	—	—	—	—	(96,321)	—	(96,321)
Net loss not recognised as pension cost (note 10)	—	—	—	—	—	—	(19,947)	(19,947)
Balance as of December 31, 2002	**$15,347,009**	**935,960**	**216,091**	**22,240**	**163,417**	**(102,671)**	**(39,826)**	**16,542,220**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002, 2001 and 2000
(Expressed in thousands of New Taiwan dollars)

	2002	2001	2000
Cash flows from operating activities:			
Net income (loss)	$ 163,417	(392,318)	391,350
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealised (realised) gain on inter-affiliate accounts	(56,348)	26,183	(16,828)
Provision for (recovery of) allowance for doubtful accounts	(33,018)	(1,793)	2,174
Depreciation	1,354,142	1,320,762	1,275,324
Deferred expense amortisations	43,503	42,718	39,014
Provision for reserve (payment) for redemption of convertible bonds	36	(169,027)	50,150
Cash dividends of long-term investments	11,704	5,702	5,100
Gain on sale of investments	(285)	(309)	(601,786)
Provision for (recovery of) allowance for inventory valuation	—	(21,000)	17,821
Reversal of allowance for idled asset valuation	(21)	—	—
Loss (gain) on disposal of property, plant and equipment, net	823	89	(4,592)
Long-term accounts receivables transferred to other expense	83,774	—	—
Construction in progress and prepayments for equipment transferred to other expense	—	36,428	—
Unrealised foreign exchange loss (gain), net	85,210	(80,837)	(37,596)
Loss (income) on equity-method investments, net	(61,259)	776,543	1,111,417
Provision for pension expenses	28,764	15,534	12,697
Deferred income tax expense (benefit)	(26,907)	9,309	31,303
Decrease (increase) in notes receivable and accounts receivable	195,615	(24,521)	501,724
Decrease (increase) in other receivables	(24,929)	32,829	5,407
Decrease (increase) in inventories	308,949	640,034	(762,606)
Decrease (increase) in prepayments and other current assets	(74,855)	17,573	(13,397)
Increase (decrease) in notes payable and accounts payable	136,672	(64,122)	(246,683)
Increase (decrease) in accrued expenses	479	(16,309)	118,930
Increase (decrease) in other current liabilities	8,596	(11,164)	11,661
Net cash provided by operating activities	2,144,062	2,142,304	1,890,494
Cash flows from investing activities:			
Decrease in other receivables	71,321	331,607	—
Decrease in forward exchange contracts receivable	48,237	16,300	—
Increase in short-term investments	(3,000)	—	—
Increase in long-term investments	—	(1,424,863)	(125,000)
Proceeds from sale of short-term investments	3,285	—	—
Proceeds from sale of long-term investments	—	3,055	208,405
Acquisitions of property, plant, equipment and other assets	(101,775)	(1,804,417)	(1,909,253)
Proceeds from disposal of property, plant, equipment and other assets	188	279	8,571
Increase in deferred expenses and other assets	(14,440)	(42,240)	(49,258)
Decrease (increase) in guarantee deposits paid	516	(815)	1,044
Net cash provided by (used in) investing activities	4,332	(2,921,094)	(1,865,491)

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the years ended December 31, 2002, 2001 and 2000
(Expressed in thousands of New Taiwan dollars)

Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	(357,716)	493,184	(613,263)
Increase (decrease) in payable on commercial paper	(822,951)	85,7370	13,817
Increase in long-term borrowings	2,598,399	3,710,000	4,808,140
Repayments of long-term borrowings	(3,057,964)	(4,242,004)	(3,604,873)
Repayments of bonds payable	(502,000)	—	—
Payments of directors' and supervisors' remuneration and employees' bonuses	—	(29,387)	(34,016)
Payments of cash dividends	—	(300,922)	(364,244)
Income from donations received	—	307	512
Increase (decrease) in guarantee deposits received	(18,755)	10,719	(21,335)
Net cash provided by (used in) financing activities	(2,160,987)	499,267	184,738
Effect of exchange rate changes on cash	(75)	154	(4,107)
Net increase (decrease) in cash and cash equivalents	(12,668)	(279,369)	205,634
Cash and cash equivalents, beginning of year	27,138	306,507	100,873
Cash and cash equivalents, end of year	**$ 14,470**	**27,138**	**306,507**
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest (not including capitalised interest)	**$ 692,843**	**944,531**	**664,433**
Income tax	**$ 105,628**	**106,411**	**27,058**
Investing and financing activities with no cash flows effect:			
Property, plant and equipment transferred to other assets, net	**$ 30**	**—**	**73**
Recognition (recovery) of cumulative translation adjustments resulted from long-term investments	**$ 4,049**	**(84,480)**	**(64,004)**
Recognition (recovery) of long-term accounts receivable resulting from exchange loss on long-term borrowings	**$ 309,958**	**(315,994)**	**354,155**
Current portion of long-term borrowings	**$ 2,588,762**	**2,051,836**	**2,260,447**
Recognition (recovery) of cumulative translation adjustments resulted from forward exchange contracts receivable, net	**$ (100,370)**	**100,370**	**—**
Proceeds receivable from sale of long-term investments	**$ —**	**—**	**321,982**
Increase in accrued pension liability, deferred pension costs and net loss not recognised as pension cost	**$ 19,947**	**76,878**	**—**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002, 2001 and 2000
(Amount Expressed in New Taiwan dollars unless otherwise specified)

(1) ORGANISATION AND BUSINESS SCOPE

TON YI Industrial Corp. (the Company) was founded in Yeong Kong, Tainan, the Republic of China (ROC) on April 14, 1969. The Company went through changes of its name and business scope, and mergers. The Company is engaged in (i) the manufacture and process of tin mill black plates, tinplates, tin steels and tin cans, (ii) the import, export and sale of tinplate machines, and (iii) sale of iron oxide, fatty acid and tin products.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company are prepared in accordance with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the ROC.

(a) Cash equivalents

Cash equivalents consist of highly liquid short-term investments that are readily convertible to known amounts of cash and which present insignificant risks from changes in interest rates.

(b) Foreign currency transactions and translation of foreign-currency financial statements

The Company maintains its books in New Taiwan dollars. Foreign currency transactions, other than foreign currency forward exchange contracts, are recorded in the local currencies at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when foreign-currency assets and liabilities are settled are charged or credited to non-operating income or loss in the year of actual conversion or settlement. Year-end balances of foreign currency assets and liabilities are restated based on prevailing exchange rates and the resulting differences are charged or credited to income. However, exchange gains or losses from intercompany borrowings of a long-term nature should be recorded as a translation adjustment under stockholders' equity.

The foreign investee companies recorded under the equity method of accounting by the Company adopt the currencies of the foreign countries as their functional currencies; the foreign exchange differences resulting from translating the functional currencies of the financial statements of investee companies to New Taiwan dollars are charged to accumulated translation adjustments under stockholders' equity of the Company. The year-end balances of the foreign operating entities' assets and liabilities are translated into New Taiwan dollar amounts at the prevailing year-end foreign exchange rates; the stockholders' equity is converted into New Taiwan dollars by adopting the historical exchange rates, excluding the beginning balance of retained earnings which is carried over from the converted ending balance of the prior year. Dividends are translated at the exchange rate prevailing at the declaration date. Revenue, costs and expenses are translated at the average exchange rate during the reporting periods.

(c) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based upon the results of an evaluation of the collectibility of receivables.

(d) Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by the weighted-average method. Market value is determined by net realisable value or replacement cost.

(e) Long-term investments

Investments in which ownership interest is 20% or more, or in which the Company has ability to exercise significant influence, are accounted for by the equity method. Gain or loss on sale of the investment is accounted for as non-operating income or expense in the statement of operations.

Investments in which the Company owns less than 20% of the investee's voting shares, and in which the Company has no ability to exercise significant influence, are accounted for by the cost method.

Stock dividends received are recorded only as an increase in the number of shares held and not as investment income. Costs of investments sold are determined by the weighted-average method.

Under the equity method, gains or losses resulting from inter-affiliate transactions are deferred and recognised when realised. Gains or losses resulting from transactions involving depreciable or amortisable assets are deferred and recognised over the assets' estimated useful lives. Gains or losses resulting from other transactions are recognised in the period of realisation.

If an investee's loss equals to or exceeds the carrying amount of an investment accounted for under the equity method, or the Company guarantees obligations of an investee, then the Company shall continue to recognise investment losses in proportion to the stock ownership percentage. Such credit balance on the book value of a long-term investment and advances shall be treated as a liability on the balance sheet.

A company is considered as a subsidiary if more than 50% of its outstanding voting shares are held by the Company. Consolidated financial statements should be prepared, including all such subsidiaries except for subsidiaries whose individual total assets and sales do not exceed 10% of the Company's total assets and sales. If the total assets and sales of subsidiaries not otherwise required to be consolidated are in aggregate more than 30% of the Company's total assets or sales, then a subsidiary whose total assets or sales are more than 3% of the Company's total assets or sales must be consolidated.

(f) Property, plant and equipment and related depreciation

Fixed assets are stated at acquisition cost and revaluation increment. Acquisition cost includes capitalisation of interest incurred in connection with construction of tin plate

and cold rolling plant and the installation of machinery and equipment. The Company's fixed assets were revalued in 1974, 1980, 1985 and 1998.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed when incurred, while costs of major additions, improvements and replacements are capitalised. Where the fixed assets have reached the end of their prescribed useful lives but the accumulation of the depreciation thereof has not amounted to the cost thereof, depreciation at the original rate may be continued until full depreciation has been achieved.

Gains or losses on the disposal of property, plant and equipment are recorded as non-operating income or expense. Gains on the disposal of property, plant and equipment net of related income tax, are transferred to capital surplus in the year of disposal. After January 1, 2001, gains on disposal of property, plant and equipment are not transferred to capital surplus in accordance with the amendment of the ROC Company Law.

Assets for operating lease are recorded as other assets and are depreciated using the straight-line method over the estimated useful lives. The depreciation is recorded as non-operating expense.

Idled assets are recorded as other assets and are valued at the lower of net book value or net realisable value.

(g) Deferred expense

The Company entered into agreements with Kawasaki Steel Corp. (Kawasaki) on the construction of and technical services related to a tin plate and cold rolling plant. In conformity with the agreements, Kawasaki shall not sell or transfer such technology to any third party in the ROC until March 31, 2005, and April 22, 2016, respectively. Payments to Kawasaki by the Company are amortised over fifteen and twenty years, respectively, on a straight-line basis.

The Company entered into two land lease agreements with Taisugar Co., Ltd. for the plants. The agreements are effective from July 1, 1993, through June 30, 2043, and March 10, 1998 through March 9, 2048, respectively. The related royalty of two to four times the annual rentals are to be paid once every twenty years and are amortised over twenty years using the straight-line method.

Service charges paid to manager banks for syndicated loans are recorded as deferred expenses and amortised over 7 years using the straight-line method.

Expenses for installation of telephone and power lines are amortised over periods ranging from 5 to 20 years on the straight-line method.

(h) Pension plan

The Company established a noncontributory defined benefit retirement plan covering all regular employees in the ROC in 1987. According to the Plan, the pension benefits a

participant receives are determined based on an employee's number of years of service and average monthly compensation for the six-month period prior to retirement.

The Company has been funding the Plan monthly at 2% (3% before October 2001) of salaries and wages in accordance with the Labour Standards Law. The pension fund is deposited with the Central Trust of China, the government-designated custodian of pension funds.

The Company adopted ROC Statement of Financial Accounting Standards No. 18, "Accounting for Pensions". A minimum pension liability is recognised when the accumulated benefit obligation exceeds the fair value of plan assets. The additional accrued liability being recognized due to unrecognised transitional net benefit obligation. If the amount of additional accrued liability does not exceed the amount of remaining balance of unrecognised transitional net benefit obligation, then the deferred pension cost account shall be charged; if the amount of additional accrued liability exceeds the amount of remaining balance of unrecognised transitional net benefit obligation, the excess shall be charged to the net loss not recognized as pension cost account, and be recorded as a reduction of stockholders' equity. Net periodic pension cost includes service cost and the amortisation of net transition assets or obligation, prior service cost, and gains or losses of plan assets and benefit obligation by using the straight-line method over the employees' average remaining service period.

(i) Income tax

Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to reverse. The income tax effects due to taxable temporary differences are recognised as deferred income tax liabilities. The income tax effects resulting from deductible temporary differences, net operating loss carryforwards and income tax credits are recognised as deferred income tax assets. The realisation of the deferred tax assets is evaluated, and a valuation allowance is recognised accordingly.

The Company uses the flow-through method to recognise income tax credits, recognising the entire reduction in income tax payables as the income of the year in which the credit arises.

Classification of the deferred tax assets or liabilities as current or non-current is based on the classification of the related assets or liabilities for financial reporting. If not so related, they are classified on the basis of the expected period of realisation.

A tax imputation system was adopted in accordance with the amendment of the ROC Income Tax Law. Under the system, the Company may retain the earnings occurring after December 31, 1997, by paying 10% surtax on such undistributed earnings, and the surtax is accounted for as income tax expense upon the stockholders' resolution on distribution of earnings.

(j) Earnings per share of common stock

Primary earnings per share of common stock are based on net income divided by the weighted-average number of common shares outstanding. When additional shares are issued for cash, the issuance date should be used in the calculation of the weighted-average number of shares outstanding. The number of shares outstanding should be retroactively adjusted in the calculation of the weighted-average number of shares

outstanding if the number of shares outstanding increases as a result of stock dividends or a stock split, or decreases as a result of reverse stock splits or if capital is decreased to offset the prior year's deficit. If the measurement date referred to above is earlier than the date when the financial statements are issued, retroactive adjustments should be made.

(k) Derivative financial instruments

Premiums or discounts on foreign currency forward exchange contracts that hedge foreign currency assets or liabilities arising from difference between the forward rate and the spot rate at the date of each contract are deferred and amortised over the contract period. At balance sheet date, the balances of the forward exchange receivables or payables are restated based on prevailing exchange rates and the resulting gain or loss is charged or credited to income. Any exchange gain or loss when the contract is settled is also credited or charged to income.

Option contracts to buy/sell foreign currency entered into for hedging purposes are not recorded as assets or liabilities on the contract dates. For contracts outstanding at the balance sheet date are measured at the quotation from banks and gains or losses from the measurement are recorded in the statement of operations. Foreign currency option premiums are deferred and recorded as an exchange gain or loss when the contract expires or is settled.

Foreign currency spot-position assets and liabilities arising from hedging currency swap contracts are recorded at spot rates when the transactions occur. Realised and unrealised gains or losses on these contracts resulting from actual execution or balance sheet date translation are charged or credited to current operations. Receivables and payables resulting from foreign currency swap contracts are offset against each other and the net balances are recorded as assets or liabilities.

The derivative financial instruments for the purpose of hedging the exchange risk of equity investment in foreign investee companies are revalued by the prevailing spot rate as of the balance sheet date. The differences are recorded as cumulative translation adjustments, a component of stockholders' equity.

(3) INVENTORIES

As of December 31, 2002, 2001, and 2000, inventories consisted of the following:

	2002	2001	2000
Finished goods	$ 806,052,725	765,973,132	1,418,433,725
Work-in-process	305,802,984	305,985,655	437,443,185
Raw materials	505,677,734	902,663,483	823,734,029
Supplies	129,388,735	114,323,177	63,194,551
Material in transit	46,901,007	13,826,636	—
	1,793,823,185	2,102,772,083	2,742,805,490
Less: allowance for inventory devaluation	10,000,000	10,000,000	31,000,000
	$1,783,823,185	**2,092,772,083**	**2,711,805,490**

As of December 31, 2002, 2001, and 2000, the insurance coverage for inventories amounted to $2,200,000 thousand, $3,000,000 thousand and $2,500,000 thousand, respectively.

(4) LONG-TERM INVESTMENTS AND OTHER LIABILITIES—LONG-TERM INVESTMENT CREDIT

As of December 31, 2002, 2001, and 2000, long-term investments comprised the following:

	2002		2001		2000	
Name of investee	% of ownership	Amount	% of ownership	Amount	% of ownership	Amount
Accounted for under the cost method:						
Sino-Aerospace Investment Corp.	8.19%	$ 210,000,000	8.19%	210,000,000	8.19%	210,000,000
Global Securities Finance Corp.	1.75%	115,664,200	1.75%	115,664,200	1.75%	115,664,200
United Steel International Development Corp.	—	—	—	—	1.00%	2,746,000
President International Investment Corp.	3.33%	500,000,000	3.33%	500,000,000	3.33%	500,000,000
Grand Bills Finance Corp.	0.02%	1,050,000	0.02%	1,050,000	0.02%	1,050,000
CDIB High-Tech. Investment Inc.	2.11%	30,000,000	2.11%	30,000,000	—	—
		856,714,200		856,714,200		829,460,200
Accounted for under the equity method:						
Tovecan Factory Corporation Ltd.	51.00%	85,048,844	51.00%	83,840,281	51.00%	79,587,253
Tung-On Enterprise Co., Ltd.	40.00%	15,249,640	39.99%	19,254,979	39.99%	17,732,993
Western Samoa New Dawn Enterprises Ltd.	100.00%	6,788,657	100.00%	6,640,500	—	—
		107,087,141		109,735,760		97,320,246
		$ 963,801,341		**966,449,960**		**926,780,446**
Long-term equity investments credit:						
Cayman Ton Yi Industrial Holdings Ltd.	100.00%	**$(715,949,908)**		**(772,202,858)**		**(1,287,925,042)**

Due to the Company guarantees obligations of Cayman Ton Yi Industrial Holdings Ltd., the Company treated the credit balance resulted from investment loss recognised exceeding the book value of long-term investments in Cayman Ton Yi Industrial Holdings Ltd. as other liability.

As of December 31, 2002, 2001, and 2000, the original cost of long-term investments consisted of the following:

	2002	2001	2000
Tovecan Factory Corporation Ltd.	$ 43,739,967	43,739,967	43,739,967
Cayman Ton Yi Industrial Holdings Ltd.	1,388,577,600	1,388,577,600	281,600
Tung-On Enterprise Co., Ltd.	12,000,000	12,000,000	12,000,000
Western Samoa New Dawn Enterprises Ltd.	6,566,855	6,566,855	—
	$1,450,884,422	**1,450,884,422**	**56,021,567**

Cayman Ton Yi Industrial Holdings Ltd. issued new shares of US$40,000,000 in 2001. The Company subscribed all the new shares of $1,388,296,000.

Related investment income (loss) in 2002, 2001 and 2000 consisted of the following:

	2002	2001	2000
Tovecan Factory Corporation Ltd.	$ 7,326,436	5,653,775	6,998,889
Cayman Ton Yi Industrial Holdings Ltd.	51,752,860	(783,718,733)	(726,738,413)
Tung-On Enterprise Co., Ltd.	1,994,661	1,521,986	3,575,863
Western Samoa New Dawn Enterprises Ltd.	185,193	—	—
Yen Tone Investment Co., Ltd.	—	—	(242,150,879)
Chang Won Investment Co., Ltd.	—	—	(153,102,487)
	$61,259,150	**(776,542,972)**	**(1,111,417,027)**

In 2001, the Company gained $309 thousand from the sale of investment in United Steel International Development Corp. Related proceeds were approximately $3,055 thousand with a cost of $2,746 thousand. The gain was recorded in the statement of operations. As of December 31, 2001, the related receivable was collected.

In 2000, the Company gained $601,786 thousand from the sale of investment in Ton Cheng Development Corp., Yen Tone Investment Co., Ltd. and Chang Won Investment Co., Ltd. Related proceeds were approximately $531,982 thousand with a cost of $(71,400) thousand and the securities transactions tax of $1,596 thousand. The gain was recorded in the statement of operations. As of December 31, 2000, the related receivable of $321,982 thousand, was recorded as other receivable. In 2001, the related receivable was collected.

(5) PROPERTY, PLANT AND EQUIPMENT

The Company's fixed assets were revalued in 1974, 1980, 1985 and 1998. As of December 31, 2002, 2001 and 2000, the Company's revaluation increment comprised the following:

	2002	2001	2000
Land	$763,827,310	763,827,310	763,827,310
Buildings and improvements	10,971,060	10,971,060	10,971,060
Machinery and equipment	480,127	480,127	1,156,592
Other equipment	727,886	727,886	727,886
	$776,006,383	**776,006,383**	**776,682,848**

(i) As of December 31, 2002, 2001 and 2000, the insurance coverage for property, plant and equipment amounted to $17,570,888 thousand, $18,686,500 thousand and $15,848,840 thousand, respectively.

(ii) As of December 31, 2002, 2001 and 2000, provision for tax on increment of land value was $433,545,693 and was recorded as long-term liabilities.

(6) SHORT-TERM BORROWINGS

As of December 31, 2002, 2001 and 2000, short-term borrowings consisted of the following:

	2002	2001	2000
Credit loans	$ 992,814,429	1,152,070,000	696,555,507
Letter of credit loans	348,076,448	545,053,378	499,738,819
	$ 1,340,890,877	**1,697,123,378**	**1,196,294,326**
Annual interest rate	**0.6237%~5.00%**	**0.62%~7.63%**	**0.7294%~8.0127%**

As of December 31, 2002, 2001 and 2000, the Company had unused credit lines totalling $6,979,750 thousand, $7,421,196 thousand and $18,000,000 thousand, respectively, which were available for short-term bank loans, long-term loans, and commercial paper.

(7) PAYABLE ON COMMERCIAL PAPER

As of December 31, 2002, 2001 and 2000, payable on commercial paper consisted of the following:

	2002		2001		2000	
	Amount	Annual interest rate	Amount	Annual interest rate	Amount	Annual interest rate
Commercial paper	$870,000,000	1.72%~3.00%	1,700,000,000	2.95%~3.65%	840,000,000	5.1%~5.7%
Less: discount	2,333,429		9,382,085		6,752,091	
	$867,666,571		**1,690,617,915**		**833,247,909**	

(8) BONDS PAYABLE

As of December 31, 2002, 2001 and 2000, bonds payable were as follows:

	2002	2001	2000
Unsecured corporate bonds	$ —	—	670,000,000
Unsecured convertible corporate bonds	—	2,000,000	1,002,000,000
Secured corporate bonds	1,000,000,000	1,500,000,000	1,500,000,000
	1,000,000,000	1,502,000,000	3,172,000,000
Reserve for redemption of convertible bonds	—	506,000	169,533,150
	1,000,000,000	1,502,506,000	3,341,533,150
Less: current portion	500,000,000	500,000,000	670,000,000
	$ 500,000,000	**1,002,506,000**	**2,671,533,150**

On December 6, 1996, the Company issued 3-year, 4-year, and 5-year term bonds totalling $2,000,000 thousand with nominal interest rate of 6.75%~6.82%. The related interest was paid annually. As of December 31, 2000, the principal value of unsecured corporate bonds due within one year amounted to $670,000 thousand. The bonds matured and were repaid on December 26, 2001.

On August 13, 1997, the Company issued its first unsecured convertible bonds at par value. The significant terms of the convertible bonds are as follows:

(a) Par value: $3,000,000 thousand.

(b) Coupon rate: 0%.

(c) Duration: seven years (effective from August 13, 1997, through August 12, 2004).

(d) Final redemption: Unless previously redeemed at the option of the Company or the bondholders, or converted in accordance with the offering of the convertible bonds, the convertible bonds are to be redeemed at the outstanding principal amount on August 12, 2004.

(e) Redemption at the option of bondholders: The bondholders have the right to require the Company to repurchase the convertible bonds at a price equal to 121.55% and 127.63% of the unpaid principal amount together with unpaid interest on August 12, of 2001 and 2002, respectively.

(f) Terms of conversion:

1. Bondholders may elect to have the convertible bonds converted into a certificate for common stock of the Company within the period from September 13, 1997, through August 2, 2004. The certificate may be converted into common stock of the Company.

2. Conversion price: $40.6 per share of common stock on the issuance date. The conversion price is subject to adjustment for capital increases in order to protect the bondholders from dilution.

(g) As of December 31, 2002, convertible bonds with total principal value of $2,000,000 thousand had been converted to 57,142,857 common shares with par value of $10, and the premiums were recorded as capital surplus. The stock issuance has been authorised by and registered with the government authority.

(h) As of December 31, 2001, the total principal value of convertible bonds repurchased amounted to $1,000,000 thousand at the par value and interest on the redemption of convertible bonds amounted to $215,400 thousand.

On August 19, 1998, the Company issued its second unsecured convertible bonds at par value. The significant terms of the convertible bonds are as follows:

(a) Par value: $3,000,000 thousand.

(b) Coupon rate: 0%.

(c) Duration: seven years (effective from August 19, 1998, through August 18, 2005).

(d) Final redemption: Unless previously redeemed at the option of the Company or the bondholders, or converted in accordance with the offering of the convertible bonds, the convertible bonds are to be redeemed at the outstanding principal amount on August 18, 2005.

(e) Redemption at the option of bondholders: The bondholders have the right to require the Company to repurchase the convertible bonds at a price equal to 115.56%, 125.97%, 137.31% and 150.37% of the unpaid principal amount together with unpaid interest on August 18 of 2000, 2001, 2002 and 2003, respectively.

(f) Terms of conversion:

1. Bondholders may elect to have the convertible bonds converted into a certificate for common stock of the Company from December 19, 1998, to August 8, 2005. The certificate may be converted into common stock of the Company.

2. Conversion price: $22.2 per share of common stock on the issuance date. The conversion price is subject to adjustment for capital increases in order to protect the bondholders from dilution.

(g) As of December 31, 2002, convertible bonds with total principle value of $2,998,000 thousand had been converted to 182,804,877 common shares with par value of $10, and the premiums were recorded as capital surplus. The stock issuance has been authorised by and registered with the government authority.

(h) As of December 31, 2002, the total principal value of convertible bonds repurchased amounted to $2,000 thousand at the par value and interest on the redemption of convertible bonds amounted to $672 thousand.

On July 14 and 27, 1999, the Company issued its second and third secured corporate bonds, respectively. The significant terms of the secured corporate bonds are as follows:

	The second	The third
Par value	$1,200,000 thousand	$300,000 thousand
Issue date	July 14, 1999	July 27, 1999
Issue price	At par value	At par value
Coupon rate	5.85%~6.14%	5.85%~6.20%
Duration	3-year, 4-year and 5-year term	3-year, 4-year and 5-year term
Redemption	At maturity	At maturity

3-year-term bonds amounting to $500,000 thousand matured and were repaid in July 2002. As of December 31, 2002 and 2001, the principal value of secured corporate bonds due within one year amounted to $500,000 thousand.

(9) LONG-TERM BORROWINGS

As of December 31, 2002, 2001 and 2000, long-term borrowings consisted of the following:

Bank	2002 Amount	2001 Amount	2000 Amount
Chiao Tung Bank, Tainan Branch	$ 741,517,717	960,250,627	762,823,564
China Development Industrial Bank	338,220,096	385,226,957	500,451,091
Jih Sun International Commercial Bank, Tainan Branch (Note 1)	380,000,000	400,000,000	235,000,000
En Tie Commercial Bank, Tainan Branch	300,000,000	300,000,000	300,000,000
Far Eastern International Bank, Tainan Branch	240,000,000	300,000,000	300,000,000
Chinatrust Commercial Bank, West Tainan Branch	540,000,000	300,000,000	300,000,000
Overseas-Chinese Bank, Ren De Branch	120,000,000	—	20,000,000
E. Sun Commercial Bank, Tainan Branch	200,000,000	300,000,000	300,000,000
Fuhwa Bank, Yeong Kong Branch (Note 2)	300,000,000	380,000,000	260,000,000
The Export-Import Bank of the Republic of China, Kaohsiung Branch	676,440,664	770,454,451	1,000,902,881
Bank of Taiwan, Tainan Branch	876,440,664	970,454,451	1,000,902,881
Central Trust of China, Kaohsiung Branch	538,220,096	585,226,957	700,451,091
First Bank, Tainan Branch	281,850,080	321,022,464	417,042,576
Chang Hwa Commercial Bank, West Tainan Branch	561,850,080	521,022,464	617,042,576
The International Commercial Bank of China, Tainan Branch	281,850,080	321,022,464	417,042,576
Taiwan Cooperative Bank, Nan King Branch	112,739,717	128,408,627	166,816,565
Hua Nan Commercial Bank, Chun Lun Branch	112,739,717	128,408,627	166,816,565
The Farmers Bank of China, Tainan Branch	56,369,702	64,204,135	83,408,050
Taiwan Development & Trust Corporation	—	110,000,000	300,000,000
Ta Chong Bank, Tainan Branch	298,399,256	150,000,000	150,000,000
Fubon International Commercial Bank, Tainan Branch	200,000,000	150,000,000	200,000,000
Taishin International Commercial Bank, Tainan Branch (Note 3)	—	450,000,000	550,000,000
Industrial Bank of Taiwan, Kaohsiung Branch	400,000,000	400,000,000	175,000,000
International Bank of Taipei, Tainan Branch	100,000,000	250,000,000	150,000,000
Taipei Bank, Paoching Branch	200,000,000	200,000,000	200,000,000
Sunny Bank, Mu Zha Branch	200,000,000	200,000,000	200,000,000
Hsinchu International Bank, Neihu Branch	200,000,000	200,000,000	200,000,000
Taipei Bank, Kaohsiung Branch	200,000,000	200,000,000	—
Taichung Commercial Bank, Kaohsiung Branch	200,000,000	200,000,000	—
COTA Commercial Bank Saving Department	100,000,000	100,000,000	—
United World Chinese Commercial Bank, Kaohsiung Branch	200,000,000	200,000,000	—
Taiwan Cooperative Bank, Kaohsiung Branch	200,000,000	200,000,000	—
Oversea-Chinese Banking Corporation Limited, Taipei Branch	100,000,000	100,000,000	—
United-Credit Commercial Bank, Setun Branch	160,000,000	200,000,000	—
Bank of Panhsin, Yeong Kong Branch	100,000,000	100,000,000	100,000,000
Kao Shin Commercial Bank, Shin-Hsing Branch	50,000,000	50,000,000	—
Kao Shin Commerical Bank, Taipei Branch	100,000,000	100,000,000	100,000,000
China United Trust & Investment Corp., Tao Yuan Branch	240,000,000	—	—
Lucky Bank, Na-Tun Branch	160,000,000	—	—
Chinfon Commercial Bank, Tainan Branch	160,000,000	—	—
The Chinese Bank, Yeong Kong Branch	80,000,000	—	—
Tainan Business Bank, Fu-Cheng Branch	80,000,000	—	—
Asia Trust & Investment Corp.	80,000,000	—	—
Hwa Tai Bank, Guting Branch	80,000,000	—	—
	10,546,637,869	10,695,702,224	9,873,700,416
Less: current portion	2,088,762,200	1,551,836,045	1,590,447,236
	$ 8,457,875,669	**9,143,866,179**	**8,283,253,180**

Note 1: BaoDao Commercial Bank changed its name to Jih Sun International Commercial Bank in 2001.

Note 2: Asia Commercial Bank Corporation Limited joined Fuhwa Financial Holding Company Limited and changed its name to Fuhwa Commercial Bank Corporation Limited in 2002.

Note 3: Ta-An Commercial Bank Corporation Limited merged with Taishin International Commercial Bank Corporation Limited in 2002. Taishin International Commercial Bank Corporation Limited is the surviving corporation.

In 2002, 2001 and 2000, the related interest rates for the above long-term borrowings ranged from 0.868% to 7.10%, from 0.87% to 7.84% and from 0.94% to 8.48%, respectively.

The Company entered into syndicated loan agreements with banks for the construction of its plants. The Company's land, buildings and machinery were pledged as collateral against the borrowings (please refer to note 16). The Company was restricted to maintaining its debt-equity ratio at 200% and times interest earned at 2 as specified in the agreements.

As of December 31, 2002, long-term borrowings due in the next 5 years and thereafter are as follows:

Maturity Period	Amount
January 1~December 31, 2003	$ 2,088,762,200
January 1~December 31, 2004	2,491,412,773
January 1~December 31, 2005	3,691,954,887
January 1~December 31, 2006	1,760,222,294
January 1~December 31, 2007	514,285,715
	$10,546,637,869

(10) PENSION

Ending balances for funded status and accrued pension liabilities were as follows:

	2002		2001		2000
	(expressed in thousands of New Taiwan dollars)				
Benefit obligation:					
Vested benefit obligation (VBO)	$ (94,523)		(79,310)		(58,106)
Non-vested benefit obligation	(157,449)		(139,326)		(78,179)
Accumulated benefit obligation	(251,972)		(218,636)		(136,285)
Additional benefit based on future salaries	(81,256)		(77,914)		(87,439)
Projected benefit obligation (PBO)	(333,228)		(296,550)		(223,724)
Fair value of the pension plan assets	84,158		93,199		109,040
Funded status	(249,070)		(203,351)		(114,684)
Unrecognised net loss	121,082		97,793		18,326
Unrecognised transitional net benefit obligation	50,665		56,999		63,333
Additional minimum pension liabilities	(90,491)	(Note 1)	(76,878)	(Note 2)	—
Accrued pension liabilities	**$(167,814)**		**(125,437)**		**(33,025)**

Note 1: Additional accrued pension cost incurred from unrecognised transitional net benefit obligation of $50,665 thousand is recorded as deferred pension cost, and the excess amount of $39,826 thousand is recorded as net loss not recognised as pension cost.

Note 2: Additional accrued pension cost incurred from unrecognised transitional net benefit obligation of $56,999 thousand is recorded as deferred pension cost and the excess amount of $19,879 thousand is recorded as net loss not recognised as pension cost.

As of December 31, 2002, 2001 and 2000, the actuarial assumptions were as follows:

	2002	2001	2000
Discount rate	3.75%	4.50%	6.00%
Expected long-term rate of increase in compensation	2.00%	1.00% for first three years, then 2.50%	4.00%
Expected long-term rate of return on pension plan assets	3.75%	4.50%	6.00%

For the years ended December 31, 2002, 2001 and 2000, the net periodic pension cost consisted of the following:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Service cost	$17,339	13,272	12,269
Interest cost	13,318	13,123	12,955
Actual return on plan assets	(1,906)	(4,033)	(4,487)
Net amortisation and deferral	7,411	3,795	3,391
Net periodic pension cost	**$36,162**	**26,157**	**24,128**

As of December 31, 2002, 2001 and 2000, the Company's employee vested benefit amounted to $126,849,000, $116,329,000 and $87,608,000, respectively.

(11) STOCKHOLDERS' EQUITY

(a) Common stock and capital increase

On June 16, 2000, the Company's stockholders' meeting resolved to increase the authorised capital stock from $16,509,392,410 to $17,546,087,440 and to transfer capital surplus of $1,036,695,030 to common stock by issuing 103,669,503 shares of common stock. On December 18, 2000, the stock issuance was authorised by and registered with the government authority.

On June 22, 2001, the Company's stockholders' meeting resolved to increase the authorised capital stock from $17,546,087,440 to $17,847,009,180 and to transfer capital surplus of $300,921,740 to common stock by issuing 30,092,174 shares of common stock. On December 17, 2001, the stock issuance was authorised by and registered with the government authority.

As of December 31, 2002, 2001 and 2000, the issued common stock amounted to $15,347,009,180, at $10 par value.

(b) Capital surplus

As of December 31, 2002, 2001 and 2000, the components of capital surplus were as follows:

	2002	2001	2000
Premium on stock	$492,890,673	492,890,673	776,988,525
Assets reappraisals	302,829,978	302,829,978	319,653,866
Gain on disposal of property, plant and equipment	25,390,914	25,390,914	25,390,914
Additional paid-in capital— bond conversion	28,767,123	28,767,123	28,767,123
Adjustments from long-term equity investments	85,263,177	85,263,177	85,263,177
Income from donations received	818,570	818,570	511,633
	$935,960,435	**935,960,435**	**1,236,575,238**

Under the ROC Company Law, a company may, after it has used capital surplus to offset its deficit, convert a part or the whole of capital surplus representing premium on stock issuance and donated surplus into capital stock. According to the ROC Securities and Futures Exchange Commissions (SFC) directives, capital surplus converted into capital may not exceed 10% the Company's issued share capital annually.

(c) Legal reserve

The ROC Company Law stipulates that a company must retain 10% of its annual earnings until such retention equals the amount of authorised share capital. The purpose of the legal reserve is to offset the prior year's deficit. The legal reserve cannot be distributed in cash but can be converted to share capital upon approval at a shareholders' meeting when it reaches an amount equal to one-half of issued share capital. The amount to be converted to share capital may not exceed one-half of the reserve.

(d) Special reserve

According to ROC SFC regulations, a ROC publicly listed company should retain a special reserve equal to any deductions made to stockholders' equity before distribution of earnings, which were generated after 1998. If the aforementioned deduction from stockholders' equity is reversed, the same amount could be removed from special reserve and transferred to retained earnings.

The Company's stockholders' meeting in 2001 resolved to retain an equal amount of cumulative translation adjustments as special reserve. The reserve amounted to $22,240,345.

(e) Earnings distribution

According to the Company's articles of incorporation, the balance of income, after offsetting accumulated deficit, if any, must be set aside as legal reserve at 10% of such balance; the remainder, if any, should be appropriated in the following proportion:

(i) 2% as remuneration to directors and supervisors;
(ii) at least 0.2% as bonuses to employees; and
(iii) the remainder as dividends to shareholders to be determined by the annual stockholders' general meeting; but the dividends should be distributed in the following proportion: 50% as cash dividend and 50% as stock dividend.

Based on stockholders' resolutions in 2002, the Company offset the accumulated deficit with legal reserve of $376,088,763 and did not distribute any employees' bonuses and directors' and supervisors' remuneration.

From 2003, the remuneration of directors and supervisors and the employees' bonuses are supposed to be resolved in the future board of directors' meeting and stockholders' meeting, and related information can be queried on the Market Observation Post System after the meetings.

(12) INCOME TAX

The Company was approved for exemption from income tax for its income generated from processing of tin mill black plates for four consecutive years starting December 31, 1996.

The components of income tax expense were as follows:

	2002	2001	2000
Current income tax expense	$ 94,891,965	55,540,428	57,234,165
10% surtax on unappropriated earnings	35,462,035	30,550,572	91,261,835
Deferred income tax expense (benefit)	(26,907,000)	9,309,000	31,303,000
Understated (overstated) income tax in previous years	(2,538,831)	139,819	(16,244,049)
Other	285,192	285,110	255,000
Income tax expense	**$101,193,361**	**95,824,929**	**163,809,951**

The differences between the "expected" income tax expense (benefit) based on the statutory income tax rate and "effective" income tax expense are summarised as follows:

	2002	2001	2000
"Expected" income tax expense (benefit)	$ 66,142,541	(74,133,323)	138,779,967
Equity in investees' loss (gain)	(13,436,880)	195,549,187	277,854,257
Non-taxable gain on sale of marketable securities	(71,238)	(2,375)	(150,446,499)
Tax-exempt income	—	—	(173,929,791)
Investment tax credits	—	(55,540,323)	(2,586,151)
10% surtax on unappropriated earnings	35,462,035	30,550,572	91,261,835
Bad debts disallowed	16,901,105	—	—
Understated (overstated) income tax in previous years	(2,538,831)	139,819	(16,244,049)
Other	(1,265,371)	(738,628)	(879,618)
Effective income tax expenses	**$101,193,361**	**95,824,929**	**163,809,951**

The components of deferred income tax expense (benefit) are summarised as follows:

	2002	2001	2000
Realised (unrealised) gain on inter-affiliate accounts	$ 14,086,964	(6,545,725)	4,207,055
Equity in investees' gain	451,556	1,413,444	—
Changes in unrealised foreign exchange loss and gain	(37,374,104)	13,223,137	21,148,629
Reversal of (provision for) allowance for inventory valuation	—	4,455,179	(4,455,179)
Pension expenses—difference between financial reporting and tax purposes	(7,191,000)	(3,883,500)	(3,174,250)
Bad debts in excess of tax limit	3,114,037	589,783	(1,702,296)
Investment tax credits	—	—	15,150,801
Other	5,547	56,682	128,240
	$(26,907,000)	**9,309,000**	**31,303,000**

As of December 31, 2002, 2001 and 2000, deferred income tax assets and liabilities were stated as follows:

	2002	2001	2000
Current:			
Deferred income tax assets	$32,273,000	28,042,000	23,862,000
Deferred income tax liabilities	1,819,000	19,210,000	6,986,000
Deferred income tax assets, net (included in prepayments and other current assets)	**$30,454,000**	**8,832,000**	**16,876,000**
Non-current:			
Deferred income tax assets	$36,166,000	30,835,000	**32,100,000**
Deferred income tax liabilities	46,000	—	—
Deferred income tax assets, net (included in other assets)	**$36,120,000**	**30,835,000**	**32,100,000**
Total deferred income tax assets	**$68,439,000**	**58,877,000**	**55,962,000**
Total deferred income tax liabilities	**$ 1,865,000**	**19,210,000**	**6,986,000**

As of December 31, 2002, 2001 and 2000, the temporary differences and tax effects relating to deferred income tax assets (liabilities) were as follows:

	2002		2001		2000	
	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets:						
Unrealised gain on inter-affiliate accounts	$ 94,400,000	23,600,000	150,747,856	37,686,964	124,564,956	31,141,239
Unrealised foreign exchange loss	116,911,421	29,227,855	38,601,226	9,650,307	48,251,553	12,062,888
Unrealised loss on inventory valuation	—	—	—	—	17,820,716	4,455,179
Bad debts in excess of tax limit	—	—	12,456,149	3,114,037	14,815,280	3,703,820
Pension expense	56,995,000	14,248,750	28,231,000	7,057,750	12,697,000	3,174,250
Other	5,449,774	1,362,395	5,470,000	1,367,942	5,696,904	1,424,624
		$68,439,000		**58,877,000**		**55,962,000**
Deferred income tax liabilities:						
Equity in investees' gain	$ 7,461,564	1,865,000	5,653,775	1,413,444	—	—
Unrealised foreign exchange gain	—	—	71,187,182	17,796,556	27,945,283	6,986,000
		$ 1,865,000		**19,210,000**		**6,986,000**

As of December 31, 2002, 2001 and 2002, income tax payables amounted to $107,763,334, $85,291,151 and $105,186,112, respectively, and were included in accrued expense in the accompanying financial statements.

The Company's income tax returns have been examined and assessed by the tax authorities through 2000.

As of December 31, 2002, 2001 and 2000, the balance of the Company's imputation credit account, as required by the ROC Income Tax Law, amounted to $114,768,420, $5,448,855, and $27,109,140, respectively. The Company expects that the creditable ratio for the

distribution of its 2002 earnings for the Company's stockholders who are residents of the ROC will be 33.33%. The actual creditable ratios for 2001 and 2000 earnings appropriation were 0% and 33.33%, respectively.

Unappropriated earnings (accumulated deficit) as of December 31, 2002, 2001 and 2000 are summarised below:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Earnings for years prior to 1997	$ —	16,230	20,016
Earnings (loss) for 1998 and thereafter	163,417	(392,318)	387,514
	$163,417	**(376,088)**	**407,530**

(13) EARNINGS PER SHARE

	2002				
	Amount		Shares	Earnings per Share	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share which is expressed in New Taiwan dollars)				
Net income	$ 264,610	163,417			
Basic earnings per share:					
Net income applicable to common stockholders	264,610	163,417	1,534,701	$ 0.17	0.11
Dilutive effect of potential common stock:					
Unsecured convertible bonds	(Note 1)	(Note 1)	(Note 1)		
Diluted earnings per common share:					
Net income applicable to common stockholders	264,610	163,417	1,534,701	$ 0.17	0.11

	2001				
	Amount		Shares	Earnings per Share	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share which is expressed in New Taiwan dollars)				
Net loss	$(296,051)	(392,318)			
Basic earnings per share:					
Net loss applicable to common stockholders	(296,051)	(392,318)	1,534,701	$(0.19)	(0.26)
Dilutive effect of potential common stock:					
Unsecured convertible bonds	(Note 2)	(Note 2)	(Note 2)		
Diluted earnings per common share:					
Net loss applicable to common stockholders	(296,051)	(392,318)	1,534,701	$(0.19)	(0.26)

	2000				
	Amount		Shares	Earnings per Share	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share which is expressed in New Taiwan dollars)				
Net income	$555,160	391,350			
Basic earnings per share:					
Income applicable to common stockholders	555,160	391,350	1,504,609	$0.37	0.26
Dilutive effect of potential common stock:					
Unsecured convertible bonds	(Note 3)	(Note 3)	(Note 3)		
Diluted earnings per common share:					
Net income applicable to common stockholders	555,160	391,350	1,504,609	$0.37	0.26

Note 1: The Company repurchased the convertible bonds on April 4, 2002. As of December 31, 2002, the number of the potential common shares was nil. The anti-dilutive effect is minor if the weighted-average number of outstanding shares of common stock includes the potential common shares before the repurchase to recalculate the earnings per common share. The aforementioned potential common shares were excluded from the calculation.

Note 2: To avoid the anti-dilutive effect from the net loss incurred in 2001, the potential common shares were excluded from the calculation.

Note 3: As of December 31, 2000, the balance of convertible bonds amounted to $1,002,000 thousand. The anti-dilutive effect is minor if the weighted-average number of outstanding shares of common stock includes the potential common shares to recalculate the earnings per common share. The aforementioned potential common shares were excluded from the calculation.

(14) FINANCIAL INSTRUMENTS

(a) Derivative financial instruments

(i) Contract amount or notional principal and credit risk

Derivative financial instruments	2002		2001		2000	
	Contract amount (Notional principal amount)	Credit risk	Contract amount (Notional principal amount)	Credit risk	Contract amount (Notional principal amount)	Credit risk
Advance Purchase Forward Foreign Exchange Contracts—USD	$ —	$ —	USD40,020,000	17,000,000	USD27,000,000	26,400,000
Advance Purchase Forward Foreign Exchange Contracts—USD/JPY	USD3,000,000	—	—	—	—	—
Advance Purchase Forward Foreign Exchange Contracts—JPY/USD	—	—	—	—	JPY800,000,000	—
Advance Booking Forward Foreign Exchange Contracts—JPY/USD	JPY310,000,000	—	—	—	—	—
Advance Booking Forward Foreign Exchange Contracts—USD	USD35,890,000	—	—	—	—	—
Foreign Currency Option—USD/NTD ..	USD47,360,000	26,775,000	USD185,680,000	—	USD6,000,000	—
Foreign Currency Option—USD/JPY ..	USD77,000,000	—	USD5,500,000	—	USD7,000,000	—
Foreign Currency Option—JPY/USD ..	JPY1,860,000,000	—	—	—	—	—
Currency Swap Contracts—USD/NTD	USD211,170,000/ NTD7,278,775,390	16,660,000	USD197,046,528/ NTD6,736,206,949	138,827,000	—	—
Currency Swap Contracts—JPY/USD	JPY1,923,500,000/ USD15,744,276	—	—	—	—	—
Currency Swap Contracts—NTD/USD	—	—	—	—	NTD845,745,000/ USD25,500,000	2,050,000

The credit risk stated above represents the ultimate loss from the Currency Swap Contracts if settled at the balance sheet date and defaulted on by the counterparts. However, as the counterparts are banks with good credit ratings, the credit risk is minimal.

(ii) Market risk

The main purpose of holding derivative financial instruments is to hedge loss. Gain or loss resulting from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, market risk is immaterial.

(iii) Liquidity risk, cash flow risk, and amount, timing and uncertainty of future cash demand

As of December 31, 2002, the Company estimated that before January 23, 2003, the above Advance Purchase Forward Foreign Exchange Contracts will generate cash inflows of US$3,000 thousand, and cash outflows of JPY370,460 thousand. Before December 18, 2003, the Advance Booking Forward Foreign Exchange Contracts will generate cash inflows of $1,231,146 thousand and cash outflow of JPY310,000 thousand and US$33,310 thousand.

The Company also estimated that before March 5, 2005, the Currency Swap Contract will generate cash inflows of US$209,494 thousand and cash outflows of $6,689,623 thousand and JPY1,923,500 thousand.

In 2002, the above Advance Purchase Forward Foreign Exchange Contracts generated cash inflows of US$40,020 thousand and cash outflows of $1,379,751 thousand before August 23, 2002, and the Currency Swap Contract generated cash inflow of US$152,047 thousand and cash outflows of $5,220,255 thousand before December 30, 2002. The Company estimated that it will generate cash inflows of US$45,000 thousand and cash outflows of $1,515,950 thousand before July 25, 2004.

In 2001, the above Advance Purchase Forward Foreign Exchange Contracts generated cash inflows of US$27,000 thousand and JPY800,000 thousand and cash outflows of $866,760 thousand and US$7,269 thousand before November 26, 2001, and the Currency Swap Contract generated cash inflows of $845,745 thousand and cash outflows of US$25,500 thousand before January 12, 2001.

As the Company has sufficient working capital, the liquidity risk is low. And due to the certainty of the exchange rate under the Currency Swap Contract, the cash flow risk in minimal.

The Company recognised the premium of the receipts (payments) in non-operating income and expense from sale and purchase of Foreign Currency Option transactions. The option exercise price is based on the current market value at the fixed cost, and the holding (issuing) period is matched by the Company's future cash flow, when as the contract is due. The market risk of the foreign exchange fluctuation, and impact on the Company's operation is insignificant.

(iv) Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives.

The derivative financial instruments held by the Company are not for trading purpose. The Company engages in Forward Foreign Exchange Contract, Foreign Currency Option and Currency Swap Contract in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulted from fluctuation of exchange rates. The strategy for achieving the objective is to hedge most of the market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions, and are evaluated periodically.

(v) Presentation of derivative financial instruments on the financial statements

	Premium or Net Receipts (Payments) on Forward Foreign Exchange					
	2002		2001		2000	
Derivative financial instruments						
Advance Purchase Forward Foreign Exchange Contracts—USD	$ —		17,000,000	(Note 9)	26,400,000	(Note 12)
Advance Purchase Forward Foreign Exchange Contracts—USD/JPY	(4,295,000)	(Note 1)	—		—	
Advance Purchase Forward Foreign Exchange Contracts—JPY/USD	—		—		(7,900,000)	(Note 13)
Advance Booking Forward Foreign Exchange Contracts—JPY/USD	(1,163,000)	(Note 2)	—		—	
Advance Booking Forward Foreign Exchange Contracts—USD	(16,031,000)	(Note 3)	—		—	
Foreign Currency Option—USD/NTD	26,775,000	(Note 4)	2,800,000	(Note 10)	1,530,000	(Note 10)
Foreign Currency Option—USD/JPY	(80,030,000)	(Note 5)	—		436,000	(Note 10)
Foreign Currency Option—JPY/USD	(1,744,000)	(Note 6)	—		—	
Currency Swap Contracts—USD/NTD	16,660,000	(Note 7)	138,827,000	(Note 11)	—	
Currency Swap Contracts—JPY/USD	(16,472,000)	(Note 8)	—		—	
Currency Swap Contracts—NTD/USD	—		—		2,050,000	(Note 14)

Note 1: The net receipts on Advance Purchase Forward Foreign Exchange Contract-USD/JPY of $4,295 thousand are recorded as other current liabilities. Unamortised premium of $136 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange loss of $4,431 thousand is recorded as non-operating expense.

Note 2: The net receipts on Advance Booking Forward Foreign Exchange Contract-JPY/USD of $1,163 thousand are recorded as other current liabilities. Unamortised premium of $1,290 thousand on the Advance Booking Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange loss of $2,453 thousand is recorded as non-operating expense.

Note 3: The net receipts on Advance Booking Forward Foreign Exchange Contract-USD of $16,031 thousand are recorded as other current liabilities. Unamortised discount of $641 thousand on the Advance Booking Forward Foreign Exchange Contract is recorded as prepayments and other current assets, and the exchange loss of $15,390 thousand is recorded as non-operating expense.

Note 4: The net advances on Foreign Currency Option-USD/NTD of $26,775 thousand are recorded as a deduction from other current liabilities, and the exchange gain of $26,775 thousand is recorded as a deduction from non-operating expense-foreign exchange loss.

Note 5: The net receipts on Foreign Currency Option-USD/JPY of $80,030 thousand are recorded as other current liabilities, and the exchange loss of $80,030 thousand is recorded as non-operating expense.

Note 6: The net receipts on Foreign Currency Option-JPY/USD of $1,744 thousand are recorded as other current liabilities, and the exchange loss of $1,744 thousand is recorded as non-operating expense.

Note 7: The net advances on Currency Swap Contract-USD/NTD of $16,660 thousand are recorded as a deduction from other current liabilities of $22,760 thousand and as other liabilities of $6,100 thousand, respectively. Unamortised premium of $3,419 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities. Unamortised discount of $311 thousand on the Currency Swap Contract is recorded as prepayment and other current assets, and the exchange gain of $107,022 thousand is recorded as a deduction from non-operating expense-foreign exchange loss.

Note 8: The net receipts on Currency Swap Contract-JPY/USD of $16,472 thousand are recorded as other current liabilities. Unamortised premium of $5,619 thousand on the Currency Swap Contract is recorded as other current liabilities, and the exchange loss of $22,091 thousand is recorded as non-operating expense.

Note 9: The net advances on Advance Purchase Forward Foreign Exchange Contract-USD of $17,000 thousand are recorded as prepayment and other current assets. Unamortised premium of $320 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange gain of $16,680 thousand is recorded as non-operating income.

Note 10: Premium received was recorded as non-operating income.

Note 11: The net advances on Currency Swap Contract-USD/NTD of $138,827 thousand are recorded as prepayment and other current assets of $84,277 thousand and other assets of $54,550 thousand, respectively, and the exchange gain of $138,827 thousand is recorded as non-operating income of $38,457 thousand and cumulative translation adjustments of $100,370 thousand.

Note 12: The net advances on Advance Purchase Forward Foreign Exchange Contract-USD of $26,400 thousand are recorded as prepayment and other current assets. Unamortised premium of $2,828 thousand on the Advance

Purchase Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange gain of $23,572 thousand is recorded as non-operating income.

Note 13: The net receipts on Advance Purchase Forward Foreign Exchange Contract-JPY/USD of $7,900 thousand are recorded as a deduction from prepayment and other current assets. Unamortised premium of $628 thousand on the Advance Purchase Forward Foreign Exchange Contract is recorded as a deduction from other current liabilities, and the exchange loss of $7,272 thousand is recorded as a deduction from non-operating income-foreign exchange gain.

Note 14: The net receipts on Currency Swap Contract-NTD/USD amounted to $2,205 thousand. Due to the insignificant of the amount, which was excluded from the balance sheets.

(b) Fair value of derivative financial instruments

	2002		2001		2000	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	(expressed in thousands of New Taiwan dollars)					
Derivative financial instruments:						
Advance Purchase/ Booking Forward Foreign Exchange Contract	$ (21,489)	(21,489)	17,000	17,000	18,500	18,500
Foreign Currency Option	(54,999)	(54,999)	—	2,800	—	1,966
Currency Swap Contract	188	188	138,827	138,827	—	2,205
Non-derivative financial instruments:						
Financial assets:						
Financial assets with the same fair and book value	1,476,341	1,476,341	1,688,937	1,688,937	2,273,237	2,273,237
Long-term investments	963,801	—	966,450	—	926,780	—
Long-term investments credit	715,950	—	772,203	—	1,287,925	—
Financial liabilities:						
Financial liabilities with the same fair and book value	5,511,102	5,511,102	6,016,208	6,016,208	4,947,051	4,947,051
Bonds payable	500,000	500,000	1,002,506	1,002,506	2,671,553	2,671,553
Long-term borrowings	8,457,875	8,457,875	9,143,866	9,143,866	8,283,253	8,283,253
Off-balance-sheet financial instruments:						
Guarantee obligations/ Letters of credit	—	7,101,122	—	8,883,002	—	9,332,265

The methods and assumptions used to estimate the fair value of financial instruments are summarised as follows:

(i) The fair values of derivative financial instruments are estimated based on the amount the Company may receive or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from open contracts. Most of the derivative financial instruments have price quote by financial institutions.

(ii) Financial assets/liabilities with the same fair and book value:

a. The due dates of short-term financial instruments are near the balance sheet date. Accordingly, the fair values of short-term financial instruments are estimated based on the book value at the balance sheet date which include the accounts of cash and cash equivalents, other receivables, notes and accounts receivable, short-term borrowings, notes and accounts payable, payable on commercial paper, accrued expenses and the current portion of long-term liabilities.

b. Long-term investments and long-term investments credit:

Long-term investments in the accompanying financial statements consist of non-listed common stocks whose quoted market price is not available. Related original costs, percentage of ownership and the book value please refer to note 4.

To get information concerning the investees of long-term investments accounted for under cost method is difficult because the Company owns less than 20% of the investee's voting shares.

Information concerning the investees of long-term investments accounted for under equity method is summarised as follows:

	(expressed in thousands of New Taiwan dollars)			
	2002			
	Total assets	Total stockholders' equity	Net sales	Net income
Cayman Ton Yi Industrial Holdings, Ltd.	$5.898.972	(715,950)	3,494,457	51,753
Tovecan Factory Corporation Ltd.	171,245	166,756	116,227	14,826
Tung-On Enterprise Co., Ltd.	656,824	38,129	5,550,370	5,113
Western Samoa New Dawn Enterprises Ltd.	6,789	6,789	—	185

	2001			
	Total assets	Total stockholders' equity	Net sales	Net income
Cayman Ton Yi Industrial Holdings, Ltd.	$5,927,811	(772,203)	3,348,536	(783,719)
Tovecan Factory Corporation Ltd.	172,131	164,435	115,036	11,578
Tung-On Enterprise Co., Ltd.	130,633	48,142	693,353	3,806
Western Samoa New Dawn Enterprises Ltd.	6,641	6,641	—	—

	(expressed in thousands of New Taiwan dollars)			
	2000			
	Total assets	Total stockholders' equity	Net sales	Net income
Cayman Ton Yi Industrial Holdings, Ltd.	$5,385,213	(1,287,925)	3,662,152	(726,738)
Tovecan Factory Corporation Ltd.	173,552	155,820	107,916	14,169
Tung-On Enterprise Co., Ltd.	93,344	44,336	612,598	8,942

(iii) Bonds payable: Book value of the convertible bonds payable also includes interest on the redemption. The fair value is based on the market price. If there is no market price, the Company estimates it as the carrying amount.

(iv) Fair value of long-term borrowings is determined based on the estimated present value of future cash flows using the interest rates of similar long-term debt instruments that the Company is able to obtain as the discount rate. Fair value of long-term borrowings is carrying value because floating interest rates are applied.

(v) Letters of credit: The fair value of letters of credit is determined by the contract amount.

(c) Financial instruments with off-balance-sheet credit risk

(i) Guarantee obligations: As of December 31, 2002, 2001 and 2000, the Company's guaranteed obligations of its subsidiaries were US$187,377,000, US$248,760,000 and US$272,760,000, respectively. These guarantees stand for an off-balance-sheet credit risk due to its relation to its financing and operating activities.

Credit risk represents the accounting loss that would be recognised at the reporting date if the counter parties fail to perform and the value of pledged assets or other collaterals significantly impaired. The credit risk of the Company equals to the obligations contract amount if the guarantees fail to repay their obligations. The Company did not ask for collaterals as guarantor for its subsidiaries.

(ii) Letters of credit: As of December 31, 2002, 2001 and 2000, the Company's outstanding letters of credit for purchase of raw materials and machinery amounted to $580,404 thousand, $158,988 thousand and $309,364 thousand, respectively. Because terms of most of those letters of credit are limited to six months, their fair value equals the contract amount.

(d) Information on concentrations of credit risk

The Company's accounts receivable are the main source of potential concentration of credit risk. However, the Company has no concentration of credit risk from any individual customer. In addition, the Company has regularly evaluated customers' financial condition in order to grant related credit terms.

(15) TRANSACTIONS WITH RELATED PARTIES

(a) Name and relationship

Name of related parties	Relationship
Uni-President Enterprises Corp. (Uni-President)	Major shareholder of the Company and whose vice-chairman is the Company's chairman.
Teh Hsing Transportation & Customs Broker Co., Ltd. (Teh Hsing Transportation)	Whose chairman is the Company's supervisor (resigned in October 2001 and elected again in June 2002)
China Development Industrial Bank	A director
Tomen Corporation	A director (resigned in July 2001)
Toyota Tsusho Corp.	A director
Tovecan Factory Corporation Ltd. (Tovecan)	Investee accounted for under the equity method
Cayman Ton Yi Industrial Holdings Ltd. (Cayman Ton Yi)	Subsidiary company of the Company
Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company indirectly owned by the Company
Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by the Company
Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by the Company
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Subsidiary company indirectly owned by the Company
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Subsidiary company indirectly owned by the Company

(b) Significant transactions

(i) Sales and accounts receivable

Sales to related parties are summarised as follows:

	2002		2001		2000	
	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales
Cayman Ton Yi	$3,439,198,068	24	3,309,183,980	26	3,646,854,533	29
Other (less than 10%)	534,962,110	4	799,113,444	6	587,109,390	5
	$3,974,160,178	**28**	**4,108,297,424**	**32**	**4,233,963,923**	**34**

The above selling prices were not significantly different from those for other customers.

The sales to Hong Kong Ton Yi Industrial Holdings Ltd. and Cayman Ton Yi mentioned above were resold to the Company's mainland subsidiaries.

The related accounts receivable resulting from the above sales as of December 31, 2002, 2001 and 2000, were as follows:

	2002		2001		2000	
	Amount	Percentage of accounts and notes receivable	Amount	Percentage of accounts and notes receivable	Amount	Percentage of accounts and notes receivable
Cayman Ton Yi-less allowance for doubtful accounts of $0 in 2002, $28,209,248 in 2001 and $21,330,000 in 2000	$1,008,133,203	70	969,902,583	61	751,847,000	49
Other (less than 10%)-less allowance for doubtful accounts of $750,251 in 2002, $2,551,149 in 2001 and $718,013 in 2000	97,461,361	7	114,400,359	7	59,640,724	4
	$1,105,594,564	**77**	**1,084,302,942**	**68**	**811,487,724**	**53**

In 2002, 2001and 2000, the credit terms granted to third parties were 15, 27 and 33 days, respectively. Except the receivables from mainland, the average credit terms granted to the related parties were 43 days in 2002, and 42 days in 2001and 2000, respectively. The credit term of receivables from mainland is longer than the average due to the uncertainty on remittance.

(ii) Other

As of December 31, 2002, 2001 and 2000, the Company's unrealised gain on inter-affiliate accounts of sale of raw materials and supplies to Tovecan amounted to $54,132,973, $99,710,960 and $62,811,026, respectively, and were recorded as other current liabilities. As of December 31, 2002 and 2001, the Company's unrealised gain on inter-affiliate accounts of sales of machinery and equipment to Tovecan amounted to $40,267,027, $51,036,896 and $61,753,930, respectively and were recorded as other liabilities.

(iii) Purchases

Purchases from related parties are summarised as follows:

	2002		2001		2000	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Tomen Corporation	$ —	—	191,231,101	3	2,668,952,714	33
Toyota Tsusho Corp.	622,838,841	7	—	—	—	—
Other (less than 10%)	25,113,031	—	25,100,030	—	24,429,825	—
	$647,951,872	**7**	**216,331,131**	**3**	**2,693,382,539**	**33**

The purchase price from related parties and third parties was equivalent. The Company pays for accounts of purchase from Toyota Tsusho and Tomen Corporation by letters of credit of 180 days.

(iv) In 2002, 2001 and 2000, the Company requested Teh Hsing Transportation to provide import/export services, and such expenses amounted to $9,790,954, $14,560,690 and $14,933,601, respectively.

(v) The delegate of director from Uni-President was guarantee for the borrowings of the Company oneself, and the Company paid monthly guaranty fees of 0.2% of the ending balances of borrowings. Such expenses amounted to $8,685,974, $8,281,994 and $7,868,753, respectively, and were recorded as administrative and general expenses.

(vi) As of December 31, 2002, 2001 and 2000, payables to related parties resulting from the above purchases, guaranty fees, and import/export service expenses, were as follows:

	2002		2001		2000	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Notes and accounts payable:						
Teh Hsing Transportation	$15,500,198	5	24,244,053	12	18,588,383	7
Other (less than 5%)	10,567,087	3	1,739,310	1	3,725,444	1
	26,067,285	**8**	**25,983,363**	**13**	**22,313,827**	**8**
The balances recorded as:						
Notes payable	$ 2,955,813	1	837,169	—	698,097	—
Accounts payable	23,111,472	7	25,146,194	13	21,615,730	9
	$26,067,285	**8**	**25,983,363**	**13**	**22,313,827**	**9**
Accrued expenses:						
Uni-President	**$ 9,120,273**	**2**	**9,117,139**	**2**	**9,478,917**	**2**

(vii) As of December 31, 2002, 2001 and 2000, the prepayments resulting from the Company's requesting Teh Hsing Transportation to provide import/export services amounted to $109,054, $365,008 and $2,004,334, respectively, and were recorded as prepayments and other current assets.

(viii) Financing

a. For the Company's long-term borrowings from China Development Industrial Bank in 2002, 2001 and 2000 please refer to note 9.

b. In addition, the Company requested China Development Industrial Bank to be the manager bank of syndicated loan for plant construction, and the syndicated loan management expenses resulting from above transaction amounted to $9,000,000, of which, $6,300,000 was paid to China Development Industrial Bank. Such expenses were fully amortised in 2001.

c. As of December 31, 2002, 2001 and 2000, the Company's receivables from advance payments for its mainland subsidiaries amounted to $0, $83,774,394 and $83,774,394, respectively. These advance payments were recorded as other assets—long-term receivables.

d. Financing activities with related parties are summarised as follows:

	2002			2001			2000		
	Maximum balance		Ending balance	Maximum balance		Ending balance	Maximum balance		Ending balance
	Date	Balance		Date	Balance		Date	Balance	
Cayman Ton Yi	**2002.6**	**$1,063,925,004**	**—**	**2001.6**	**$1,036,927,119**	**71,321,423**	**2000.12**	**$377,986,925**	**298,222,501**

As of December 31, 2002, 2001 and 2000, the receivables from related parties were recorded as other receivables. In considering the related parties were wholly owned by it, the Company did not ask for collaterals or interest payments form the related parties.

(ix) In 2001 and 2000, the Company purchased machinery and spare parts from Tomen Corporation amounting to $82,386,929 and $755,384,341, respectively. As of December 31, 2001 and 2000, the related payable was fully settled.

(x) Guaranty

a. As of December 31, 2002, 2001 and 2000, the Company provided a guaranty on the borrowings of Cayman Ton Yi and mainland subsidiaries amounting to US$187,377,000, US$248,760,000 and US$272,760,000, respectively.

b. The Company guaranteed for Cayman Ton Yi for its syndicated loan agreements with banks. The Company was restricted to maintaining its debt-equity ratio at 200%, times interest earned at 2 as specified in the agreements, tangible assets deduct liabilities should be greater than $12,000,000,000 and the ratio of total liabilities plus guarantees for its subsidiaries over the tangible assets should be no more than 260%.

c. As of December 31, 2002, 2001 and 2000, the delegate of director provided a guaranty on the borrowings of the Company amounting to $6,186,955 thousand, $6,013,439 thousand and $5,983,226 thousand, respectively.

(16) ASSETS PLEDGED

As of December 31, 2002, 2001 and 2000, the book values of assets pledged as collateral for short-term and long-term borrowings and for customs duty guaranty were as follows:

Assets Pledged	Subject of Pledge	2002	2001	2000
Land	Long-term borrowings	676,403,467	676,403,467	676,403,467
Building and structures, net	Long-term borrowings	401,011,396	415,518,641	429,128,051
Machinery and equipment, net	Long-term borrowings	17,273,715,450	18,084,269,132	17,616,454,817
		$18,351,130,313	**19,176,191,240**	**18,721,986,335**

(17) COMMITMENTS AND CONTINGENT LIABILITIES

(a) Letters of credit

As of December 31, 2002, 2001 and 2000, the Company's letters of credit for purchase of raw materials and equipment were $580,404 thousand, $158,988 thousand and $309,364, respectively, without guarantee deposit.

(b) The Company has entered into land lease agreements with Taisugar Co., Ltd. for the plants. The agreements are effective from July 1, 1993, through June 30, 2043, and from March 10, 1998, through March 9, 2048, respectively. Related rental fees were 10% of the annual land value. Additionally, the Company has to pay royalty of two to four times the annual rental fees every twenty years, and the royalty are amortised over twenty years using the straight-line method. As of December 31, 2002, 2001 and 2000, the unamortised royalty amounted to $26,931,379, $28,916,648 and $31,248,920, respectively, and was recorded as other assets.

(c) As of December 31, 2002, 2001 and 2000, the amount of guaranty provided by banks for customs duties on account were $19,976 thousand, $33,104 thousand and $39,253 thousand, respectively.

(d) In consideration of significant exchange gain or loss on a long-term Japanese Yen loan of the Company for the machinery and equipment purchased from a Japanese company, both parties agreed that the seller is to pay to the Company the difference between amount of the loan converted into New Taiwan dollars based on actual exchange rate and the rate specified within $0.2250 to $0.2570. As of December 31, 2002, 2001 and 2000, the seller's payable to the Company for the excess of exchange loss amounted to $668,027,552, $358,069,256 and $674,063,033, respectively, and was recorded as other assets—long-term accounts receivable.

(18) ADDITIONAL DISCLOSURES INFORMATION

1. Significant Transactions Information

(i) Financing activities with any one company or person:

2002

Number	Name	Name of counter party	Account	Maximum balance during 2002	Balance at December 31, 2002	Interest rate	Nature of Financing activity	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 1)	Maximum amount available for loan (Note 1)
											Item	Value		
0	The Company	Cayman Ton Yi	Other receivables	$1,063,925,004	$ —	—	Trading partner	$3,439,198,068 (sales) 32,716 (purchases)	—	$—	—	$—	$4,135,554,965	$8,271,109,930

2001

Number	Name	Name of counter party	Account	Maximum balance during 2001	Balance at December 31, 2001	Interest rate	Nature of financing activity	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 1)	Maximum amount available for loan (Note 1)
											Item	Value		
0	The Company	Cayman Ton Yi	Other receivables	$1,036,927,119	$71,321,423	—	Trading partner	$3,309,183,980 (sales)	—	$—	—	$—	$4,123,767,759	$8,247,535,518

2000

Number	Name	Name of counter party	Account	Loan limit per entity (Note 1)	Maximum balance during 2000	Balance at December 31, 2000	Interest rate	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Total transaction volume	Maximum amount available for loan (Note 1)
										Item	Value		
0	The Company	Cayman Ton Yi	Other receivables	$4,305,345,001	$377,986,925	$80,946,025	—	Business turn	$—	—	$—	$3,646,854,533 (sales)	$8,610,690,003

Note 1: The maximum amount available for loan of the Company is 50% of its net worth, while the maximum amount for any one entity is 25%.

(ii) The Company provided the following endorsement and guarantee to third parties:

2002

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 1)	The highest balance during the period	The outstanding balance at 12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 1)
		Name of endorsees	Relationship with the Company						
0	The Company	Cayman Ton Yi	Majority owned subsidiary	$11,579,553,901	US$267,530,000 (Note 3)	US$153,683,000 (Note 3)	—	32.33	$11,579,553,901
0	The Company	Jiangsu Ton Yi Tinplate Co., Ltd.	Majority owned subsidiary	11,579,553,901	38,339,000	5,000,000	—	1.05	11,579,553,901
0	The Company	Fujian Ton Yi Tinplate Co., Ltd	Majority owned subsidiary	11,579,553,901	33,200,000	12,526,000	—	2.64	11,579,553,901
0	The Company	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,579,553,901	22,430,000	14,196,000	—	2.99	11,579,553,901
0	The Company	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,579,553,901	1,972,000	1,972,000	—	0.41	11,579,553,901

2001

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 1)	The highest balance during the period	The outstanding balance at 12/31/2001	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 1)
		Name of endorsees	Relationship with the Company						
0	The Company	Cayman Ton Yi	Majority owned subsidiary	$11,546,549,725	US$270,463,900 (Note 4)	US$270,463,900 (Note 4)	—	32.63	$11,546,549,725
0	The Company	Jiangsu Ton Yi Tinplate Co., Ltd.	Majority owned subsidiary	11,546,549,725	38,339,000	38,339,000	—	8.15	11,546,549,725
0	The Company	Fujian Ton Yi Tinplate Co., Ltd	Majority owned subsidiary	11,546,549,725	31,844,000	31,844,000	—	6.77	11,546,549,725
0	The Company	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,546,549,725	18,092,000	18,092,000	—	3.85	11,546,549,725
0	The Company	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,546,549,725	9,000,000	7,000,000	—	1.49	11,546,549,725

2000									
		Endorsee							
Number	Name of endorsers	Name of endorsees	Relationship with the Company	Endorsement limit for a single entity (Note 2)	The highest balance during the period	The outstanding balance at 12/31/2000	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 2)
0	The Company	Cayman Ton Yi	Majority owned subsidiary.	$8,610,690,003	US$272,760,000 (Note 5)	US$272,760,000 (Note 5)	—	54.01	$10,332,828,003

Note 1: The total amount of transactions of endorsement equal to 70% of net worth for the Company and the limit of transactions of endorsement for any single entity is 70% of its net worth.

Note 2: The total amount of transactions of endorsement equal to 60% of net worth for the Company and the limit of transactions of endorsement for any single entity is 50% of its net worth.

Note 3: UD$85,433,000 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

Note 4: UD$116,977,000 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

Note 5: UD$64,300,000 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

(iii) The ending balance of securities held as of December 31, 2002, 2001 and 2000 were summarised as follows:

					2002				
Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	Number of shares	Book value	Percentage of ownership	Market value	Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	CDIB High-Tech. Investment Inc.	Third party	Long-term investments—accounted for under the cost method	3,000,000	30,000,000	2.11%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—

Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	2002 Number of shares	2002 Book value	2002 Percentage of ownership	2002 Market value	2002 Note
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	4,001,000	$(715,949,908)	100.00%	$ (179)	Note 1
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,200,000	15,249,640	40.00%	12.71	Note 1
The Company	Stock	Western Samoa New Dawn Enterprises Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	190,000	6,788,657	100.00%	35.73	Note 1

Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	2001 Number of shares	2001 Book value	2001 Percentage of ownership	2001 Market value	2001 Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$ 210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	CDIB High-Tech. Investment Inc.	Third party	Long-term investments—accounted for under the cost method	3,000,000	30,000,000	2.11%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	4,001,000	(772,202,858)	100.00%	$ (193)	Note 2
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,199,998	19,254,979	39.99%	16.04	Note 2
The Company	Stock	Western Samoa New Dawn Enterprises Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	190,000	6,640,500	100.00%	34.95	Note 2

Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	2000 Number of shares	Book value	Percentage of ownership	Market value	Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	United Steel International Development Corp.	Third party	Long-term investments—accounted for under the cost method	100,000	2,746,000	1.00%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	1,000	(1,128,925,042)	100.00%	$(1,287,925)	—
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,199,998	17,732,993	39.99%	14.78	—

Note 1: The market price stands for the net worth as of December 31, 2002.

Note 2: The market price stands for the net worth as of December 31, 2001.

(iv) The cumulative buying or selling amount of one specific security exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

Investors	Name of the securities	Accounts	Name of counter party	Relationship	2001 Beginning balance Number of shares	Beginning balance Amount	Addition Number of shares	Addition Amount	Disposal Number of shares	Disposal Sale price	Disposal Book value	Disposal Gain (loss) from disposal	Ending balance Number of shares	Ending balance Amount
					(expressed in New Taiwan dollars/shares)									
The Company	Cayman Ton Yi	Long-term investments	Cayman Ton Yi (Capital increase)	Accounted for under the equity method	1,000	$(1,287,925,042)	4,000,000	$1,388,296,000	—	—	—	—	4,001,000	$(772.202.858) (Note 1)

2000														
					Beginning balance		Addition		Disposal				Ending balance	
Investors	Name of the securities	Accounts	Name of counter party	Relationship	Number of shares	Amount	Number of shares	Amount	Number of shares	Sale price	Book value	Gain (loss) from disposal	Number of shares	Amount
							(expressed in New Taiwan dollars/shares)							
The Company	Chang Won Investment Co., Ltd.	Long-term investments	ISTRA Corp.	Third party	13,399,988	$ 95,636,074	—	$—	13,399,988	125,119,911	(116,891,592)	241,330,918 (Note 2)	—	$—
The Company	Yen Tone Investment Co., Ltd.	Long-term investments	ISTRA Corp.	Third party	16,999,988	$ 78,217,060	—	$—	16,999,988	226,861,796	(104,508,640)	330,995,076 (Note 3)	—	—
The Company	Ton Cheng Development Corp.	Long-term investments	President International Investment Corp.	Whose institutional shareholders are the same as the Company	15,000,000	$150,000,000	—	$—	15,000,000	180,000,000	150,000,000	29,460,000 (Note 4)	—	—

Note 1: $783,718,733 of the amount was recorded as investment loss and $88,855,083 of the amount was recorded as an increase in accumulated translation adjustment and a deduction from long-term investments simultaneously.

Note 2: Net of the securities transactions tax of $680,585.

Note 3: Net of the securities transactions tax of $375,360.

Note 4: Net of the securities transactions tax of $540,000.

(v) In 2002, 2001 and 2000, acquisition of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vi) In 2002, 2001 and 2000, disposal of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vii) In 2002, 2001 and 2000, purchase or sales transactions with related parties' exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002

Purchases/ sales company	Name of the counter parties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/(payable)		
			Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/ payable	Note
The Company	Cayman Ton Yi	Subsidiary company of the Company	Sales	$3,439,198,068	24%	The same as regular	—	—	$1,008,133,203	70%	—
The Company	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	225,099,957	2%	The same as regular	—	—	21,520,663	2%	—
The Company	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	170,005,493	1%	The same as regular	—	—	22,392,850	2%	—
The Company	Toyota Tsusho Corp.	Director of the Company	Purchases	622,838,841	7%	The same as regular	—	—	(5,882,680)	2%	—

2001

Purchases/ sales company	Name of the counter parties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/(payable)		
			Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/ payable	Note
The Company	Tomen Corporation	Director of the Company	Purchases	$ 191,231,101	3%	The same as regular	—	—	$ —	—	—
The Company	Cayman Ton Yi	Subsidiary company of the Company	Sales	3,309,183,980	26%	The same as regular	—	—	998,111,831	63%	—
The Company	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company indirectly owned by the Company	Sales	258,905,049	2%	The same as regular	—	—	54,914,742	3%	—
The Company	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	195,311,367	2%	The same as regular	—	—	18,982,462	1%	—
The Company	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	182,200,943	1%	The same as regular	—	—	27,806,548	2%	—

2000

Purchases/ sales company	Name of the counter parties	Relationship with the Company	Description of the transaction: Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Description of and reasons for difference in transaction terms compared to non-related party transactions: Unit price	Credit terms	Notes or accounts receivable/(payable): Amount	Percentage of notes or accounts receivable/ payable	Note
The Company	Tomen Corporation	Director of the Company	Purchases	$2,668,952,714	32.69%	The same as regular	—	—	$ —	—	—
The Company	Cayman Ton Yi	Subsidiary company of the Company	Sales	3,646,854,533	29.30%	The same as regular	—	—	773,177,000	50.59%	—
The Company	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	143,462,046	1.15%	The same as regular	—	—	20,882,453	1.37%	—
The Company	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	195,723,569	1.57%	The same as regular	—	—	17,422,446	1.14%	—

(viii) Receivables from related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002

The name of the Company	Name of the counter party	Relationship	Ending balance: Accounts	Amounts	Turnover ratio	Over-due balance: Amounts	Resolve method	Subsequent collections	Allowance for doubtful accounts
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$1,008,133,203	3.43	$—	—	$418,953,096	$ —

2001

The name of the Company	Name of the counter party	Relationship	Ending balance: Accounts	Amounts	Turnover ratio	Over-due balance: Amounts	Resolve method	Subsequent collections	Allowance for doubtful accounts
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$ 998,111,831	3.74	$—	—	$445,496,212	$28,209,248
			Other Receivables	71,321,423	—	—	—	—	—

2000										
The name of the Company	Name of the counter party	Relationship	Ending balance			Over-due balance		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts	Turnover ratio	Amounts	Resolve method		
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$773,177,000	3.83	$—	—	$—	$21,330,000
			Other Receivables	80,946,025	—	—	—	—	—

(ix) Derivative Financial Instruments Transaction: Please refer to note 14.

2. RELATED INFORMATION ON INVESTEE COMPANIES

(i) Relevant information about investees:

2002

Investors	Name of Investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company/majority owned subsidiary owns: Shares	The Company/majority owned subsidiary owns: Percentage of ownership	The Company/majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
The Company	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$1,388,577,600	$1,388,577,600	4,001,000	100.00%	$(715,949,908)	$51,752,860	$51,752,860	Subsidiary
The Company	Western Samoa New Dawn Enterprises Ltd.	Western Samoa	Investing and trading	6,566,855	6,566,855	190,000	100.00%	6,788,657	185,193	185,193	Subsidiary
The Company	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	85,048,844	14,825,501	7,326,436	Subsidiary
The Company	Tung-On Enterprise Co., Ltd.	Yeong Kong, Tainan	Trading	12,000,000	12,000,000	1,200,000	40.00%	15,249,640	5,113,267	1,994,661	Investee accounted for by the equity method

2002

Investors	Name of Investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company/majority owned subsidiary owns: Shares	The Company/majority owned subsidiary owns: Percentage of ownership	The Company/majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
				(Amount expressed in US dollars)							
Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$7,500,000	US$7,500,000	—	100.00%	US$2,579,047	US$(147,308)	US$(147,308)	Indirectly owned subsidiary
Cayman Ton Yi	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	4,754,285	311,860	311,860	Indirectly owned subsidiary
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	227,387	(4,705)	(4,705)	Indirectly owned subsidiary
Cayman Ton Yi	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	16,154,494	293,556	258,124	Indirectly owned subsidiary
Cayman Ton Yi	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	33,993,371	—	88.58%	27,808,885	1,364,001	1,202,315	Indirectly owned subsidiary
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	18,394,019	1,006,172	296,644	Indirectly owned subsidiary
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	32,668,300	—	83.58%	31,299,252	1,847,771	1,367,365	Indirectly owned subsidiary

2001

Investors	Name of investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company/majority owned subsidiary owns: Shares	The Company/majority owned subsidiary owns: Percentage of ownership	The Company/majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
The Company	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$ 1,388,577,600	$ 281,600	4,001,000	100.00%	$ (772,202,858)	$ (783,718,733)	$ (783,718,733)	Subsidiary
The Company	Western Samoa New Dawn Enterprises Ltd.	Western Samoa	Investing and trading	6,566,855	—	190,000	100.00%	6,640,500	—	—	Subsidiary
The Company	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	83,840,281	14,577,880	5,653,775	Subsidiary
The Company	Tung-On Enterprise Co., Ltd.	Yeong Kong , Tainan	Trading	12,000,000	12,000,000	1,199,998	39.99%	19,254,979	3,805,917	1,521,986	Investee accounted for by the equity method

2001

Investors	Name of investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company/majority owned subsidiary owns: Shares	The Company/majority owned subsidiary owns: Percentage of ownership	The Company/majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
				(Amount expressed in US dollars)							
Cayman Ton Yi ...	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$ 7,500,000	US$ 7,500,000	—	100.00%	US$ 2,726,659	US$ (468,669)	US$ (468,669)	Indirectly owned subsidiary
Cayman Ton Yi ...	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	4,442,966	(828,056)	(828,056)	Indirectly owned subsidiary
Cayman Ton Yi ...	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	232,092	(511,016)	(511,016)	Indirectly owned subsidiary
Cayman Ton Yi ...	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	15,897,806	(4,672,553)	(4,108,576)	Indirectly owned subsidiary
Cayman Ton Yi ...	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	33,993,371	—	88.58%	26,609,707	(4,011,195)	(3,559,033)	Indirectly owned subsidiary
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	18,099,007	(5,321,233)	(4,670,737)	Indirectly owned subsidiary
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	32,668,300	—	83.58%	29,935,429	(4,755,531)	(4,008,873)	Indirectly owned subsidiary

2000

Investors	Name of investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company / majority owned subsidiary owns: Shares	The Company / majority owned subsidiary owns: Percentage of ownership	The Company / majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
The Company	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$ 281,600	$ 281,600	1,000	100.00%	$ (1,287,925,042)	$(726,738,413)	$(726,738,413)	Subsidiary
The Company	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	79,587,253	14,168,811	6,998,889	Subsidiary
The Company	Tung-On Enterprise Co., Ltd.	Yeong Kong, Tainan	Trading	12,000,000	12,000,000	1,199,998	39.99%	17,732,993	8,941,892	3,575,863	Subsidiary

2000

Investors	Name of investees	Address	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company / majority owned subsidiary owns: Shares	The Company / majority owned subsidiary owns: Percentage of ownership	The Company / majority owned subsidiary owns: Book value	Net income (loss) of investee	Income (loss) recognised by the Company	Note
				(Amount expressed in US dollars)							
Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Ssechwan Province Chengdu City	Manufacturing of cans	US$7,500,000	US$45,000,000	—	100.00%	US$ 3,182,877	US$(685,404)	US$(685,404)	Indirectly owned subsidiary
Cayman Ton Yi	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	5,270,015	184,012	184,012	Indirectly owned subsidiary
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	743,108	(15,432)	(15,432)	Indirectly owned subsidiary
Cayman Ton Yi	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	20,003,443	(4,563,295)	(4,012,505)	Indirectly owned subsidiary
Cayman Ton Yi	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	30,993,371	—	88.58%	30,163,163	(1,889,540)	(1,661,850)	Indirectly owned subsidiary
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	22,766,402	(5,074,257)	(4,204,529)	Indirectly owned subsidiary
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	29,668,300	—	83.58%	33,938,006	(2,271,334)	(1,873,850)	Indirectly owned subsidiary

(ii) Financing activities with any one company or person:

2002

Number	Name	Name of counter party	Account	Maximum balance during 2002	Balance at December 31, 2002	Interest rate	Nature of financing activity (Note 1)	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)
											Item	Value		
						(Amount expressed in US dollars)								
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$5,213,824	US$5,021,468	—	1,2	US$ —	Business turn	US$—	—	US$—	NT$4,135,554,965	NT$8,271,109,930
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	1,811,460	1,276,493	—	1,2	572,096 (sales)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
1	Cayman Ton Yi	Cayman Jiangsu Ton Yi Holdings Ltd.	Other receivables	18,920	18,920	—	2	—	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
1	Cayman Ton Yi	Cayman Fujian Ton Yi Holdings Ltd.	Other receivables	24,598	24,598	—	2	—	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
2	Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	2	—	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
3	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	1,2	177,621 (sales)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
3	Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	1,208,123	986,370	—	1,2	2,557,987 (sales) 1,125,398 (purchases)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	6,465,092	—	—	1,2	867,630 (sales) 8,229,420 (purchases)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	2,572,469	2,572,469	—	1,2	335,339 (sales) 853,099 (purchases)	Business turn	—	—	—	NT$4,135,554,965	NT$8,271,109,930

2001

Number	Name	Name of counterpart	Account	Maximum balance during 2001	Balance at December 31, 2001	Interest rate	Nature of financing activity (Note 1)	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)
											Item	Value		
						(Amount expressed in US dollars)								
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$5,625,347	US$5,208,738	—	1.2	US$1,537,246 (sales)	Business turn	US$—	—	US$—	NT$4,123,767,759	NT$8,247,535,518
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	1,768,713	1,641,020	—	1.2	876,158 (sales)	Business turn	—	—	—	NT$4,123,767,759	NT$8,247,535,518
2	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	1.2	399,793 (sales)	Business turn	—	—	—	NT$4,123,767,759	NT$8,247,535,518
2	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	6,465,092	6,465,092	—	1.2	695,368 (sales) 8,699,463 (purchases)	Business turn	—	—	—	NT$4,123,767,759	NT$8,247,535,518

2000

Number	Name	Name of counterpart	Account	Loan limit per entity (Note 2)	Maximum balance during 2000	Balance at December 31, 2000	Interest rate	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Total transaction volume	Maximum amount available for loan (Note 2)
										Item	Value		
				(Amount expressed in US dollars)									
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$4,305,345,001	US$5,625,347	US$5,436,980	—	Business turn	US$—	—	US$—	US$—	NT$8,610,690,003
2	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	4,305,345,001	3,833,300	3,833,300	—	Business turn	—	—	—	2,793,264 (Purchases)	NT$8,610,690,003

Note 1: The following nature of code about financing activities with any ones:

1. Trading partner.
2. Short-term financing.

Note 2: The maximum amount available for loan of the Company is 50% of its net worth, while the maximum amount for any one entity is 25%.

(iii) The investee companies provided the following endorsement and guarantee to third parties:

2002

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at12/31/2002	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
		Name of endorsees	Relationship with the Company (Note 1)						
				(Amount expressed in US dollars)					
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 4	US$ 48,383,000	US$ 44,743,000	—	Note 4	Note 4
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 4	68,594,000	36,750,000	—	Note 4	Note 4
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	2	Note 4	4,000,000	1,970,000	—	Note 4	Note 4
1	Cayman Ton Yi	Wuxi Ton Yi Industrial Packaging Co., Ltd.	2	Note 4	2,480,000	1,970,000	—	Note 4	Note 4
2	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$11,579,553,901 (Note 2)	5,704,000	5,704,000	—	1.20%	NT$11,579,553,901 (Note 2)
3	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$11,579,553,901 (Note 2)	7,420,000	7,420,000	—	1.56%	NT$11,579,553,901 (Note 2)

2001

Number	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship with the Company (Note 1)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 12/31/2001	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
				(Amount expressed in US dollars)					
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 4	US$ 48,383,000	US$ 48,383,000	—	Note 5	—
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 4	68,594,000	68,594,000	—	Note 5	—
2	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$ 11,546,549,725 (Note 3)	4,832,377	—	—	—	—
3	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$ 11,546,549,725 (Note 3)	5,315,550	2,416,451	—	—	—

2000

Number	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship with the Company (Note 1)	Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 12/31/2000	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
				(Amounts expressed in US dollars)					
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 4	US$25,080,000	US$25,080,000	—	Note 5	—
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 4	39,220,000	39,220,000	—	Note 5	—
2	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$8,610,690,003 (Note 4)	4,832,000	4,832,000	—	—	—
3	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$8,610,690,003 (Note 4)	4,590,400	4,590,400	—	—	—

Note 1: The following code represents the relationship with the Company:
1. Trading partner.
2. Majority owned subsidiary.

Note 2: The total amount of transactions of endorsement equal to 70% of net worth for the Company and the limit of transactions of endorsement for any single entity is 70% of its net worth.

Note 3: The total amount of transactions of endorsement equal to 70% of net worth for the Company.

Note 4: The total amount of transactions of endorsement equal to 50% of its net worth for the Company.

Note 5: The endorsements among subsidiaries were guaranteed by the Company. The Company endorsed the obligation for its subsidiaries in comply with its ruling for guarantees and endorsements.

(iv) In 2002, 2001 and 2000 the ending balance of securities held as of December 31 were summarised as follows: None

(v) In 2002, 2001 and 2000 the cumulative buying or selling amount of one specific security exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vi) In 2002, 2001 and 2000 acquisition of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vii) In 2002, 2001 and 2000 disposal of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(viii) Purchase or sales transactions with related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002											
			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/ (payable)		
Purchases/ sales company	Name of the counter parties	Relationship with the Company	Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/ payable	Note
				(Amount expressed in US dollars)							
Cayman Ton Yi	The Company	Parent company	Purchases	US$ 99,847,305	100%	—	—	—	US$ (29,047,066)	86%	—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	44,177,610	44%	—	—	—	26,871,425	68%	—
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	55,630,157	55%	—	—	—	12,604,734	32%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	44,177,610	88%	—	—	—	(26,871,425)	88%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Sales	8,229,420	12%	—	—	—	2,656,301	26%	—
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	55,630,157	91%	—	—	—	(12,604,734)	94%	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Purchases	8,229,420	84%	—	—	—	(2,656,301)	45%	—

2001

Purchases/sales company	Name of the counter parties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/ (payable)		
			Purchases/ sales	Amount	Percentage of net purchases/sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/ payable	Note
			(Amount expressed in US dollars)								
Cayman Ton Yi	The Company	Parent company	Purchases	US$ 98,431,546	99%	—	—	—	US$ (29,377,787)	85%	—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	40,454,940	41%	—	—	—	13,648,915	40%	—
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	50,903,705	51%	—	—	—	17,406,950	50%	—
Hong Kong Ton Yi Industrial Holdings Ltd.	The Company	Parent company	Purchases	7,754,894	83%	—	—	—	(1,603,772)	51%	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	3,355,442	37%	—	—	—	3,827,856	45%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	40,454,940	81%	—	—	—	(13,648,915)	73%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Sales	8,699,463	15%	—	—	—	2,909,322	24%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Hong Kong Ton Yi Industrial Holdings Ltd.	Affiliated company	Purchases	3,355,442	7%	—	—	—	(3,827,856)	21%	—
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	50,903,705	94%	—	—	—	(17,406,950)	78%	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Purchases	8,699,463	84%	—	—	—	(2,909,322)	35%	—

2000

Purchases/sales company	Name of the counter parties	Relationship with the Company	Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/ (payable)		Note
			Purchases/ sales	Amount	Percentage of net purchases/ sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable/ payable	
			(Amount expressed in US dollars)								
Cayman Ton Yi	The Company	Parent company	Purchases	US$115,144,038	99.22%	—	—	—	US$(23,324,669)	99.87%	—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	50,183,941	42.80%	—	—	—	8,044,555	44.49%	—
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	60,619,359	51.69%	—	—	—	9,242,511	51.12%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	50,183,941	85.52%	—	—	—	(8,044,555)	58.73%	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Sales	11,200,826	15.94%	—	—	—	3,952,069	27.17%	—
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	60,619,359	95.15%	—	—	—	(9,245,511)	69.10%	—

(ix) Receivables from related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

2002

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover ratio	Over-due balance		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amounts	Resolve method		
			(Amount expressed in US dollars)						
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$ 12,604,734	3.71	US$ —	—	US$ 4,494,790	US$—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	26,871,425	2.18	—	—	7,578,974	—
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	5,021,468	—	—	—	20,000	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	3,833,300	—	—	—	—	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,000	—	—	—	—	—

2001

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover ratio	Over-due balance		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amounts	Resolve method		
			(Amount expressed in US dollars)						
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$ 17,406,950	3.82	US$ —	—	US$ 4,580,939	US$—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	13,648,915	3.73	—	—	2,941,576	—
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	5,208,738	—	—	—	—	—
			Accounts Receivable	1,537,246	1.00	—	—	—	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by Cayman Ton Yi	Accounts Receivable	3,827,856	1.13	—	—	—	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by Cayman Ton Yi	Other Receivables	3,833,300	—	—	—	—	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Accounts Receivable	2,909,322	2.97	—	—	834,200	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,300	—	—	—	—	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	6,465,092	—	—	—	2,443,333	—

2000									
			Ending balance			Over-due balance			
The name of the Company	Name of the counter party	Relationship	Accounts	Amounts	Turnover ratio	Amounts	Resolve method	Subsequent collections	Allowance for doubtful amounts
			(Amount expressed in US dollars)						
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$9,242,511	4.4	US$—	—	US$—	US$—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	8,044,555	4.7	—	—	—	—
Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	5,436,980	—	—	—	—	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Affiliated company	Accounts Receivable	3,952,069	3.12	—	—	—	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,300	—	—	—	—	—

(x) Derivative Financial Instruments Transaction:

(a) Contract amount or notional principals amount and credit risk

2002					
	Name of investee	Derivative financial instruments	The objectives of holding derivative	Contract amount	Credit risk
Cayman Ton Yi		Currency Swap Contract—USD/JPY	To hedge loss	USD43,859,649.12/ JPY5,000,000,000	—
Cayman Ton Yi		Advance Booking Forward Foreign Exchange Contracts	To hedge loss	JPY3,300,000,000/ USD27,270,955.18	—

2001					
	Name of investee	Derivative financial instruments	The objectives of holding derivative	Contract amount	Credit risk
Cayman Ton Yi		Currency Swap Contract—USD/JPY	To hedge loss	USD43,859,649.12/ JPY5,000,000,000	—
Cayman Ton Yi		Foreign Currency Option	To hedge loss	USD12,000,000/ JPY1,392,000,000	—

2000				
	Name of the investee	Derivative financial instruments	Contract amount	Credit risk
Cayman Ton Yi		Currency Swap Contract—USD/JPY	USD43,859,649.12/ JPY5,000,000,000	—

The credit risk stated above represents the ultimate loss from the Currency Swap Contracts if settled at the balance sheet date and defaulted by the counterparts. However, as the counterparts are banks with good credit ratings, the credit risk is minimal.

(b) Market risk

The main purpose of holding derivative financial instruments is to hedge loss. Gain or loss resulted from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, market risk is immaterial.

(c) Liquidity risk, cash flow risk and amount, timing and uncertainty of future cash demand

As of December 31, 2002, Cayman Ton Yi estimated that before January 24, 2003, the above Currency Swap Contract and Advance Booking Forward Foreign Exchange Contracts will generate cash inflows of JPY 1,700,000 thousand, and cash outflows of US$16,589 thousand.

In 2001 and 2000, Cayman Ton Yi estimated that before January 14, 2003, the above Currency Swap Contract will generate cash inflows of JPY 5,000,000 thousand, and cash outflows of US$43,860 thousand.

The investee recognised the premium of the receipts (payments) in non-operating income and expense from sale and purchase of Forward Foreign Exchange Option transactions. The option exercise price is based on the current market value at the fixed cost, and the holding (issuing) period is matched by the investee' future cash flow, when as the contract is due. The market risk of the exchange foreign fluctuation, and impact on the investee' operation is insignificant.

As the investee has sufficient working capital, the liquidity risk is low. And due to the certainty of the exchange rate under the Currency Swap Contract, the cash flow risk in minimal.

(d) Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives

The derivative financial instruments held by the investee are not for trading purpose. The investee engages in Forward Foreign Exchange Contract and Currency Swap Contract in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulted from fluctuation of exchange rates. The strategy for achieving the objective is to hedge most of the market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions, and are evaluated periodically.

(e) Presentation of derivative financial instruments on the financial statements

As of December 31, 2002, the net receipts on Currency Swap Contract of US$1,701 thousand and the net receipts on Forward Foreign Exchange Contracts of US$554 thousand are recorded as other current liabilities.

As of December 31, 2001, the net receipts on Currency Swap Contract of US$5,866 thousand are recorded as other liabilities. In 2001, premium received from Foreign Currency Option was recorded as non-operating income.

As of December 31, 2000, the net receipts on Currency Swap Contract of US$4,754 thousand are recorded as other liabilities.

(f) Fair value of derivative financial instruments

2002

		December 31, 2002	
Name of investee	**Derivative financial instrument**	**Book value**	**Fair value**
Cayman Ton Yi	Currency Swap Contract—USD/JPY	US$ (1,701) thousand	US$ (1,701) thousand
Cayman Ton Yi	Advance Booking Forward Foreign Exchange Contracts	(554) thousand	(554) thousand

2001

		December 31, 2001	
Name of investee	**Derivative financial instrument**	**Book value**	**Fair value**
Cayman Ton Yi	Currency Swap Contract—USD/JPY	US$ (5,866) thousand	US$ (5,866) thousand
Cayman Ton Yi	Foreign Currency Option	—	72 thousand

2000

		December 31, 2000	
Name of investee	**Derivative financial instrument**	**Book value**	**Fair value**
Cayman Ton Yi	Currency Swap Contract—USD/JPY	US$ (4,754) thousand	US$ (4,754) thousand

The method and assumption used to estimate the fair value of derivative financial instruments are as follows:

The fair value of derivative financial instruments are estimated based on the amount the investee may receive or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from open contracts.

3. Disclosure of Information on Indirect Investments in Mainland China

(i) The basic information of investments in Mainland China

2002											
Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gain (loss) (Note2)	Investment amount as of Dec 31, 2002	Accumulated remittance
					Payment	Remittance					
				(Amount expressed in US dollars)							
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$ 7,500,000	Note 1	US$ 40,010,000	US$—	US$—	US$ 40,010,000	US$100.00%	US$ (147,308)	US$ 2,579,047	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	40,010,000	—	—	40,010,000	100.00%	311,860	4,754,285	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	40,010,000	—	—	40,010,000	72.85%	260,839	16,173,861	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	40,010,000	—	—	40,010,000	74.04%	1,211,212	27,724,877	—

2002		
Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA
NT$1,388,577,600 (USD40,010,000)	NT$2,639,839,211 (USD75,966,596)	NT$4,808,443,972

2001											
Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gain (loss) (Note2)	Investment amount as of Dec 31, 2001	Accumulated remittance
					Payment	Remittance					
				(Amount expressed in US dollars)							
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$7,500,000	Note 1	US$10,000	US$40,000,000 (Note 3)	US$—	US$40,010,000	US$100.00%	US$(468,669)	US$2,726,659	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	10,000	—	—	40,010,000	100.00%	(828,056)	4,442,966	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	10,000	—	—	40,010,000	72.85%	(4,106,979)	15,914,457	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	10,000	—	—	40,010,000	74.04%	(3,551,060)	26,516,803	—

2001		
Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA
NT$1,388,577,600 (USD40,010,000)	NT$2,622,367,000 (USD75,966,596)	NT$4,799,014,207

2000

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment Amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gain (loss) (Note2)	Investment amount as of Dec 31, 2000	Accumulated remittance
					Payment	Remittance					
		(Amount expressed in US dollars)									
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$ 7,500,000	Note 1	US$10,000	US$—	US$—	US$10,000	US$100.00%	US$(685,404)	US$3,182,877	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	10,000	—	—	10,000	100.00%	184,012	5,270,015	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	10,000	—	—	10,000	72.85%	(3,696,596)	20,018,497	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	10,000	—	—	10,000	74.04%	(1,648,051)	30,062,286	—

2000

Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA	
		20% of the enrolled capital	20% of the net worth
NT$281,600 (USD10,000)	NT$2,612,251,000 (USD75,966,596)	NT$3,009,217,480	NT$3,444,276,001

Note 1: Indirect investment in PRC through existing companies located in the third area.

Note 2: The financial statements are audited by the CPA of parent company in Taiwan.

Note 3: Remittance for new shares issued by Cayman Ton Yi

(ii) Significant Transactions Information

The transaction with the investee in Mainland China: please refer to notes 15 and 18.

(19) Segment Information

(a) Industrial information

The Company is mainly engaged in the manufacture and process of tinplates, and sale of related machinery and equipment. The main industrial department's revenue, income and identifiable assets accounted for 90% or more of the Company's total revenue, income and identifiable assets. As a result, the Company is not required to disclose industrial segment information.

(b) Geographic information

The Company has no foreign operating segment. As a result, geographic segment information is not required.

(c) Export sales information

In 2002, 2001 and 2000, the Company's export sales amounted to $10,198,108 thousand, $9,401,707 thousand and $9,195,375 thousand, respectively. The details are as follows:

	2002	2001	2000
	(expressed in thousands of New Taiwan dollars)		
Asia	$ 8,934,785	7,840,645	7,938,276
Australia	197,543	187,390	790,914
Others	1,065,780	1,373,672	466,185
	$10,198,108	**9,401,707**	**9,195,375**

(d) Information regarding major customers

In 2002, 2001 and 2000, the customer constituted more than 10% of the Company's net sales of 2002, 2001 and 2000, respectively, were as follows:

	2002		2001		2000	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(expressed in thousands of New Taiwan dollars)					
Cayman Ton Yi	**$3,439,198**	**24%**	**3,309,184**	**26%**	**3,646,855**	**29%**

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED Financial Statements

September 30, 2003 and 2002

(With Independent Auditors' Review Report Thereon)

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors
TON YI Industrial Corp.:

We have reviewed the accompanying non-consolidated balance sheets of TON YI Industrial Co., Ltd. (the Company) as of September 30, 2003 and 2002, and the related non-consolidated statements of operations and cash flows for the nine-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue report on these financial statements based on our reviews.

Except as stated in the third paragraph, we planned and conducted our review in accordance with Republic of China Statement of Auditing Standards No. 36, "Review of Financial Statements". A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data. A review is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in note 4 to the accompanying non-consolidated financial statements, as of September 30, 2003 and 2002, the Company's long-term investments accounted for by the equity method of NT$105,309 thousand and NT$104,427 thousand, respectively, long-term investment credit accounted for by the equity method of NT$663,209 thousand and NT$896,480 thousand, respectively, cumulative translation adjustments of (NT$85,372) thousand and (NT$108,064) thousand, respectively, unrealised gain on inter-affiliate accounts of NT$118,351 thousand and NT$133,053 thousand, respectively, and income (loss) from investments of NT$39,343 thousand and (NT$116,538) thousand, respectively, for the nine-month periods ended September 30, 2003 and 2002, were recorded according to the financial statements provided by the Company's investees. We did not review these financial statements. The related information on investee companies as stated in note 18 to the accompanying financial statements provided by the Company's investees were not reviewed by us by the manner as stated in the second paragraph.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the investee's financial statements and the related information on investee companies as stated in the third paragraph been reviewed, we are not aware of any modifications that should be made, in any material respects, to the financial statements referred to in the first paragraph in order for them to be in conformity with accounting principles generally accepted in the Republic of China.

KPMG Certified Public Accountants
Taiwan (the Republic of China)
October 20, 2003

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

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED BALANCE SHEETS

September 30, 2003 and 2002
(expressed in thousands of New Taiwan dollars)
(Unaudited)

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents (note 13)	$ 43,766	51,933
Notes receivable, less allowance for doubtful accounts of $3,198 thousand in 2003 and $4,560 thousand in 2002 (note 13)	201,481	238,015
Accounts receivable, less allowance for doubtful accounts of $13,698 thousand in 2003 and $18,746 thousand in 2002 (note 13)	319,010	533,173
Accounts receivable—related parties, less allowance for doubtful accounts of $811 thousand in 2003 and $775 thousand in 2002 (notes 13, 14 and 18)	1,092,117	1,881,119
Other financial assets—current (notes 13, 14 and 18)	78,315	530,100
Inventories (note 3)	2,737,709	1,912,843
Prepayments and other current assets (notes 11, 13 and14)	332,029	157,507
Total current assets	4,804,427	5,304,690
Long-term investments (notes 4, 13 and 18)	990,023	961,141
Other financial assets—noncurrent (notes 13, 14 and 16)	766,911	667,504
Property, plant and equipment (notes 5 and 15)	25,881,520	27,190,810
Intangible assets	50,665	56,999
Other assets (notes 11, 13 and 16)	603,372	605,424
Total assets	**$33,096,918**	**34,786,568**
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings (notes 6, 13 and 14)	$ 1,439,973	3,250,706
Payable on commercial paper (notes 6, 7 and 13)	878,844	1,816,785
Notes payable (notes 13 and 14)	148,010	170,222
Accounts payable (notes 13 and 14)	235,147	312,204
Accrued expense (notes 11, 13 and 14)	324,230	245,561
Current portion of long-term borrowings (notes 6, 8, 9, 13, 14 and 15)	2,514,348	2,771,696
Other current liabilities (notes 13 and 14)	134,930	173,212
Total current liabilities	5,675,482	8,740,386
Long-term liabilities:		
Bonds payable, net of current portion (notes 8 and 13)	—	500,000
Long-term borrowings, net of current portion (notes 6, 9, 13, 14 and 15)	9,109,962	7,643,002
Provision for tax on increment of land value (note 5)	433,546	433,546
Total long-term liabilities	9,543,508	8,576,548
Other liabilities (notes 4, 13, 14 and 18)	899,696	1,092,128
Total liabilities	16,118,686	18,409,062
Stockholders' equity (notes 8, 10, 11, 12 and 13):		
Common stock, $10 par value	15,347,009	15,347,009
Stock dividends to be distributed	460,410	—
Capital surplus	450,159	935,960
Legal reserve	234,972	216,091
Special reserve	142,497	22,240
Retained earnings	468,383	11,123
Cumulative translation adjustments	(85,372)	(135,038)
Net loss not recognised as pension cost	(39,826)	(19,879)
Total stockholders' equity	16,978,232	16,377,506
Commitments and contingent liabilities (notes 13, 14, 16 and 18)		
Total liabilities and stockholders' equity	**$33,096,918**	**34,786,568**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

For the nine-month periods ended September 30, 2003 and 2002
(expressed in thousands of New Taiwan dollars)
(Unaudited)

	2003	2002
Sales (notes 14 and 18)	$12,605,472	10,205,086
Less: Sales returns and allowance	17,023	5,914
	12,588,449	10,199,172
Cost of goods sold (notes 14, 17 and 18)	10,881,129	8,774,024
Gross profit	1,707,320	1,425,148
Realised gain on inter-affiliate accounts	94,400	150,748
Unrealised gain on inter-affiliate accounts (note 14)	118,351	133,053
Realised gross profit	1,683,369	1,442,843
Operating expenses (notes 14 and 17)		
Selling expenses	557,448	581,873
Administrative and general expenses	172,217	164,103
	729,665	745,976
Operating income	953,704	696,867
Non-operation income:		
Interest income	310	1,105
Income from investments, net (note 4)	44,590	—
Gain on disposal of property, plant and equipment	1,819	—
Gain on sale of investments	1	—
Other	32,286	40,622
	79,006	41,727
Non-operation expenses:		
Interest expenses, net of capitalised interest of $284 thousand in 2003 and $372 thousand in 2002	392,480	517,435
Loss from investments, net (note 4)	—	116,403
Loss on disposal of property, plant and equipment	250	745
Foreign exchange loss, net (note 13)	65,977	24,908
Other	11,814	1,990
	470,521	661,481
Income before income tax	562,189	77,113
Income tax expense (note 11)	143,476	65,990
Net income	**$ 418,713**	**11,123**
Primary earnings per share (note 12) (expressed in New Taiwan dollars)		
Income before income tax	**$ 0.37**	**0.05**
Net income	**$ 0.27**	**0.01**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2003 and 2002
(expressed in thousands of New Taiwan dollars)
(Unaudited)

	2003	2002
Cash flows from operating activities:		
Net income	$ 418,713	11,123
Adjustments to reconcile net income to net cash provided by operating activities:		
Unrealised (realised) gain on inter-affiliate accounts	23,951	(17,695)
Provision for (recovery of) allowance for doubtful accounts	10,807	(20,861)
Depreciation	1,008,301	1,016,732
Deferred expense amortisations	35,603	32,544
Provision for reserve for redemption of convertible bonds	—	36
Reversal of allowance for idled asset valuation	(2,271)	—
Cash dividends of long-term investments	5,680	11,704
Gain on sale of investments	(1)	—
Loss (gain) on disposal of property, plant and equipment, net	(1,569)	745
Unrealised foreign exchange loss, net	5,827	7,751
Loss (income) on equity-method investments, net	(39,343)	116,538
Provision for pension expenses	10,907	21,562
Deferred income tax expense (benefit)	9,900	(10,626)
Increase in notes receivable and accounts receivable	(205,371)	(979,419)
Decrease in other financial assets—current	27,916	12,505
Decrease (increase) in inventories	(953,886)	179,929
Increase in prepayments and other current assets	(158,760)	(98,183)
Increase in notes payable and accounts payable	48,810	284,751
Decrease in accrued expenses	(55,205)	(133,395)
Increase (decrease) in other current liabilities	(4,090)	12,352
Net cash provided by operating activities	185,919	448,093
Cash flows from investing activities:		
Increase in other financial assets—current	(77,554)	(457,305)
Increase in short-term investments	(3,000)	—
Return of long-term investments resulting from investee's capital decrease	12,000	—
Increase in long-term investments	(40,000)	—
Proceeds from sale of short-term investments	3,001	—
Acquisitions of property, plant and equipment	(35,187)	(101,022)
Proceeds from disposal of property, plant and equipment	4,393	38
Increase in other assets	(39,297)	(11,943)
Decrease in forward exchange contracts receivable (payable)	(78,740)	27,459
Decrease (increase) in other financial assets—noncurrent	(976)	516
Net cash used in investing activities	(255,360)	(542,257)

(Continued)

TON YI INDUSTRIAL CORP.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the nine-month periods ended September 30, 2003 and 2002
(expressed in thousands of New Taiwan dollars)
(Unaudited)

	2003	2002
Cash flows from financing activities:		
Increase in short-term borrowings	106,250	1,518,336
Increase in payable on commercial paper	11,177	126,167
Increase in long-term borrowings	2,400,118	598,357
Repayments of long-term borrowings	(1,915,988)	(1,601,198)
Repayments of bonds payable	(500,000)	(502,000)
Decrease in guarantee deposits received	(2,784)	(20,815)
Net cash provided by financing activities	98,773	118,847
Effect of exchange rate changes on cash	(36)	112
Net increase in cash and cash equivalents	29,296	24,795
Cash and cash equivalents, beginning of year	14,470	27,138
Cash and cash equivalents, end of year	**$ 43,766**	**51,933**
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest (not including capitalised interest)	**$ 419,016**	**543,768**
Income tax	**$ 157,144**	**101,873**
Investing and financing activities with no cash flows effect:		
Recognition of cumulative translation adjustments resulted from long-term investments	**$ 17,299**	**(1,344)**
Recognition of other financial assets—noncurrent (long-term accounts receivable) resulting from exchange loss on long-term borrowings	**$ 93,543**	**221,295**
Current portion of long-term borrowings	**$2,514,348**	**2,771,696**
Recognition of discount on forward exchange contracts payable	**$ 38,341**	**2,628**
Recovery of cumulative translation adjustments resulted from other financial assets—current (forward exchange contracts receivable)	**$ —**	**(52,720)**
Recovery of cumulative translation adjustments resulted from other financial assets—noncurrent (forward exchange contracts receivable)	**$ —**	**(47,650)**
Recognition of cumulative translation adjustments resulted from forward exchange contracts payable, net	**$ —**	**26,974**

See accompanying notes to non-consolidated financial statements.

TON YI INDUSTRIAL CORP.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003 and 2002
(Amount expressed in New Taiwan dollars unless otherwise specified)
(Unaudited)

(1) ORGANISATION AND BUSINESS SCOPE

TON YI Industrial Corp. (the Company) was founded in Yeong Kong, Tainan, the Republic of China (ROC) on April 14, 1969. The Company went through changes of its name and business scope, and mergers. The Company is engaged in (i) the manufacture and process of tin mill black plates, tinplates, tin steels and tin cans, (ii) the import, export and sale of tinplate machines, and (iii) sale of iron oxide, fatty acid and tin products.

For the nine-month periods ended September 30, 2003 and 2002, the average numbers of employees were 1,153 persons and 1,167 persons, respectively.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company are prepared in accordance with the "Rules Governing the Preparation of Financial Statements of Securities Issuers" and generally accepted accounting principles in the ROC.

(a) Cash equivalents

Cash equivalents consist of highly liquid short-term investments that are readily convertible to known amounts of cash and which present insignificant risks from changes in interest rates.

(b) Foreign currency transactions and translation of foreign-currency financial statements

The Company maintains its books in New Taiwan dollars. Foreign currency transactions, other than foreign currency forward exchange contracts, are recorded in the local currencies at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when foreign-currency assets and liabilities are settled are charged or credited to non-operating income or loss in the year of actual conversion or settlement. Period-end balances of foreign currency assets and liabilities are restated based on prevailing exchange rates and the resulting differences are charged or credited to income. However, exchange gains or losses from intercompany borrowings of a long-term nature should be recorded as a translation adjustment under stockholders' equity.

The foreign investee companies recorded under the equity method of accounting by the Company adopt the currencies of the foreign countries as their functional currencies; the foreign exchange differences resulting from translating the functional currencies of the financial statements of investee companies to New Taiwan dollars are charged to accumulated translation adjustments under stockholders' equity of the Company. The period-end balances of the foreign operating entities' assets and liabilities are translated into New Taiwan dollar amounts at the prevailing period-end foreign exchange rates; the stockholders' equity is converted into New Taiwan dollars by

adopting the historical exchange rates, excluding the beginning balance of retained earnings which is carried over from the converted ending balance of the prior year. Dividends are translated at the exchange rate prevailing at the declaration date. Revenue, costs and expenses are translated at the average exchange rate during the reporting periods.

(c) Allowance for doubtful accounts is provided based upon the results of an evaluation of the collectibility of receivables.

(d) Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by the weighted-average method. Market value is determined by net realisable value or replacement cost.

(e) Long-term investments

(i) Long-term equity investments

Investments in which ownership interest is 20% or more, or in which the Company has ability to exercise significant influence, are accounted for by the equity method. Gain or loss on sale of the investment is accounted for as non-operating income or expense in the statement of operations.

Investments in which the Company owns less than 20% of the investee's voting shares, and in which the Company has no ability to exercise significant influence, are accounted for by the cost method.

Stock dividends received are recorded only as an increase in the number of shares held and not as investment income. Costs of investments sold are determined by the weighted-average method.

Under the equity method, gains or losses resulting from inter-affiliate transactions are deferred and recognised when realised. Gains or losses resulting from transactions involving depreciable or amortisable assets are deferred and recognised over the assets' estimated useful lives. Gains or losses resulting from other transactions are recognised in the period of realisation.

If an investee's loss equals to or exceeds the carrying amount of an investment accounted for under the equity method, or the Company guarantees obligations of an investee, then the Company shall continue to recognise investment losses in proportion to the stock ownership percentage. Such credit balance on the book value of a long-term investment and advances shall be treated as a liability on the balance sheet.

A company is considered as a subsidiary if more than 50% of its outstanding voting shares are held by the Company. Consolidated financial statements should be

prepared, including all such subsidiaries except for subsidiaries whose individual total assets and sales do not exceed 10% of the Company's total assets and sales. If the total assets and sales of subsidiaries not otherwise required to be consolidated are in aggregate more than 30% of the Company's total assets or sales, then a subsidiary whose total assets or sales are more than 3% of the Company's total assets or sales must be consolidated.

(ii) Long-term investments in bonds and other long-term investments

Long-term investment in bonds and other long-term investments are stated at cost. The premiums or discounts were amortised in a reasonable and systematic manner.

(f) Property, plant and equipment and related depreciation

Fixed assets are stated at acquisition cost and revaluation increment. Acquisition cost includes capitalisation of interest incurred in connection with construction of tin plate and cold rolling plant and the installation of machinery and equipment. The Company's fixed assets were revalued in 1974, 1980, 1985 and 1998.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed when incurred, while costs of major additions, improvements and replacements are capitalised. Where the fixed assets have reached the end of their prescribed useful lives but the accumulation of the depreciation thereof has not amounted to the cost thereof, depreciation at the original rate may be continued until full depreciation has been achieved.

Gains or losses on the disposal of property, plant and equipment are recorded as non-operating income or expense.

Assets for operating lease are recorded as other assets and are depreciated using the straight-line method over the estimated useful lives. The depreciation is recorded as non-operating expense.

Idled assets are recorded as other assets and are valued at the lower of net book value or net realisable value.

(g) Deferred expense

The Company entered into agreements with Kawasaki Steel Corp. (Kawasaki) on the construction of and technical services related to a tin plate and cold rolling plant. In conformity with the agreements, Kawasaki shall not sell or transfer such technology to any third party in the ROC until March 31, 2005, and April 22, 2016, respectively. Payments to Kawasaki by the Company are amortised over fifteen and twenty years, respectively, on a straight-line basis.

The Company entered into two land lease agreements with Taisugar Co., Ltd. for the plants. The agreements are effective from July 1, 1993, through June 30, 2043, and March 10, 1998 through March 9, 2048, respectively. The related royalty of two to four times the annual rentals are to be paid once every twenty years and are amortised over twenty years using the straight-line method.

(h) Pension plan

The Company established a noncontributory defined benefit retirement plan covering all regular employees in the ROC in 1987. According to the Plan, the pension benefits a participant receives are determined based on an employee's number of years of service and average monthly compensation for the six-month period prior to retirement.

The Company has been funding the Plan monthly at 6% (2% in 2002) of salaries and wages in accordance with the Labour Standards Law. The pension fund is deposited with the Central Trust of China, the government-designated custodian of pension funds.

The Company adopted ROC Statement of Financial Accounting Standards No. 18, "Accounting for Pensions". A minimum pension liability is recognised when the accumulated benefit obligation exceeds the fair value of plan assets. The additional accrued liability being recognised due to unrecognised transitional net benefit obligation. If the amount of additional accrued liability does not exceed the amount of remaining balance of unrecognised transitional net benefit obligation, then the deferred pension cost account shall be charged; if the amount of additional accrued liability exceeds the amount of remaining balance of unrecognised transitional net benefit obligation, the excess shall be charged to the net loss not recognised as pension cost account, and be recorded as a reduction of stockholders' equity. Net periodic pension cost includes service cost and the amortisation of net transition assets or obligation, prior service cost, and gains or losses of plan assets and benefit obligation by using the straight-line method over the employees' average remaining service period.

According to the Statement of Financial Accounting Standards No. 23, "Interim Financial Reporting and Disclosures", the interim financial statements are not required to follow the principles outlined in the Statement of Financial Accounting Standards No. 18, "Accounting for Pensions".

(i) Sales and expenses recognition

Sales are recognised upon shipment of the products or completion of the services with a provision for estimated returns and allowances recorded at the time of recognition of sales. Expenses incurred in a particular period should be matched with the sales earned during the same period.

(j) Income tax

Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect

during the years in which the differences are expected to reverse. The income tax effects due to taxable temporary differences are recognised as deferred income tax liabilities. The income tax effects resulting from deductible temporary differences, net operating loss carryforwards and income tax credits are recognised as deferred income tax assets. The realisation of the deferred tax assets is evaluated, and a valuation allowance is recognised accordingly.

The Company uses the flow-through method to recognise income tax credits, recognising the entire reduction in income tax payables as the income of the year in which the credit arises.

Classification of the deferred tax assets or liabilities as current or non-current is based on the classification of the related assets or liabilities for financial reporting. If not so related, they are classified on the basis of the expected period of realisation.

A tax imputation system was adopted in accordance with the amendment of the ROC Income Tax Law. Under the system, the Company may retain the earnings occurring after December 31, 1997, by paying 10% surtax on such undistributed earnings, and the surtax is accounted for as income tax expense upon the stockholders' resolution on distribution of earnings.

(k) Earnings per share of common stock

Primary earnings per share of common stock are based on net income divided by the weighted-average number of common shares outstanding. When additional shares are issued for cash, the issuance date should be used in the calculation of the weighted-average number of shares outstanding. The number of shares outstanding should be retroactively adjusted in the calculation of the weighted-average number of shares outstanding if the number of shares outstanding increases as a result of stock dividends or a stock split, or decreases as a result of reverse stock splits or if capital is decreased to offset the prior year's deficit. If the measurement date referred to above is earlier than the date when the financial statements are issued, retroactive adjustments should be made.

(l) Derivative financial instruments

Premiums or discounts on foreign currency forward exchange contracts that hedge foreign currency assets or liabilities arising from difference between the forward rate and the spot rate at the date of each contract are deferred and amortised over the contract period. At balance sheet date, the balances of the forward exchange receivables or payables are restated based on prevailing exchange rates and the resulting gain or loss is charged or credited to income. Any exchange gain or loss when the contract is settled is also credited or charged to income.

Option contracts to buy/sell foreign currency entered into for hedging purposes are not recorded as assets or liabilities on the contract dates. For contracts outstanding at the balance sheet date are measured at the quotation from banks and gains or losses from

the measurement are recorded in the statement of operations. Foreign currency option premiums are deferred and recorded as an exchange gain or loss when the contract expires or is settled.

Foreign currency spot-position assets and liabilities arising from hedging currency swap contracts are recorded at spot rates when the transactions occur. Realised and unrealised gains or losses on these contracts resulting from actual execution or balance sheet date translation are charged or credited to current operations. Receivables and payables resulting from foreign currency swap contracts are offset against each other and the net balances are recorded as assets or liabilities.

The derivative financial instruments for the purpose of hedging the exchange risk of equity investment in foreign investee companies are revalued by the prevailing spot rate as of the balance sheet date. The differences are recorded as cumulative translation adjustments, a component of stockholders' equity.

(m) The current and noncurrent classification of assets and liabilities

The assets or liabilities to be consumed or due within one year are classified as current, otherwise as noncurrent. Current assets are unrestricted cash or cash equivalents held for trading or which are to be converted into cash, sold, or consumed within a year after the date of the financial statements. Current liabilities are paid within a year after the date of the financial statements.

(3) INVENTORIES

As of September 30, 2003 and 2002, inventories consisted of the following:

	2003	2002
Finished goods	$ 701,998,600	569,168,169
Work-in-process	419,500,320	325,275,792
Raw materials	1,419,308,636	754,148,259
Supplies	136,017,957	129,769,259
Material in transit	70,883,753	144,481,816
	2,747,709,266	1,922,843,295
Less: allowance for inventory devaluation	10,000,000	10,000,000
	$2,737,709,266	**1,912,843,295**

As of September 30, 2003 and 2002, the insurance coverage for inventories amounted to $2,800,000 thousand and $2,200,000 thousand, respectively.

(4) LONG-TERM INVESTMENTS AND OTHER LIABILITIES—LONG-TERM INVESTMENT CREDIT

As of September 30, 2003 and 2002, long-term investments comprised the following:

Name of investee	2003 % of ownership	2003 Amount	2002 % of ownership	2002 Amount
Long-term equity investments:				
Accounted for under the cost method:				
Sino-Aerospace Investment Corp.	8.19%	$ 210,000,000	8.19%	210,000,000
Global Securities Finance Corp.	1.75%	115,664,200	1.75%	115,664,200
President International Investment Corp.	3.33%	500,000,000	3.33%	500,000,000
Grand Bills Finance Corp.	0.02%	1,050,000	0.02%	1,050,000
CDIB High-Tech. Investment Inc.	2.11%	18,000,000	2.11%	30,000,000
		844,714,200		856,714,200
Accounted for under the equity method:				
Tovecan Factory Corporation Ltd.	51.00%	81,229,279	51.00%	83,572,136
Tung-On Enterprise Co., Ltd.	40.00%	17,486,446	40.00%	14,029,100
Western Samoa New Dawn Enterprises Ltd.	100.00%	6,593,618	100.00%	6,825,508
		105,309,343		104,426,744
Long-term investments in bonds:				
Accounted for under the cost method:				
Secondary financial bonds of Overseas-Chinese Bank		10,000,000		—
Other long-term investments:				
Accounted for under the cost method:				
Secondary collateralised loan obligation securities of Credit Lyonnais		30,000,000		—
		$ 990,023,543		**961,140,944**
Long-term equity investments credit:				
Cayman Ton Yi Industrial Holdings Ltd.	100.00%	**$(663,209,302)**	100.00%	**(896,479,923)**

On April 25, 2003, the stockholders' meeting of CDIB High-Tech. Investment Inc. which is accounted for by the cost method resolved to decrease capital and returned cash with no interest in proportion to shares on the following day of the measurement date to their

stockholders. The Company received $12,000 thousand and recorded it as a deduction from long-term investments.

Due to the Company guarantees obligations of Cayman Ton Yi Industrial Holdings Ltd., the Company treated the credit balance resulted from investment loss recognised exceeding the book value of long-term investments in Cayman Ton Yi Industrial Holdings Ltd. as other liability.

As of September 30, 2003 and 2002, the original cost of long-term investments consisted of the following:

	2003	2002
Tovecan Factory Corporation Ltd.	$ 43,739,967	43,739,967
Cayman Ton Yi Industrial Holdings Ltd.	1,388,577,600	1,388,577,600
Tung-On Enterprise Co., Ltd.	12,000,000	12,000,000
Western Samoa New Dawn Enterprises Ltd.	6,566,855	6,566,855
	$1,450,884,422	**1,450,884,422**

Related investment income (loss) for the nine-month periods ended September 30, 2003 and 2002 consisted of the following:

	2003	2002
Tovecan Factory Corporation Ltd.	$ 4,206,050	5,362,196
Cayman Ton Yi Industrial Holdings Ltd.	32,899,515	(122,858,940)
Tung-On Enterprise Co., Ltd.	2,236,806	774,121
Western Samoa New Dawn Enterprises Ltd.	325	184,447
	$39,342,696	**(116,538,176)**

(5) PROPERTY, PLANT AND EQUIPMENT

The Company's fixed assets were revalued in 1974, 1980, 1985 and 1998. As of September 30, 2003 and 2000, the Company's revaluation increment comprised the following:

	2003	2002
Land	$ 763,827,310	763,827,310
Buildings and improvements	10,971,060	10,971,060
Machinery and equipment	480,127	480,127
Other equipment	727,886	727,886
	$776,006,383	**776,006,383**

(i) As of September 30, 2003 and 2002, the insurance coverage for property, plant and equipment amounted to $16,911,596 thousand and $17,574,207 thousand, respectively.

(ii) As of September 30, 2003 and 2002, provision for tax on increment of land value was $433,545,693 and was recorded as long-term liabilities.

(6) SHORT-TERM BORROWINGS

As of September 30, 2003 and 2000, short-term borrowings consisted of the following:

	2003	2002
Credit loans	$ 915,220,000	1,860,380,381
Letter of credit loans	524,753,434	1,390,325,450
	$1,439,973,434	**3,250,705,831**
Annual interest rate	**0.92%~3.00%**	**0.6237%~5.00%**

As of September 30, 2003 and 2002, the Company had unused credit lines totalling $4,538,180 thousand and $4,114,170 thousand, respectively, which were available for short-term bank loans, long-term loans, and commercial paper.

(7) PAYABLE ON COMMERCIAL PAPER

As of September 30, 2003 and 2002, payable on commercial paper consisted of the following:

	2003		2002	
	Amount	Annual interest rate	Amount	Annual interest rate
Commercial paper	$ 880,000,000	1.35%~2.13%	1,820,000,000	1.72%~3.00%
Less: discount	1,155,642		3,214,900	
	$878,844,358		**1,816,785,100**	

(8) BONDS PAYABLE

As of September 30, 2003 and 2002, bonds payable were as follows:

	2003	2002
Secured corporate bonds	$500,000,000	1,000,000,000
Less: current portion	500,000,000	500,000,000
	$ —	**500,000,000**

On August 19, 1998, the Company issued its second unsecured convertible bonds at par value. The significant terms of the convertible bonds are as follows:

(a) Par value: $3,000,000 thousand.

(b) Coupon rate: 0%.

(c) Duration: seven years (effective from August 19, 1998, through August 18, 2005).

(d) Final redemption: Unless previously redeemed at the option of the Company or the bondholders, or converted in accordance with the offering of the convertible bonds, the convertible bonds are to be redeemed at the outstanding principal amount on August 18, 2005.

(e) Redemption at the option of bondholders: The bondholders have the right to require the Company to repurchase the convertible bonds at a price equal to 115.56%, 125.97%, 137.31% and 150.37% of the unpaid principal amount together with unpaid interest on August 18 of 2000, 2001, 2002 and 2003, respectively.

(f) Terms of conversion:

1. Bondholders may elect to have the convertible bonds converted into a certificate for common stock of the Company from December 19, 1998, to August 8, 2005. The certificate may be converted into common stock of the Company.

2. Conversion price: $22.2 per share of common stock on the issuance date. The conversion price is subject to adjustment for capital increases in order to protect the bondholders from dilution.

(g) As of September 30, 2003, convertible bonds with total principle value of $2,998,000 thousand had been converted to 182,804,877 common shares with par value of $10, and the premiums were recorded as capital surplus. The stock issuance has been authorised by and registered with the government authority.

(h) As of September 30, 2002, the total principal value of convertible bonds repurchased amounted to $2,000 thousand at the par value and interest on the redemption of convertible bonds amounted to $672 thousand.

On July 14 and 27, 1999, the Company issued its second and third secured corporate bonds, respectively. The significant terms of the secured corporate bonds are as follows:

	The second	The third
Par value	$1,200,000 thousand	$300,000 thousand
Issue date	July 14, 1999	July 27, 1999
Issue price	At par value	At par value
Coupon rate	5.85%~6.14%	5.85%~6.20%
Duration	3-year, 4-year and 5-year term	3-year, 4-year and 5-year term
Redemption	At maturity	At maturity

3-year-term bonds and 4-year-term bonds both amounting to $500,000 thousand matured and were repaid in July 2002 and 2003, respectively. As of September 30, 2003 and 2002, the principal value of secured corporate bonds due within one year amounted to $500,000 thousand.

(9) LONG-TERM BORROWINGS

As of September 30, 2003 and 2002, long-term borrowings consisted of the following:

Bank	2003 Amount	2002 Amount
Chiao Tung Bank, Tainan Branch	$ 588,166,280	789,226,368
China Development Industrial Bank	264,499,580	329,048,026
Jih Sun International Commercial Bank, Tainan Branch	366,650,000	400,000,000
En Tie Commercial Bank, Tainan Branch	200,000,000	300,000,000
Ta Chong Bank, Tainan Branch	298,516,378	298,357,248
Far Eastern International Bank, Tainan Branch	300,000,000	100,000,000
Fubon International Commercial Bank, Tainan Branch	200,000,000	300,000,000
E. Sun Commercial Bank, Tainan Branch	300,000,000	300,000,000
Fuhwa Bank, Yeong Kong Branch (Note)	321,428,571	320,000,000
The Export-Import Bank of the Republic of China, Kaohsiung Branch	528,999,529	658,096,510
Bank of Taiwan, Tainan Branch	1,095,649,529	858,096,510
Central Trust of China, Kaohsiung Branch	431,149,580	529,048,026
First Bank, Tainan Branch	220,416,317	274,206,688
Chang Hwa Commercial Bank, West Tainan Branch	487,066,317	474,206,688
The International Commercial Bank of China, Tainan Branch	220,416,317	274,206,688
Taiwan Cooperative Bank, Nan King Branch	88,1666,280	109,682,368
Hua Nan Commercial Bank, Chun Lun Branch	88,166,280	109,682,368
The Farmers Bank of China, Tainan Branch	44,083,019	54,841,034
Taiwan Development & Trust Corporation	—	86,000,000
Taishin International Commercial Bank, Tainan Branch	350,000,000	350,000,000
Industrial Bank of Taiwan, Kaohsiung Branch	128,571,429	400,000,000
International Bank of Taipei, Tainan Branch	235,714,286	250,000,000
Chinatrust Commercial Bank, West Tainan Branch	550,000,000	300,000,000
Taipei Bank, Paoching Branch	166,650,000	200,000,000
Sunny Bank, Mu Zha Branch	166,650,000	200,000,000
Hsinchu International Bank, Neihu Branch	166,650,000	200,000,000
Taipei Bank, Kaohsiung Branch	171,428,571	200,000,000
Taichung Commercial Bank, Kaohsiung Branch	171,428,571	200,000,000
COTA Commercial Bank Saving Department	185,714,286	100,000,000
United World Chinese Commercial Bank, Kaohsiung Branch	171,428,571	200,000,000
Taiwan Cooperative Bank, Kaohsiung Branch	171,428,571	200,000,000
Credit Lyonnais, Taipei Branch	500,000,000	—
Oversea-Chinese Banking Corporation Limited, Taipei Branch	85,714,286	100,000,000
United-Credit Commercial Bank, Setun Branch	200,000,000	200,000,000
Bank of Panhsin, Yeong Kong Branch	83,350,000	100,000,000
Kao Shin Commercial Bank, Shin-Hsing Branch	42,857,143	50,000,000
Kao Shin Commercial Bank, Taipei Branch	83,350,000	100,000,000
Hongkong and Shanghai Bank, Kaohsiung Branch	150,000,000	—
China United Trust & Investment Corp., Tao Yuan Branch	300,000,000	—
Lucky Bank, Na-Tun Branch	200,000,000	—
Chinfon Commercial Bank, Tainan Branch	200,000,000	—
The Chinese Bank, Yeong Kong Branch	100,000,000	—
Tainan Business Bank, Fu-Cheng Branch	100,000,000	—
Asia Trust & Investment Corp.	100,000,000	—
Hwa Tai Bank, Guting Branch	100,000,000	—
Sunny Bank, Tainan Branch	50,000,000	—
Overseas-Chinese Bank, Ren De Branch	150,000,000	—
	11,124,309,691	9,914,698,522
Less: current portion	2,014,347,772	2,271,695,699
	$9,109,961,919	**7,643,002,823**

Note: Asia Commercial Bank Corporation Limited joined Fuhwa Financial Holding Company Limited and changed its name to Fuhwa Commercial Bank Corporation Limited in 2002.

For the nine-month periods ended September 30, 2003 and 2002, the related interest rates for the above long-term borrowings ranged from 0.8436% to 6.215% and from 0.8690% to 7.10%, respectively.

The Company entered into syndicated loan agreements with banks for the construction of its plants. The Company's land, buildings and machinery were pledged as collateral against the borrowings (please refer to note 15). The Company was restricted to maintaining its debt-equity ratio at 200% and times interest earned at 2 as specified in the agreements.

As of September 30, 2003, long-term borrowings due in the next 5 years and thereafter are as follows:

Maturity Period	Amount
October 1,2003~September 30, 2004	$ 2,014,347,772
October 1,2004~September 30, 2005	3,842,626,054
October 1,2005~September 30, 2006	3,345,193,007
October 1,2006~September 30, 2007	978,095,238
October 1,2007~September 30, 2008	944,047,620
	$11,124,309,691

(10) STOCKHOLDERS' EQUITY

(a) Common stock and capital increase

On June 19, 2003, the Company's stockholders' meeting resolved to transfer $460,410,270 of capital surplus to common stock by issuing 46,041,027 shares of common stock. As of September 30, 2003, the stock issuance was authorised by but not registered with the government authority and was recorded as stock dividends to be distributed.

As of September 30, 2003 and 2002, the authorised common stock amounted to $17,847,009,180 and the issued common stock amounted to $15,347,009,180, at $10 par value.

(b) Capital surplus

As of September 30, 2003 and 2002, the components of capital surplus were as follows:

	2003	2002
Premium on stock	$ 32,480,403	492,890,673
Assets reappraisals	302,829,978	302,829,978
Gain on disposal of property, plant and equipment	—	25,390,914
Additional paid-in capital—bond conversion	28,767,123	28,767,123
Adjustments from long-term equity investments	85,263,177	85,263,177
Income from donations received	818,570	818,570
	$450,159,251	**935,960,435**

Under the ROC Company Law, a company may, after it has used capital surplus to offset its deficit, convert a part or the whole of capital surplus representing premium on stock issuance and donated surplus into capital stock. According to the ROC Securities and Futures Exchange Commissions (SFC) directives, capital surplus converted into capital may not exceed 10% the Company's issued share capital annually.

On June 19, 2003, the Company's stockholders' meeting resolved to transfer capital surplus from gain on disposal of property, plant and equipment amounting to $25,391 thousand to unappropriated earnings, and then retain 10% of unappropriated earnings as legal reserve.

(c) Legal reserve

The ROC Company Law stipulates that a company must retain 10% of its annual earnings until such retention equals the amount of authorised share capital. The purpose of the legal reserve is to offset the prior year's deficit. The legal reserve cannot be distributed in cash but can be converted to share capital upon approval at a shareholders' meeting when it reaches an amount equal to one-half of issued share capital. The amount to be converted to share capital may not exceed one-half of the reserve.

(d) Special reserve

According to ROC SFC regulations, a ROC publicly listed company should retain a special reserve equal to any deductions made to stockholders' equity before distribution of earnings, which were generated after 1998. If the aforementioned deduction from stockholders' equity is reversed, the same amount could be removed from special reserve and transferred to retained earnings.

The Company's stockholders' meeting in 2001 resolved to retain an equal amount of cumulative translation adjustments as special reserve. The reserve amounted to $22,240,345.

On June 19, 2003, the Company's stockholders' meeting resolved to retain an equal amount of total cumulative translation adjustments and net loss not recognised as pension cost incurred in 2002 and 2001 as special reserve. The reserve amounted to $120,256,956.

(e) Earnings distribution

According to the Company's articles of incorporation, the balance of income, after offsetting accumulated deficit, if any, must be set aside as legal reserve at 10% of such balance; the remainder, if any, should be appropriated in the following proportion:

(i) 2% as remuneration to directors and supervisors;
(ii) at least 0.2% as bonuses to employees; and
(iii) the remainder as dividends to shareholders to be determined by the annual stockholders' general meeting; but the dividends should be distributed in the following proportion: 50% as cash dividend and 50% as stock dividend.

(11) INCOME TAX

The components of income tax expense for the nine-month periods ended September 30, 2003 and 2002, were as follows:

	2003	2002
Current income tax expense	$ 120,541,724	56,339,879
10% surtax on unappropriated earnings	11,451,276	26,230,121
Deferred income tax expense (benefit)	9,900,000	(10,626,000)
Understated (overstated) income tax in previous years	1,298,977	(6,239,464)
Other	283,968	285,192
Income tax expense	**$143,475,945**	**65,989,728**

The differences between the "expected" income tax expense based on the statutory income tax rate and "effective" income tax expense for the nine-month periods ended September 30, 2003 and 2002, are summarised as follows:

	2003	2002
"Expected" income tax expense	$ 140,537,234	19,268,134
Equity in investees' loss (gain)	(8,784,080)	30,521,205
10% surtax on unappropriated earnings	11,451,276	26,230,121
Understated (overstated) income tax in previous years	1,298,977	(6,239,464)
Other	(1,027,462)	(3,790,268)
Effective income tax expenses	**$143,475,945**	**65,989,728**

The components of deferred income tax expense (benefit) for the nine-month periods ended September 30, 2003 and 2002, are summarised as follows:

	2003	2002
Realised (unrealised) gain on inter-affiliate accounts	$ (5,987,866)	4,423,643
Equity in investees' gain	(367,981)	(38,944)
Changes in unrealised foreign exchange loss and gain	18,765,680	(12,734,845)
Pension expenses—difference between financial reporting and tax purposes	(2,726,826)	(5,390,442)
Bad debts in excess of tax limit	(350,886)	3,114,037
Other	567,879	551
	$9,900,000	**(10,626,000)**

As of September 30, 2003 and 2002, deferred income tax assets and liabilities were stated as follows:

	2003	2002
Current:		
Deferred income tax assets	$ 21,829,000	25,714,000
Deferred income tax liabilities	2,064,000	8,374,000
Deferred income tax assets, net (included in prepayments and other current assets)	**$19,765,000**	**17,340,000**
Non-current:		
Deferred income tax assets	$ 36,955,000	32,953,000
Deferred income tax liabilities	46,000	—
Deferred income tax assets, net (included in other assets)	**$36,909,000**	**32,953,000**
Total deferred income tax assets	**$58,784,000**	**58,667,000**
Total deferred income tax liabilities	**$ 2,110,000**	**8,374,000**

As of September 30, 2003 and 2002, the temporary differences and tax effects relating to deferred income tax assets (liabilities) were as follows:

	2003		2002	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets:				
Unrealised gain on inter-affiliate accounts	$118,351,465	29,587,866	133,053,284	33,263,321
Unrealised foreign exchange loss	44,300,622	11,075,156	46,352,382	11,588,096
Pension expense	67,902,305	16,975,576	49,792,767	12,448,192
Bad debts in excess of tax limit	1,403,543	350,886	—	—
Other	3,178,776	794,516	5,470,000	1,367,391
		$58,784,000		**58,667,000**
Deferred income tax liabilities:				
Unrealised foreign exchange gain	$ 2,451,924	612,981	27,998,000	6,999,500
Equity in investees' gain	5,988,579	1,497,019	5,496,578	1,374,500
		$ 2,110,00		**8,374,000**

As of September 30, 2003 and 2002, income tax payables amounted to $84,195,117 and $60,034,142, respectively, and were included in accrued expense in the accompanying financial statements.

The Company's income tax returns have been examined and assessed by the tax authorities through 2000.

As of September 30, 2003 and 2002, the balance of the Company's imputation credit account, as required by the ROC Income Tax Law, amounted to $178,925,165 and $88,478,422, respectively. The Company expects that the creditable ratio for the distribution of its 2002 earnings for the Company's stockholders who are residents of the ROC will be 33.84%. The actual creditable ratio for 2001 earnings appropriation was 0%.

Unappropriated earnings as of September 30, 2003 and 2002 are summarised below:

	2003	2002
	(expressed in thousands of New Taiwan dollars)	
Earnings for years prior to 1997	$ 17,611	—
Earnings for 1998 and thereafter	450,772	11,123
	$468,383	**11,123**

(12) EARNINGS PER SHARE

	2003				
	Amount		Shares	Earnings per Share	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
	(expressed in thousands of New Taiwan dollars/shares, except earnings per share, which are expressed in New Taiwan dollars)				
Net income	$ 562,189	418,713			
Basic earnings per share:					
Net income applicable to common stockholders	562,189	418,713	1,534,701	$0.37	0.27
Dilutive effect of potential common stock:					
Unsecured convertible bonds	—(Note)	—(Note)	—(Note)		
Diluted earnings per common share:					
Net income applicable to common stockholders	562,189	418,713	1,534,701	$0.37	0.27

	2002				
	Amount		Shares	Earnings per Share	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
Net income	$ 77,113	11,123			
Basic earnings per share:					
Net income applicable to common stockholders	77,113	11,123	1,534,701	$0.05	0.01
Dilutive effect of potential common stock:					
Unsecured convertible bonds	—(Note)	—(Note)	—(Note)		
Diluted earnings per common share:					
Net income applicable to common stockholders	77,113	11,123	1,534,701	$0.05	0.01

Note: The Company repurchased the convertible bonds on April 4, 2002. As of September 30, 2003 and 2002, the number of the potential common shares was nil. For the nine-month period ended September 30, 2002, the anti-dilutive effect is minor if the weighted-average number of outstanding shares of common stock includes the potential common shares before the repurchase to recalculate the earnings per common share. The aforementioned potential common shares were excluded from the calculation.

On June 19, 2003, the Company's stockholders' meeting resolved to transfer $460,410,270 of capital surplus to common stock by issuing 46,041,027 shares of common stock. The Company's board meeting resolved November 11, 2003, as the measurement date. Had the aforementioned stock dividends been included in calculating the weighted-average number of outstanding

shares of common stock, the basic earnings per share after income tax would be $0.26 and $0.01 for the nine-month periods ended September 30, 2003 and 2002, respectively.

(13) FINANCIAL INSTRUMENTS

(a) Derivative financial instruments

(i) Contract amount or notional principal and credit risk as of September 30, 2003 and 2002 were as follows:

	2003		2002	
Derivative financial instruments	Contract amount (Notional principal amount)	Credit risk	Contract amount (Notional principal amount)	Credit risk
Advance Purchase Forward Foreign Exchange Contracts—USD	$ —	$ —	USD2,000,000	—
Advance Purchase Forward Foreign Exchange Contracts—JPY/USD	JPY110,000,000	2,641,000	—	—
Advance Booking Forward Foreign Exchange Contracts—USD	USD224,300,000	64,409,000	USD32,000,000	—
Advance Booking Forward Foreign Exchange Contracts—JPY/USD	—	—	JPY860,000,000	—
Foreign Currency Option—USD/NTD	USD10,700,000	—	USD91,860,000	47,352,000
Foreign Currency Option—USD/JPY	USD19,000,000	—	USD79,000,000	—
Foreign Currency Option—JPY/USD	JPY220,000,000	—	JPY1,810,000,000	3,471,000
Currency Swap Contracts—USD/NTD	USD122,040,000/ NTD4,186,678,700	—	USD248,890,000/ NTD8,570,663,030	10,052,000
Currency Swap Contracts—JPY/USD	JPY179,640,000/ USD1,533,419	—	JPY1,193,000,000/ USD9,360,802	—

The credit risk stated above represents the ultimate loss from the Currency Swap Contracts if settled at the balance sheet date and defaulted on by the counterparts. However, as the counterparts are banks with good credit ratings, the credit risk is minimal.

(ii) Market risk

The main purpose of holding derivative financial instruments is to hedge loss. Gain or loss resulting from fluctuation of interest or exchange rates will be offset by the gain or loss incurred from the hedged items. Accordingly, market risk is immaterial.

(iii) Liquidity risk, cash flow risk, and amount, timing and uncertainty of future cash demand

As of September 30, 2003, the Company estimated that before November 17, 2003, the above Advance Purchase Forward Foreign Exchange Contracts will generate cash inflows of JPY110,000 thousand and cash outflows of US$918 thousand. Before September 22, 2004, the Advance Booking Forward Foreign Exchange Contracts will generate cash inflows of $7,634,534 thousand and cash outflows of US$224,300 thousand.

The Company also estimated that before March 5, 2005, the Currency Swap Contract will generate cash inflows of US$63,873 thousand and cash outflows of JPY179,640 thousand and $2,170,596 thousand.

For the nine-month period ended September 30, 2003, the above Advance Purchase Forward Foreign Exchange Contracts generated cash inflows of US$2,000 thousand and cash outflows of JPY245,240 thousand before January 23, 2003, the Advance Booking Forward Foreign Exchange Contracts generated cash inflows of $1,082,592 thousand and cash outflows of JPY860,000 thousand and US$24,975 thousand before September 5, 2003, and the Currency Swap Contract generated cash inflows of US$171,711 thousand and cash outflows of JPY1,193,000 thousand and $5,607,662 thousand before September 26, 2003. The Company estimated that it will generate cash inflows of US$60,000 thousand and cash outflows of $2,064,570 thousand before March 5, 2005.

As the Company has sufficient working capital, the liquidity risk is low. And due to the certainty of the exchange rate under the Currency Swap Contract, the cash flow risk in minimal.

The Company recognised the premium of the receipts (payments) in non-operating income and expense from sale and purchase of Foreign Currency Option transactions. The option exercise price is based on the current market value at the fixed cost, and the holding (issuing) period is matched by the Company's future cash flow, when as the contract is due. The market risk of the foreign exchange fluctuation, and impact on the Company's operation is insignificant.

(iv) Type of derivative financial instruments, the objectives of holding derivative financial instruments, and the strategy for achieving the objectives.

The derivative financial instruments held by the Company are not for trading purpose. The Company engages in Forward Foreign Exchange Contract, Foreign Currency Option and Currency Swap Contract in order to hedge the risks of the assets, liabilities and commitments denominated in foreign currencies resulted from fluctuation of exchange rates. The strategy for achieving the objective is to hedge most of the market risk. The hedging instruments are derivative financial instruments with inverse relationship with the market value of the hedged positions, and are evaluated periodically.

(v) Presentation of derivative financial instruments on the financial statements

	Premium or Net Receipts (Payments) on Forward Foreign Exchange			
	2003		2002	
Derivative financial instruments				
Advance Purchase Forward Foreign Exchange Contracts—USD	$ —		(1,402,000)	(Note 2)
Advance Purchase Forward Foreign Exchange Contracts—JPY/USD	2,641,000	(Note 1)	—	
Advance Booking Forward Foreign Exchange Contracts—USD	64,409,00	(Note 1)	(37,088,000)	(Note 2)
Advance Booking Forward Foreign Exchange Contracts—JPY/USD	—		(2,215,000)	(Note 2)
Foreign Currency Option—USD/NTD	(3,000)	(Note 1)	47,352,000	(Note 2)
Foreign Currency Option—USD/JPY	(11,776,000)	(Note 1)	(52,089,000)	(Note 2)
Foreign Currency Option—JPY/USD	(1,373,000)	(Note 1)	3,471,000	(Note 2)
Currency Swap Contracts—USD/NTD	(93,150,000)	(Note 1)	10,052,000	(Note 2)
Currency Swap Contracts—JPY/USD	(3,145,000)	(Note 1)	(10,466,000)	(Note 2)

Note 1: The net receipts on the above derivative financial instruments of $42,397 thousand are recorded as other current liabilities of $17,397 thousand and as other liabilities of $25,000 thousand, respectively. Unamortised discount of $39,293 thousand on the Advance Purchase/Booking Forward Foreign Exchange Contract is recorded as prepayments and other current assets. Unamortised premium of $1,776 thousand on the Advance Purchase/Booking Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange gain of $2,191 thousand is recorded as a deduction from non-operating expense—foreign exchange loss.

Note 2: The net receipts on the above derivative financial instruments of $42,397 thousand are recorded as other current liabilities of $37,785 thousand and as other liabilities of $4,600 thousand, respectively. Unamortised discount of $2,628 thousand on the Advance Purchase/Booking Forward Foreign Exchange Contract is recorded as prepayments and other current assets. Unamortised premium of $7,363 thousand on the Advance Purchase/Booking Forward Foreign Exchange Contract is recorded as other current liabilities, and the exchange loss of $48,144 thousand is recorded as non-operating expense.

(b) Fair value of financial instruments as of September 30, 2003 and 2002 was as follows:

	2003		2002	
	Book value	Fair value	Book value	Fair value
	(expressed in thousands of New Taiwan dollars)			
Derivative financial instruments:				
Advance Purchase/Booking Forward Foreign Exchange Contract	$ 67,050	67,050	(40,705)	(40,705)
Foreign Currency Option	(13,152)	(13,152)	(1,266)	(1,266)
Currency Swap Contract	(96,295)	(96,295)	(414)	(414)
Non-derivative financial instruments:				
Financial assets:				
Financial assets with the same fair and book value	1,734,689	1,734,689	3,234,340	3,234,340
Long-term investments	990,023	—	961,141	—
Other financial asset—noncurrent	766,911	766,911	667,504	667,504
Financial liabilities:				
Financial liabilities with the same fair and book value	5,540,552	5,540,552	8,567,174	8,567,174
Bonds payable	—	—	500,000	500,000
Long-term borrowings	9,109,962	9,109,962	7,643,003	7,643,003
Long-term investment credit	663,209	—	896,480	—
Off-balance-sheet financial instruments:				
Guarantee obligations/Letters of credit	—	4,108,588	—	7,435,417

The methods and assumptions used to estimate the fair value of financial instruments are summarised as follows:

(i) The fair values of derivative financial instruments are estimated based on the amount the Company may receive or pay assuming that the contracts are settled at the balance sheet date. Generally, it includes the current unrealised gain from open contracts. Most of the derivative financial instruments have price quote by financial institutions.

(ii) Financial assets /liabilities with the same fair and book value:

The due dates of short-term financial instruments are near the balance sheet date. Accordingly, the fair values of short-term financial instruments are estimated based on the book value at the balance sheet date which include the accounts of cash and cash equivalents, other financial assets—current (other receivables), notes and accounts receivable, short-term borrowings, notes and accounts payable, payable on commercial paper, accrued expenses and the current portion of long-term liabilities.

(iii) Long-term investments: Including long-term equity investments, long-term investments credit, long-term investments in bonds and other long-term investments.

a. Long-term equity investments and long-term equity investments credit: Long-term equity investments in the accompanying financial statements consist of non-listed common stocks whose quoted market price is not available. Related original costs, percentage of ownership and the book value please refer to note 4.

To get information concerning the investees of long-term equity investments accounted for under cost method is difficult because the Company owns less than 20% of the investee's voting shares.

Information concerning the investees of long-term equity investments accounted for under equity method is summarised as follows:

	2003			
	Total assets	Total stockholders' equity	Net sales	Net income
	(expressed in thousands of New Taiwan dollars)			
Cayman Ton Yi Industrial Holdings, Ltd.	$3,532,077	(663,209)	3,224,720	32,900
Tovecan Factory Corporation Ltd.	170,496	159,272	76,300	8,684
Tung-On Enterprise Co., Ltd.	906,938	43,721	4,663,935	5,592
Western Samoa New Dawn Enterprises Ltd.	6,594	6,594	—	—

	2002			
	Total assets	Total stockholders' equity	Net sales	Net income (loss)
	(expressed in thousands of New Taiwan dollars)			
Cayman Ton Yi Industrial Holdings, Ltd.	$5,998,720	(896,480)	2,764,312	(122,859)
Tovecan Factory Corporation Ltd.	167,561	163,861	88,329	10,951
Tung-On Enterprise Co., Ltd.	753,422	35,077	4,166,245	2,062
Western Samoa New Dawn Enterprises Ltd.	6,826	6,826	—	184

b. Long-term investments in bonds: Long-term investments in bonds in the accompanying financial statements are non-publicly traded and their quoted market price are not available. The book values of long-term investments in bonds please refer to note 4.

c. Other long-term investments: Other long-term investments in the accompanying financial statements are non-publicly traded and their quoted

market price are not available. The book values of other long-term investments please refer to note 4.

(iv) Other financial assets—noncurrent: Including guarantee deposits paid and long-term receivable.

a. Guarantee deposits paid: Due to the uncertainty of its return date, it is difficult to estimate its fair value by discounting the future cash flow; the fair value of guarantee deposit paid for operating approximates its book value.

b. Long-term receivables: The receivable agreement was made to avoid significant exchange gain or loss of long term Japanese Yen borrowings. Long-term receivables were calculated by the exchange rate on long-term borrowings repayment date and balance sheet date. The fair value of receivables approximate to the book value.

(v) Bonds payable: The fair value is based on the market price. If there is no market price, the Company estimates it as the carrying amount.

(vi) Fair value of long-term borrowings is determined based on the estimated present value of future cash flows using the interest rates of similar long-term debt instruments that the Company is able to obtain as the discount rate. Fair value of long-term borrowings is carrying value because floating interest rates are applied.

(vii) Letters of credit: The fair value of letters of credit is determined by the contract amount.

(c) Financial instruments with off-balance-sheet credit risk

(i) Guarantee obligations: As of September 30, 2003 and 2002, the Company's guaranteed obligations of its subsidiaries were US$98,120,000 and US$200,460,000, respectively. These guarantees stand for an off-balance-sheet credit risk due to its relation to its financing and operating activities.

Credit risk represents the accounting loss that would be recognised at the reporting date if the counter parties fail to perform and the value of pledged assets or other collaterals significantly impaired. The credit risk of the Company equals to the obligations contract amount if the guarantees fail to repay their obligations. The Company did not ask for collaterals as guarantor for its subsidiaries.

(ii) Letters of credit: As of September 30, 2003 and 2002, the Company's outstanding letters of credit for purchase of raw materials and machinery amounted to $792,132 thousand and $421,321 thousand, respectively. Because terms of most of those letters of credit are limited to six months, their fair value equals the contract amount.

(d) Information on concentrations of credit risk

The Company's accounts receivable are the main source of potential concentration of credit risk. However, the Company has no concentration of credit risk from any individual customer. In addition, the Company has regularly evaluated customers' financial condition in order to grant related credit terms.

(14) TRANSACTIONS WITH RELATED PARTIES

(a) Name and relationship

Name of related parties	Relationship
Uni-President Enterprises Corp. (Uni-President)	Major shareholder of the Company and whose vice-chairman is the Company's chairman.
Teh Hsing Transportation & Customs Broker Co., Ltd. (Teh Hsing Transportation)	Whose chairman is the Company's supervisor
China Development Industrial Bank	A director
Toyota Tsusho Corp.	A director
Tovecan Factory Corporation Ltd. (Tovecan)	Investee accounted for under the equity method
Cayman Ton Yi Industrial Holdings Ltd. (Cayman Ton Yi)	Subsidiary company of the Company
Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company indirectly owned by the Company
Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by the Company
Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by the Company
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Subsidiary company indirectly owned by the Company
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Subsidiary company indirectly owned by the Company

(b) Significant transactions

(i) Sales and accounts receivable

Sales to related parties for the nine-month periods ended September 30, 2003 and 2002, are summarised as follows:

	2003		2002	
	Amount	Percentage of net sales	Amount	Percentage of net sales
Cayman Ton Yi	$ 3,315,079,339	26	2,712,314,403	27
Other (less than 10%)	373,748,948	3	415,894,215	4
	$3,688,828,287	**29**	**3,128,208,618**	**31**

The above selling prices were not significantly different from those for other customers.

The sales to Hong Kong Ton Yi Industrial Holdings Ltd. and Cayman Ton Yi mentioned above were resold to the Company's mainland subsidiaries.

The related accounts receivable resulting from the above sales as of September 30, 2003 and 2002, were as follows:

	2003		2002	
	Amount	Percentage of accounts and notes receivable	Amount	Percentage of accounts and notes receivable
Cayman Ton Yi	$ 1,030,302,130	64	1,763,491,606	67
Other (less than 10%)—less allowance for doubtful accounts of $810,357 in 2003 and $774,854 in 2002	61,815,352	4	117,627,710	4
	$1,092,117,482	**68**	**1,881,119,316**	**71**

For the nine-month periods ended September 30, 2003 and 2002, the credit terms granted to third parties were 13 and 25 days, respectively. Except the receivables from mainland, the average credit terms granted to the related parties were 38 days and 43 days for the nine-month periods ended September 30, 2003 and 2002, respectively. The credit term of receivables from mainland is longer than the average due to the uncertainty on remittance.

(ii) Other

As of September 30, 2003 and 2002, the Company's unrealised gain on inter-affiliate accounts of sale of raw materials and supplies to Tovecan amounted to $85,911,967 and $90,054,000, respectively, and were recorded as other current liabilities. As of September 30, 2003 and 2002, the Company's unrealised gain on inter-affiliate accounts of sales of machinery and equipment to Tovecan amounted to $32,439,498 and $42,999,284, respectively, and were recorded as other liabilities.

(iii) Purchases

Purchases from related parties for the nine-month periods ended September 30, 2003 and 2002, are summarised as follows:

	2003		2002	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Toyota Tsusho Corp.	$ 1,584,902,700	16	603,704,599	9
Other (less than 10%)	20,779,633	—	17,850,366	1
	$1,605,682,333	**16**	**621,554,965**	**10**

The purchase price from related parties and third parties was equivalent. The Company pays for accounts of purchase from Toyota Tsusho Corp. by letters of credit of 180 days.

(iv) For the nine-month periods ended September 30, 2003 and 2002, the Company requested Teh Hsing Transportation to provide import/export services, and such expenses amounted to $6,061,993 and $6,542,034, respectively, and were recorded as cost of goods sold and selling expenses.

(v) The delegate of director from Uni-President was guarantee for the borrowings of the Company oneself, and the Company paid monthly guaranty fees of 0.2% of the ending balances of borrowings. For the nine-month periods ended September 30, 2003 and 2002, such expenses amounted to $7,800,000 and $5,850,000, respectively, and were recorded as administrative and general expenses.

(vi) As of September 30, 2003 and 2002, payables to related parties resulting from the above purchases, guaranty fees, and import/export service expenses, were as follows:

	2003		2002	
	Amount	Percentage	Amount	Percentage
Notes and accounts payable:				
Toyota Tsusho Corp.	$ 52,593,138	14	70,522,183	15
Teh Hsing Transportation	3,999,821	1	—	—
Other (less than 5%)	4,184,911	1	15,530,283	3
	$60,777,870	**16**	**86,052,466**	**18**
The balances recorded as:				
Notes payable	$ 2,688,061	1	3,556,551	1
Accounts payable	58,089,809	15	82,495,915	17
	$60,777,870	**16**	**86,052,466**	**18**
Accrued expenses:				
Uni-President	**$ 7,800,000**	**2**	**5,850,000**	**2**

(vii) As of September 30, 2003 and 2002, the prepayments resulting from the Company's requesting Teh Hsing Transportation to provide import/export services amounted to $1,733,000 and $11,775,614, respectively, and were recorded as prepayments and other current assets.

(viii) Financing

a. For the Company's long-term borrowings from China Development Industrial Bank for the nine-month periods ended September 30, 2003 and 2002 please refer to note 9.

b. As of September 30, 2003 and 2002, the Company's receivables from advance payments for its mainland subsidiaries amounted to $0 and $83,774,394, respectively. These advance payments were recorded as other financial assets—noncurrent—long-term receivables.

c. Financing activities with related parties for the nine-month periods ended September 30, 2003 and 2002, are summarised as follows:

	2003			2002		
	Maximum balance			Maximum balance		
	Date	Balance	Ending balance	Date	Balance	Ending balance
Cayman Ton Yi	**2003.5**	**$835,914,692**	**77,418,675**	**2002.6**	**$883,234,293**	**528,626,910**

As of September 30, 2003 and 2002, the receivables from related parties were recorded as other financial assets—current. In considering the related parties were wholly owned by it, the Company did not ask for collaterals or interest payments form the related parties.

(ix) Guaranty

a. As of September 30, 2003 and 2002, the Company provided a guaranty on the borrowings of Cayman Ton Yi and Mainland China subsidiaries amounting to US$98,120,000 and US$200,460,000, respectively.

b. The Company guaranteed for Cayman Ton Yi for its syndicated loan agreements with banks. The Company was restricted to maintaining its debt-equity ratio at 200%, times interest earned at 2 as specified in the agreements, tangible assets deduct liabilities should be greater than $12,000,000,000 and the ratio of total liabilities plus guarantees for its subsidiaries over the tangible assets should be no more than 260%.

c. As of September 30, 2003 and 2002, the delegate of director provided a guaranty on the borrowings of the Company amounting to $7,878,195 thousand and $6,894,344 thousand, respectively.

(15) ASSETS PLEDGED

As of September 30, 2003 and 2002, the book values of assets pledged as collateral for short-term and long-term borrowings and for customs duty guaranty were as follows:

Assets Pledged	Subject of Pledge	2003	2002
Land (including the revaluation increment)	Long-term borrowings	$ 676,403,467	676,403,467
Building and structures, net	Long-term borrowings	391,106,566	404,641,241
Machinery and equipment, net	Long-term borrowings	16,614,748,238	17,493,668,745
		$17,682,258,271	**18,574,713,453**

(16) COMMITMENTS AND CONTINGENT LIABILITIES

(a) Letters of credit

As of September 30, 2003 and 2002, the Company's letters of credit for purchase of raw materials and equipment were $792,132 thousand and $421,321 thousand, respectively, without guarantee deposit.

(b) The Company has entered into land lease agreements with Taisugar Co., Ltd. for the plants. The agreements are effective from July 1, 1993, through June 30, 2043, and from March 10, 1998, through March 9, 2048, respectively. Related rental fees were 10% of the annual land value. Additionally, the Company has to pay royalty of two to four times the annual rental fees every twenty years, and the royalty are amortised over twenty years using the straight-line method. As of September 30, 2003 and 2002, the unamortised royalty amounted to $25,167,091 and $27,519,475, respectively, and was recorded as other assets.

(c) As of September 30, 2003 and 2002, the amount of guaranty provided by banks for customs duties on account were $15,693 thousand and $15,608 thousand, respectively.

(d) In consideration of significant exchange gain or loss on a long-term Japanese Yen loan of the Company for the machinery and equipment purchased from a Japanese company, both parties agreed that the seller is to pay to the Company the difference between amount of the loan converted into New Taiwan dollars based on actual exchange rate and the rate specified within $0.2250 to $0.2570. As of September 30, 2003 and 2002, the seller's payable to the Company for the excess of exchange loss amounted to $761,570,440 and $579,364,213, respectively, and was recorded as other financial assets—noncurrent.

(17) OTHER

For the nine-month periods ended September 30, 2003 and 2002, the employment expenses, depreciation and amortisation are summarised by function as follows:

	2003			
By function / By nature	Cost of goods sold	Operating expense	Non-operating expense	Total
Employment expenses				
Salary and wages	$330,887,906	99,727,171	—	430,615,077
Insurance expense	26,517,457	6,923,050	—	33,440,507
Pension expense	24,824,122	7,897,789	—	32,721,911
Other	11,542,807	3,551,185	—	15,093,992
Depreciation	997,633,873	9,057,668	1,609,301	1,008,300,842
Amortisation	33,125,349	2,477,334	—	35,602,683

	2002			
By function / By nature	Cost of goods sold	Operating expense	Non-operating expense	Total
Employment expenses				
Salary and wages	$ 308,933,519	92,810,666	—	401,744,185
Insurance expense	24,972,613	6,939,685	—	31,912,298
Pension expense	19,857,843	7,211,557	—	27,069,400
Other	13,927,264	3,692,665	—	17,619,929
Depreciation	1,004,864,011	10,346,792	1,521,285	1,016,732,088
Amortisation	32,544,406	—	—	32,544,406

(18) Additional Disclosures Information

1. Significant Transactions Information (For the nine-month period ended September 30, 2003)

(i) Financing activities with any one company or person:

Number	Name	Name of counter party	Account	Maximum balance during 2003	Balance at September 30, 2003	Interest rate	Nature of Financing activity	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note)	Maximum amount available for loan (Note)
											Item	Value		
0	The Company	Cayman Ton Yi	Other financial assets—current	$835,914,692	$77,418,675	—	Trading partner	$ 3,315,079,339 (sales)	—	$—	—	$—	$4,244,558,080	$8,489,116,160

Note: The maximum amount available for loan of the Company is 50% of its net worth, while the maximum amount for any one entity is 25%.

(ii) The Company provided the following endorsement and guarantee to third parties:

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 1)	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement (Note 1)
		Name of endorsers	Relationship with the Company						
0	The Company	Cayman Ton Yi	Majority owned subsidiary	$11,884,762,624	US$ 153,683,000 (Note 2)	US$ 71,170,000 (Note 2)	—	14.17%	$11,884,762,624
0	The Company	Jiangsu Ton Yi Tinplate Co., Ltd.	Majority owned subsidiary	11,884,762,624	15,000,000	8,000,000	—	1.59%	11,884,762,624
0	The Company	Fujian Ton Yi Tinplate Co., Ltd.	Majority owned subsidiary	11,884,762,624	12,526,000	7,000,000	—	1.39%	11,884,762,624
0	The Company	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,884,762,624	4,000,000	2,000,000	—	0.40%	11,884,762,624
0	The Company	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Majority owned subsidiary	11,884,762,624	16,200,000	9,950,000	—	1.98%	11,884,762,624

Note 1: The total amount of transactions of endorsement equal to 70% of net worth for the Company and the limit of transactions of endorsement for any single entity is 70% of its net worth.
Note 2: US$18,542,500 of the amount was guaranteed by the Company for Cayman Ton Yi and Cayman Ton Yi guaranteed the equal amount for its mainland subsidiaries on their bank borrowings.

(iii) The ending balance of securities held as of September 30, 2003 were summarised as follows:

Investors	Type of securities	Name of securities	Relationship with the issuer	General ledger accounts	Number of shares	Book value	Percentage of ownership	Market value	Note
The Company	Stock	Sino-Aerospace Investment Corp.	Third party	Long-term investments—accounted for under the cost method	21,000,000	$210,000,000	8.19%	No market value is available	—
The Company	Stock	Global Securities Finance Corp.	Third party	Long-term investments—accounted for under the cost method	13,141,531	115,664,200	1.75%	No market value is available	—
The Company	Stock	CDIB High-Tech. Investment Inc.	Third party	Long-term investments—accounted for under the cost method	1,800,000	18,000,000	2.11%	No market value is available	—
The Company	Stock	President International Investment Corp.	Whose institutional shareholders are the same as the Company	Long-term investments—accounted for under the cost method	50,000,000	500,000,000	3.33%	No market value is available	—
The Company	Stock	Grand Bills Finance Corp.	Whose vice-chairman is the same as the Company's chairman	Long-term investments—accounted for under the cost method	108,160	1,050,000	0.02%	No market value is available	—
The Company	Stock	Cayman Ton Yi Industrial Holdings Ltd.	Subsidiary company of the Company	Long-term investments—accounted for under the equity method	4,001,000	(663,209,302)	100.00%	$(165.76)	Note 1
The Company	Stock	Tung-On Enterprise Co., Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	1,200,000	17,486,446	40.00%	14.57	Note 1
The Company	Stock	Western Samoa New Dawn Enterprises Ltd.	Investee accounted for by equity method	Long-term investments—accounted for under the equity method	190,000	6,593,618	100.00%	34.70	Note 1
The Company	Secondary financial bonds	Overseas-Chinese Bank	Third party	Long-term investments in bonds	—	10,000,000	—	No market value is available	—
The Company	Secondary collateralised loan obligation securities	Credit Lyonnais	Third party	Other long-term investments	—	30,000,000	—	No market value is available	—

Note 1: The market price stands for the net worth as of September 30, 2003.

(iv) The cumulative buying or selling amount of one specific security exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None.

(v) Acquisition of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vi) Disposal of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vii) Purchase or sales transactions with related parties' exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable (payable)		
Purchases/ sales company	Name of the counter parties	Relationship with the Company	Purchases/ sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable / payable	Note
The Company . . .	Toyota Tsusho Corp.	Director of the Company	Purchases	$1,584,902,700	16%	The same as regular	—	—	$(52,593,138)	14%	—
The Company . . .	Cayman Ton Yi	Subsidiary company of the Company	Sales	3,315,079,339	26%	Note 1	—	—	1,030,302,130	64%	—
The Company . . .	TTET Union Corp.	Whose institutional shareholders are the same as the Company	Sales	193,201,888	2%	Note 2	—	—	26,950,981	2%	—
The Company . . .	Uni-President	Whose vice-chairman is the same as the Company's chairman	Sales	103,725,245	1%	Note 2	—	—	16,731,251	1%	—

Note 1: The sales to Cayman Ton Yi were resold to the Company's mainland subsidiaries. The credit term of receivables from mainland is longer than the average due to the uncertainty on remittance.
Note 2: The average credit terms granted to the related parties were 38 days.

(viii) Receivables from related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

			Ending balance			Over-due balance			
The name of the Company	Name of the counter party	Relationship	Accounts	Amounts	Turnover ratio	Amounts	Resolve method	Subsequent collections	Allowance for doubtful accounts
The Company	Cayman Ton Yi	Subsidiary company of the Company	Accounts Receivable	$1,030,302,130	4.34	$—	—	$—	$—
			Other financial assets—current	77,418,675	—	—	—	—	—

(ix) Derivative Financial Instruments Transaction: Please refer to note 13.

2. Related information on investee companies (For the nine-month period ended September 30, 2003)

(i) Relevant information about investees:

Investors	Name of Investees	Address	Main activities	Original investments		The Company / majority owned subsidiary owns			Net income (loss) of investee	Income (loss) recognised by the Company	Note
				Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value			
The Company ..	Cayman Ton Yi Industrial Holdings Ltd.	Grand Cayman Islands	Investing and trading	$1,388,577,600	$1,388,577,600	4,001,000	100.00%	$(663,209,302)	$32,899,515	$32,899,515	Subsidiary
The Company ..	Western Samoa New Dawn Enterprises Ltd.	Western Samoa	Investing and trading	6,566,855	6,566,855	190,000	100.00%	6,593,618	325	325	Subsidiary
The Company ..	Tovecan Factory Corporation Ltd.	Ho Chi Minh City, Vietnam	Manufacturing of can etc.	43,739,967	43,739,967	—	51.00%	81,229,279	8,684,383	4,206,050	Subsidiary
The Company ..	Tung-On Enterprise Co., Ltd.	Yeong Kong , Tainan	Trading	12,000,000	12,000,000	1,200,000	40.00%	17,486,446	5,592,014	2,236,806	Investee accounted for by the equity method

(Amount expressed in US dollars)

Investors	Name of investees	Address	Main activities	Original investments		The Company / majority owned subsidiary owns			Net income (loss) of investee	Income (loss) recognised by the Company	Note
				Current period ending balance	Prior period ending balance	Shares	Percentage of ownership	Book value			
Cayman Ton Yi ...	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Szechwan Province Chengdu City	Manufacturing of cans	US$7,500,000	US$7,500,000	—	100.00%	US$2,194,182	US$(384,865)	US$(384,865)	Indirectly owned subsidiary
Cayman Ton Yi ...	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of cans	6,720,000	6,720,000	—	100.00%	4,742,147	(12,138)	(12,138)	Indirectly owned subsidiary
Cayman Ton Yi ...	Hong Kong Ton Yi Industrial Holdings Ltd.	Hong Kong	Investing	10,000	10,000	—	100.00%	251,552	24,165	24,165	Indirectly owned subsidiary
Cayman Ton Yi ...	Cayman Jiangsu Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	28,127,011	28,127,011	—	87.93%	17,417,264	1,436,108	1,262,770	Indirectly owned subsidiary
Cayman Ton Yi ...	Cayman Fujian Ton Yi Holdings Ltd.	Grand Cayman Islands	Investing	33,993,371	33,993,371	—	88.58%	29,992,534	2,470,182	2,183,649	Indirectly owned subsidiary
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Jiangsu Province Wuxi City	Manufacturing of tinplates	31,216,700	31,216,700	—	82.86%	19,831,441	1,800,354	1,437,422	Indirectly owned subsidiary
Cayman Fujian Ton Yi Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Fujian Province Longhai City	Manufacturing of tinplates	32,668,300	32,668,300	—	83.58%	33,770,688	2,918,331	2,471,436	Indirectly owned subsidiary

(ii) Financing activities with any one company or person:

(Amount expressed in US dollars)

Number	Name	Name of counter party	Account	Maximum balance during 2003	Balance at September 30, 2003	Interest rate	Nature of financing activity (Note 1)	Total transaction volume	Reason for short-term loan	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)
											Item	Value		
1	Cayman Ton Yi	Hong Kong Ton Yi Industrial Holdings Ltd.	Other receivables	US$5,021,468	US$4,988,727	—	2	US$—	Business turn	US$—	—	US$—	NT$4,244,558,080	NT$8,489,116,160
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	3,834,458	—	—	1,2	85,488 (sales)	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
1	Cayman Ton Yi	Cayman Jiangsu Ton Yi Holdings Ltd.	Other receivables	20,234	20,234	—	2	—	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
1	Cayman Ton Yi	Cayman Fujian Ton Yi Holdings Ltd.	Other receivables	25,852	25,852	—	2	—	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
2	Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	2	—	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
3	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	3,833,300	3,833,300	—	1,2	—	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
3	Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	986,370	—	—	1,2	2,037,858 (sales)	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	14,485	1,010	—	1,2	947,829 (sales) 7,011,668 (purchases)	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Other receivables	2,572,469	514	—	1,2	6,189 (sales) 583,718 (purchases)	Business turn	—	—	—	NT$4,244,558,080	NT$8,489,116,160

Note 1: The following nature of code about financing activities with any ones:
1. Trading partner.
2. Short-term financing.

Note 2: The maximum amount available for loan of the Company is 50% of its net worth, while the maximum amount for any one entity is 25%.

(iii) The investee companies provided the following endorsement and guarantee to third parties:

(Amount expressed in US dollars)

Number	Name of endorsers	Endorsee		Endorsement limit for a single entity	The highest balance during the period	The outstanding balance at 9/30/2003	Balance secured by collateral	The ratio of accumulated endorsement amount to net worth of the Company	Maximum amount of endorsement
		Name of endorsees	Relationship with the Company (Note 1)						
1	Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	2	Note 3	US$44,743,000	US$ 7,500,000	—	Note 3	Note 3
1	Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	2	Note 3	36,750,000	—	—	Note 3	Note 3
1	Cayman Ton Yi	Chengdu Ton Yi Industrial Packaging Co., Ltd.	2	Note 3	8,592,500	8,592,500	—	Note 3	Note 3
1	Cayman Ton Yi	Wuxi Ton Yi Industrial Packaging Co., Ltd.	2	Note 3	2,450,000	2,450,000	—	Note 3	Note 3
2	Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	1	NT$11,884,762,624 (Note 2)	47,593,923	47,593,923	—	9.47%	NT$11,884,762,624 (Note 2)
2	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	1	NT$11,884,762,624 (Note 2)	6,556,065	5,604,084	—	1.12%	NT$11,884,762,624 (Note 2)
3	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$11,884,762,624 (Note 2)	36,404,518	36,404,518	—	7.25%	NT$11,884,762,624 (Note 2)
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$11,884,762,624 (Note 2)	12,681,739	12,194,184	—	2.43%	NT$11,884,762,624 (Note 2)
4	Wuxi Ton Yi Industrial Packaging Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	1	NT$11,884,762,624 (Note 2)	4,737,188	2,321,000	—	0.46%	NT$11,884,762,624 (Note 2)
5	Chengdu Ton Yi Industrial Packaging Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	1	NT$11,884,762,624 (Note 2)	8,179,410	7,694,184	—	1.53%	NT$11,884,762,624 (Note 2)

Note 1: The following code represents the relationship with the Company:
1. Trading partner.
2. Majority owned subsidiary.

Note 2: The total amount of transactions of endorsement equal to 70% of net worth for the Company and the limit of transactions of endorsement for any single entity is 70% of its net worth.

Note 3: The endorsements among subsidiaries were guaranteed by the Company. The Company endorsed the obligation for its subsidiaries in comply with its ruling for guarantees and endorsements.

(iv) The ending balance of securities held as of September 30, 2003 was summarised as follows: None

(v) The cumulative buying or selling amount of one specific security exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vi) Acquisition of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(vii) Disposal of real estate with an amount exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital: None

(viii) Purchase or sales transactions with related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

(Amount expressed in US dollars)

			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable (payable)		
Purchases / sales company	Name of the counter parties	Relationship with the Company	Purchases / sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable / payable	Note
Cayman Ton Yi	The Company	Parent company	Purchases	US$96,109,018	100%	—	—	—	US$(30,572,764)	100%	—
Cayman Ton Yi	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	42,640,174	46%	—	—	—	11,317,488	46%	—
Cayman Ton Yi	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Sales	49,042,061	53%	—	—	—	13,090,048	53%	—
Jiangsu Ton Yi Tinplate Co., Ltd. ...	Cayman Ton Yi	Parent company	Purchases	42,640,174	97%	—	—	—	(11,317,488)	81%	—
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi	Parent company	Purchases	49,042,061	98%	—	—	—	(13,090,048)	100%	—

(ix) Receivables from related parties exceeding the lower of $100,000 thousand and 20 percent of the enrolled capital:

(Amount expressed in US dollars)

The name of the Company	Name of the counter party	Relationship	Ending balance		Turnover ratio	Over-due balance		Subsequent collections	Allowance for doubtful accounts
			Accounts	Amounts		Amounts	Resolve method		
Cayman Ton Yi ...	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	US$13,090,048	5.09	US$—	—	US$—	US$—
Cayman Ton Yi ...	Jiangsu Ton Yi Tinplate Co., Ltd.	Subsidiary company of Cayman Ton Yi	Accounts Receivable	11,317,488	2.98	—	—	—	—
Cayman Ton Yi ...	Hong Kong Ton Yi Industrial Holdings Ltd.	Subsidiary company of Cayman Ton Yi	Other Receivables	4,988,727	—	—	—	—	—
Hong Kong Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Subsidiary company indirectly owned by Cayman Ton Yi	Other Receivables	3,833,300	—	—	—	—	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Affiliated company	Other Receivables	3,833,300	—	—	—	—	—

(x) Derivative Financial Instruments Transaction: None

3. Disclosure of Information on Indirect Investments in Mainland China (For the nine-month period ended September 30, 2003)

(i) The basic information of investments in Mainland China

(Amount expressed in US dollars)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (direct or indirect)	Investment gains (losses) (Note 2)	Investment amount as of Sep 30, 2003	Accumulated remittance
					Payment	Remittance					
Chengdu Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	US$7,500,000	Note 1	US$40,010,000	US$—	US$—	US$40,010,000	US$100%	US$(384,865)	US$2,194,182	—
Wuxi Ton Yi Industrial Packaging Co., Ltd.	Manufacturing and sale of tin can	6,720,000	Note 1	40,010,000	—	—	40,010,000	100%	(12,138)	4,742,147	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	40,000,000	Note 1	40,010,000	—	—	40,010,000	72.85%	1,263,925	17,437,786	—
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	43,000,000	Note 1	40,010,000	—	—	40,010,000	74.04%	2,189,198	29,914,075	—

Note 1: Indirect investment in PRC through existing companies located in the third area.
Note 2: The investment gains (losses) were recognised according to the unreviewed financial statements provided by the Company's subsidiaries.

Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	The ceiling amount of investment in Mainland China by MOEA
NT$1,388,577,600	NT$2,563,872,615	NT$4,895,646,464
(USD40,010,000)	(USD75,966,596)	

(ii) Significant Transactions Information

The transaction with the investee in Mainland China: please refer to notes 14 and 18.

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統一企業公司
UNI-PRESIDENT ENTERPRISES CORP.

US$82,659,000

Zero Coupon Exchangeable Bonds due 2008
Exchangeable into common shares of

Ton Yi Industrial Corporation

Deutsche Bank

Chinatrust Commercial Bank, Ltd

Offering Circular

December 4, 2003