CATHAY LIFE INSURANCE CO., LTD. BALANCE SHEETS

(Expressed in thousands of dollars) December 31, 1999, 2000 and 2001

NTS		1999	2000	2001	2001
Current Assers Cash and cash equivalents (Notes 2, 4) \$231,074,479 \$231,300,874 \$17,349,063 \$4,957,101 Notes receivable 176,888,925 21,188,888 19,335,753 \$52,666 Notes receivable 18,781,515 22,138,848 19,335,753 \$52,466 Notes receivable 606,290 606,250 606,200 0 Interest receivable 77,61,345 9,642,703 10,000,400 305,744 Other accounts receivable 712,772 2,315,000 2,007,400 305,744 Other accounts receivable 712,772 2,315,000 2,070,423 9,911 Prepayments 8,850,747 0,069,8216 31,17,360 374,808 Prepayments 18,251,644 161,297,20 334,8466 12,423,917 Exchange Bills Negoritated, Discounted and Loans (Notes 2, 7) 18,367,77 10,698,216 13,17,866 34,855,00 Boht-tear secured loans 28,567,78 109,51 13,41,836 4,955,90 Medium-term secured loans 18,062,00 12,20,41 12,30,97 33,41 <tr< th=""><th></th><th>NT\$</th><th>NT\$</th><th>NT\$</th><th>US\$</th></tr<>		NT\$	NT\$	NT\$	US\$
Cash and cash equivalents (Notes 2, 4) \$231,074,429 \$231,360,874 \$173,490,638 \$4,957,013 Short-term investments (Notes 2, 5) 176,868,925 191,688,839 215,705,693 61,613,66 Notes receivable 18,781,515 221,388,484 19,335,753 552,466 Notes receivable 606,230 606,230 60,620 0 0 Interest receivable 776,1345 9,642,703 10,700,400 305,734 Other accounts receivable 712,372 2,315,000 2,072,423 59,214 Prepayments 88,06,747 10,698,216 13,117,896 378,281 Prepayments 182,314 214,603 378,251 10,807 Premiums paid for others (Note 6) 8,806,747 10,698,216 13,117,896 374,808 Sub-total 444,574,405 468,666,971 434,824,661 12,423,91 Exchange Bills Negotiated, Discounted and Loans (Notes 2, 7) 115,551,641 161,297,250 173,451,836 4,955,80 Sub-total 232,732 256,024,19 23,824,19 2,22,33,24 2,2	Assets				
Short-term investments (Notes 2, 5) 176,888,925 191,889,839 215,705,693 6,163,105 Notes receivable-related parties (Note 18) 80,508 218 23,607 675 Tax refund receivable 606,250 606,250 0 0 0 Interest receivable 77,761,345 9,642,703 10,700,000 305,734 Other accounts receivable 712,372 2,315,060 378,251 10,807 Perpayments 182,314 214,963 378,251 10,807 Permiums paid for others (Note 6) 8,506,747 10,698,216 13,117,896 374,808 Permiums paid for others (Note 6) 8,506,747 10,698,216 13,117,896 374,808 Exchange Bills Negotined, Discounted and Loans (Notes 2,7) 460,606,971 134,824,661 12,207 Policy Joans for life insurers 135,551,644 161,977,250 173,451,836 49,559,08 Short-term secured loans 285,675 10,011 8,744 2,54 Medium-term secured loans 282,577,937 276,029,419 295,735,633 8,49,931 <t< td=""><td>Current Assets</td><td></td><td></td><td></td><td></td></t<>	Current Assets				
Notes receivable 18,781,515 22,138,848 19,335,753 552,466 Notes receivable-related parties (Note 18) 80,098 218 23,007 675 Tax refund receivable 606,250 606,250 0 0 Other accounts receivable 77,61,435 9,642,703 10,700,400 305,734 Other accounts receivable 712,372 23,156,60 20,724,23 59,214 Prepayments 182,314 21,406 20,724,23 59,214 Premiums paid for others (Note 6) 8,506,747 10,698,216 13,117,896 374,808 Exchange Bills Negorisated, Discounted and Loans (Notes 2,7) 468,066,971 434,824,661 12,242,397 Exchange Bills Negorisated, Discounted and Loans (Notes 2,7) 112,612,481 161,297,250 173,451,836 4,955,008 Short-term secured loans 28,675 109,015 8,704 2,534 Medium-term secured loans 232,577,937 276,029,19 295,735,633 8,449,831 Long-term investments and Receivable 222,257,937 276,029,419 295,735,633 8,449,831 <	Cash and cash equivalents (Notes 2, 4)	\$231,074,429	\$231,360,874	\$173,490,638	\$4,957,017
Notes receivable-related parties (Note 18) 80,508 218 23,607 675 Tax refund receivable 606,250 606,250 0 0 0 Interest receivable 77,61,345 9,642,703 10,000,400 305,734 Other accounts receivable 712,372 2,315,000 2,072,423 59,214 Prepayments 182,314 214,903 378,251 10,807 Premiums paid for others (Note 6) 8,506,747 10,698,216 13,117,896 374,808 Sub-total 444,457,4005 468,066,971 434,824,661 12,423,917 Exchange Bills Negotiated, Discounted and Loans (Notes 2,7) 18,551,634 161,297,250 18,715,418,866 49,555,008 Short-term secured loans 10,620,201 12,061,248 12,030,573 343,741 Long-term secured loans 379,055,447 249,042,049 295,536,333 8,449,81 Long-term investments in scokes (Notes 2, 8) 4,756,636 8,520,868 10,688,524 305,395 Long-term investments in scokes (Notes 2, 8) 4,756,636 8,620,868 10,688,524 <td>Short-term investments (Notes 2, 5)</td> <td>176,868,925</td> <td>191,089,839</td> <td>215,705,693</td> <td>6,163,196</td>	Short-term investments (Notes 2, 5)	176,868,925	191,089,839	215,705,693	6,163,196
Tax refund receivable	Notes receivable	18,781,515	22,138,848	19,335,753	552,466
Deferest receivable	Notes receivable-related parties (Note 18)	80,508	218	23,607	675
Other accounts receivable 712,372 2,315,060 2,072,423 59,214 Prepayments 18,2,314 214,963 378,251 10,087 Premiums paid for others (Note 6) 8,506,747 10,698,216 31,117,896 374,808 Sub-total 444,574,405 468,666,971 434,824,661 12,23,917 Exchange Bills Negotiated, Discounted and Loans (Notes 2, 7) 135,551,634 161,297,250 173,451,836 49,559,008 Short-term secured loans 285,675 109,051 8,806 343,471 Long-term secured loans 232,577,937 276,029,419 295,735,633 8,49,81 Sub-total 379,035,447 449,496,968 481,306,746 375,221 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,351 Long-term investments in bonds (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,351 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 4,876,937 4,883,400	Tax refund receivable	606,250	606,250	0	0
Prepayments 182,314 214,963 378,251 10,807 Premiums paid for others (Note 6) 8,506,747 10,698,216 3,117,896 374,808 Sub-total 8,506,747 10,698,216 3,117,896 374,808 Exchange Bills Negotiated, Discounted and Loans (Notes 2, 7) 3,551,634 161,297,250 173,451,836 4,955,908 Short-term secured loans 285,675 109,015 88,704 2,534 Medium-term secured loans 232,577,937 270,2410 295,735,33 8,439,831 Long-term secured loans 379,035,447 449,496,098 481,306,746 375,2014 Long-term investments and Receivable 47,56,636 8,620,868 10,688,524 305,395 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Long-term investments in real estate (Notes 2, 10) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,033 9,993	Interest receivable	7,761,345	9,642,703	10,700,400	305,734
Premiums paid for others (Note 6) 8,506,747 10,698,216 13,117,896 374,808 Sub-total 444,574,005 468,066,971 434,824,661 12,423,97 Exchange Bills Negotiated, Discounted and Loans (Notes 2, 7) 135,551,634 161,297,250 173,451,836 4,955,008 Policy loans for life insurers 135,551,634 161,297,250 173,451,836 4,955,008 Short-term secured loans 285,675 10,901 18,000 23,31 Long-term secured loans 232,577,937 276,092,419 295,735,633 8,449,81 Long-term investments and Receivable 379,035,447 449,496,968 481,067,46 135,755,008 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,055 Long-term investments in bonds (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,055 Long-term investments in bonds (Notes 2, 8) 4,756,636 8,620,868 10,688,524 36,012,05 Long-term investments in bonds (Notes 2, 10) 4,449,409 9,620,052 190,329,029 5,438,17 Long-term investments	Other accounts receivable	712,372	2,315,060	2,072,423	59,214
Sub-total 444,574,405 468,066,971 434,824,661 12,423,917 Exchange Bills Negotiated, Discounted and Loans (Notes 2, 7) 135,551,634 161,297,250 173,451,836 4,955,008 Short-term secured loans 285,675 109,051 88,704 2,534 Medium-term secured loans 10,620,201 12,061,248 12,030,573 343,741 Long-term secured loans 232,577,937 276,029,419 295,735,633 8,449,831 Sub-total 379,035,447 449,496,968 481,306,746 13,752,014 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in broad (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Land 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,93,656	Prepayments	182,314	214,963	378,251	10,807
Policy loans for life insurers 135,51,634 161,297,250 173,451,836 4,955,908 Short-term secured loans 285,675 109,051 88,704 2,534 Medium-term secured loans 10,620,701 12,061,248 12,030,573 343,741 1,009,400 1,009	Premiums paid for others (Note 6)	8,506,747	10,698,216	13,117,896	374,808
Policy loans for life insurers 135,551,634 161,297,250 173,451,836 4,955,983 Short-term secured loans 285,675 109,051 88,704 2,534 Medium-term secured loans 10,602,0201 12,061,248 12,030,573 343,741 Long-term secured loans 379,035,447 449,496,968 481,306,746 13,752,014 Funds, Long-Term Investments, and Receivable 47,566,36 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,129,272 2,518,441 Sub-total 4,876,937 4,883,740 5,012,785 143,227 Property and Equipment (Notes 2,11) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,995,056 10,086,291 288,188 Communication and transportation equipment 163,358 <td< td=""><td>Sub-total</td><td>444,574,405</td><td>468,066,971</td><td>434,824,661</td><td>12,423,917</td></td<>	Sub-total	444,574,405	468,066,971	434,824,661	12,423,917
Short-term secured loans 285.675 109.051 88.704 2.534 Medium-term secured loans 10,620,201 12,061,248 12,030,573 343,741 Long-term secured loans 232,577,937 276,029,419 295,735,633 8,449,831 Funds, Long-Term Investments and Receivable 379,035,447 449,496,688 481,306,746 13,752,014 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Sub-total 92,146,659 99,620,052 190,320,029 5,438,127 Property and Equipment (Notes 2, 10) 4,876,937 4,888,349 5,012,785 143,227 Land 4,876,937 4,888,349 5,012,785 143,227 Buildings and Structures 10,026,03 9,993,656 10,086,291 2,881,88 Communication and transportation equipment 16,358 149,510	Exchange Bills Negotiated, Discounted and Loans (Notes 2, 7)				
Medium-term secured loans 10,620,201 12,061,248 12,030,573 343,741 Long-term secured loans 232,577,937 276,029,419 295,735,633 8,449,831 Sub-total 379,035,447 449,496,688 481,306,746 13,752,014 Funds, Long-Term Investments, and Receivable 2 305,305 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 25,184,41 Sub-total 4,876,937 4,883,740 5,012,785 143,227 Property and Equipment (Notes 2,11) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Less: Accumulated depreciation	Policy loans for life insurers	135,551,634	161,297,250	173,451,836	4,955,908
Long-term secured loans 232,577,937 276,029,419 295,735,633 8,449,81 Funds, Long-Term Investments, and Receivable 449,466,688 481,306,746 13,752,014 Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Sub-total 92,146,659 96,00,052 190,329,029 5,438,127 Property and Equipment (Notes 2,11) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,93,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,556,997 95,117 Less: Accumulated depreciation (3,693,279) (3,952,491) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700	Short-term secured loans	285,675	109,051	88,704	2,534
Sub-total 379,035,447 449,496,968 481,306,746 13,752,014 Funds, Long-Term Investments, and Receivable 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in stocks (Notes 2, 8) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in bonds (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Sub-total 92,146,659 99,620,052 190,329,029 5438,127 Property and Equipment (Notes 2,11) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,749,996 2,768,997 3,356,997 95,917 Less: Accumulated depreciation (3,693,279) (3,952,41) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Obter Assets Sub-total 3,752,145 2,778,384	Medium-term secured loans	10,620,201	12,061,248	12,030,573	343,741
Funds, Long-Term Investments, and Receivable Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Sub-total 92,146,659 99,620,052 190,329,029 5,438,127 Property and Equipment (Notes 2, 11) 4,876,937 4,883,740 5,012,785 143,227 Land 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 19,49,996 2,768,997 3,356,997 95,917 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Woh-total <td>Long-term secured loans</td> <td>232,577,937</td> <td>276,029,419</td> <td>295,735,633</td> <td>8,449,831</td>	Long-term secured loans	232,577,937	276,029,419	295,735,633	8,449,831
Long-term investments in stocks (Notes 2, 8) 4,756,636 8,620,868 10,688,524 305,395 Long-term investments in bonds (Notes 2, 9) 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Sub-total 92,146,659 99,620,052 190,329,029 5,438,127 Property and Equipment (Notes 2,11) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation 3,693,279 (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Sub-total 313,323,379 13,861,962 14,347,035 409,927 Other Assets 32,194 2,778,384	Sub-total	379,035,447	449,496,968	481,306,746	13,752,014
Description 12,940,779 10,150,379 91,497,578 2,614,291 Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,441 Sub-total 92,146,659 99,620,052 190,329,029 5,438,127 Property and Equipment (Notes 2,11) Land 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Funds, Long-Term Investments, and Receivable				
Investments in real estate (Notes 2, 10) 74,449,244 80,848,805 88,142,927 2,518,411 Sub-total 92,146,659 99,620,052 190,329,029 5,438,127 Property and Equipment (Notes 2,11) Troperty and Equipment (Notes 2,11) 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590	Long-term investments in stocks (Notes 2, 8)	4,756,636	8,620,868	10,688,524	305,395
Sub-total 92,146,659 99,620,052 190,329,029 5,438,127 Property and Equipment (Notes 2,11) 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Tem	Long-term investments in bonds (Notes 2, 9)	12,940,779	10,150,379	91,497,578	2,614,291
Property and Equipment (Notes 2,11) Land	Investments in real estate (Notes 2, 10)	74,449,244	80,848,805	88,142,927	2,518,441
Land 4,876,937 4,883,740 5,012,785 143,227 Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Sub-total 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584	Sub-total	92,146,659	99,620,052	190,329,029	5,438,127
Buildings and Structures 10,026,053 9,993,656 10,086,291 288,188 Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment 314 18,700 129,100 3,689 Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 <td>Property and Equipment (Notes 2,11)</td> <td></td> <td></td> <td></td> <td></td>	Property and Equipment (Notes 2,11)				
Communication and transportation equipment 163,358 149,510 135,846 3,881 Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment Sub-total 314 18,700 129,100 3,689 Other Assets 500 13,323,379 13,861,962 14,347,035 409,927 Other Assets 800 1,138,091 1,280,603 36,990 Overdue receivables (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,	Land	4,876,937	4,883,740	5,012,785	143,227
Other equipment 1,949,996 2,768,997 3,356,997 95,917 Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment Sub-total 314 18,700 129,100 3,689 Other Assets 8 13,323,379 13,861,962 14,347,035 409,927 Other Assets 8 2,779,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 23) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Buildings and Structures	10,026,053	9,993,656	10,086,291	288,188
Sub-total 17,016,344 17,795,903 18,591,919 531,213 Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment Sub-total 314 18,700 129,100 3,689 Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Communication and transportation equipment	163,358	149,510	135,846	3,881
Less: Accumulated depreciation (3,693,279) (3,952,641) (4,373,984) (124,975) Construction in progress and prepayment for equipment Sub-total 314 18,700 129,100 3,689 Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Other equipment	1,949,996	2,768,997	3,356,997	95,917
Construction in progress and prepayment for equipment Sub-total 314 18,700 129,100 3,689 Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Sub-total	17,016,344	17,795,903	18,591,919	531,213
Sub-total 13,323,379 13,861,962 14,347,035 409,927 Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Less: Accumulated depreciation	(3,693,279)	(3,952,641)	(4,373,984)	(124,975)
Other Assets Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Construction in progress and prepayment for equipment	314	18,700	129,100	3,689
Non-operating assets (Notes 2, 23) 2,709,145 2,778,384 2,438,193 69,665 Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Sub-total	13,323,379	13,861,962	14,347,035	409,927
Guarantee deposits paid (Notes 2, 19) 521,943 1,138,091 1,280,603 36,590 Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Other Assets				
Overdue receivables (Notes 2, 12) 3,775,145 3,543,974 6,028,864 172,258 Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Non-operating assets (Notes 2, 23)	2,709,145	2,778,384	2,438,193	69,665
Temporary payments and suspense accounts 561,066 109,639 125,435 3,584 Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Guarantee deposits paid (Notes 2, 19)	521,943	1,138,091	1,280,603	36,590
Deferred income tax assets (Notes 2, 16) 291,015 0 412,011 11,772 Sub-total 7,858,314 7,570,088 10,285,106 293,869	Overdue receivables (Notes 2, 12)	3,775,145	3,543,974	6,028,864	172,258
Sub-total 7,858,314 7,570,088 10,285,106 293,869	Temporary payments and suspense accounts	561,066	109,639	125,435	3,584
	Deferred income tax assets (Notes 2, 16)	291,015	0	412,011	11,772
Total Assets \$936,938,204 \$1,038,616,041 \$1,131,092,577 \$32,317,854	Sub-total	7,858,314	7,570,088	10,285,106	293,869
	Total Assets	\$936,938,204	\$1,038,616,041	\$1,131,092,577	\$32,317,854

CATHAY LIFE INSURANCE CO., LTD.

BALANCE SHEETS - (Continued)

(Expressed in thousands of dollars) December 31, 1999, 2000 and 2001

	1999	2000	2001	2001
	NT\$	NT\$	NT\$	US\$
Liabilities & Stockholders' Equity				
Current Liabilities				
Notes payable	\$1,960	\$1,757	\$1,674	\$48
Accounts payable-related parties (Note 18)	594,633	103,126	31,996	914
Collections for others	181,577	182,756	161,082	4,602
Accrued expenses	3,505,549	3,782,595	2,846,420	81,329
Income taxes payable	1,329,684	3,771,357	487,897	13,940
Commissions payable	967,509	1,390,862	750,131	21,433
Dividends payable	380,174	339,237	321,057	9,173
Life insurance proceeds payable	366	1,951	274	8
Other payable	117,573	182,301	907,023	25,916
Accounts collected in advance	493,991	878,226	1,336,885	38,198
Sub-total	7,573,016	10,634,168	6,844,439	195,561
Long-term Liabilities				
Reserve for land revaluation increment tax	3,726	3,726	3,726	106
Sub-total	3,726	3,726	3,726	106
Other Liabilities				
Unearned premium reserve (Note 2)	10,680,526	12,082,673	13,527,642	386,515
Reserve for life insurance (Note 2)	816,559,151	918,296,669	1,017,789,468	29,080,530
Special claim reserve (Note 2)	21,329,512	14,598,225	16,117,648	460,517
Claims reserve (Note 2)	321,763	229,805	266,322	7,610
Deferred income tax liabilities (Notes 2, 16)	0	135,346	0	0
Guarantee deposits received	1,301,385	1,400,852	1,282,097	36,632
Temporary receipts and suspense accounts	303,123	394,471	414,734	11,850
Sub-total	850,495,460	947,138,041	1,049,397,911	29,983,654
Total Liabilities	858,072,202	957,775,935	1,056,246,076	30,179,321
Stockholders' Equity				
Capital stock				
Common stock (Note 13)	48,202,089	53,986,340	58,386,158	1,668,224
Capital surplus	117,487	126,519	130,494	3,729
Retained earnings (Note 14)				
Legal reserve	9,730,987	11,222,160	12,195,156	348,443
Unappropriated retained earnings	20,815,439	15,820,997	11,461,899	327,492
Equity adjustment (Notes 2, 8)				
Cumulative translation adjustments	0	1,573	6,657	190
Treasury stock (Notes 2, 15)	0	(317,483)	(7,333,863)	(209,545)
Total Stockholders' Equity	78,866,002	80,840,106	74,846,501	2,138,533
Total Liabilities and Stockholders' Equity	\$936,938,204	\$1,038,616,041	\$1,131,092,577	\$32,317,854

CATHAY LIFE INSURANCE CO., LTD. STATEMENTS OF INCOME (Expressed in thousands of dollars, except earning per share) Years Ended December 31, 1999, 2000 and 2001

Perminum income		1999	2000	2001	2001
Premium income \$183,722,103 \$250,017,987 \$221,005,179 \$3,186,159 Clains recovered from reinsures 399,546 205,228 278,933 7,090 Recovered premiums reserve 77,890,821 83,751,234 100,085,188 2,890,686 Recovered claims reserve 29,958 321,763 229,905 6,606 Recovered claims reserve 29,958 321,763 229,905 6,606 Recovered claims reserve 46,139,391 46,959,943 46,578,346 133,04,848 Randing fee amed 46,139,391 46,959,943 46,578,346 130,048 Gain on obay-term investments 110,585 117,377 252,273 7.20 Gain on foreign exchange 426,162 476,4889 25,297,97 11,899,99 Gain on foreign exchange 80 1,331,181 18,164,29 1,189,99 Guine on investments-real estate 426,612 476,4889 32,937,97 25,297,97 12,189,99 Guine on investments-real estate 426,102 1,600,605 (39,348,11 1,189,90 1,189,90		NT\$			
Reinstrace commission earned 114/264 16,100 181,808 5,179 Clains recovered from reinsures 399,56 28,288 278,913 7,90 Recovered special claim reserve 9 6,731,287 0 0 Recovered special claim reserve 29,988 321,733 229,805 6,666 Handing fee canned 5,940 7,936 9,279 265 Brading fee canned 6,448,088 12,609,537 0 0 Gain on disposal of investments 10,185 11,737 255,273 7,20 Gain on independent investments 10 11,331,33 1,816,29 1,149,99 Gain on infortign cexhange 0 1,333,153 1,816,29 1,149,99 Clain on fortign cexhange 8 30,007,50 1,918,99 1,149,99 Clain on fortign cexhange 8 30,007,50 1,918,99 1,118,107 Clain on fortign cexhange 8 30,007,50 1,918,93 1,118,107 Clain on fortign cexhange 8 5,801,15 (60,765 1,	Operating Revenues(Note 2)				
Calmin recovered from relinance 78,981	Premiums income	\$183,722,103	\$205,017,987	\$221,005,179	\$6,314,614
Recovered precial pecial claim reserve 77,890,821 83,712,24 100,085,188 2,895,68 Recovered special claim reserve 29,985 321,763 229,805 6,666 Handling fee camed 5,940 7,936 12,79 226 Interest Income 46,193,981 46,578,346 1,330,488 Gain on disposal of investments 10,885 117,377 255,273 7,29 Gain on disposal of investments 4,661,62 4,768,889 5,249,807 14,999 Gain on foreign exhange 0 1,335,153 1,816,429 51,899 Ober operating Income 0 0 1,5670,907 447,531 Operating Costs(Note 2) 1 1,6670,907 447,533 Insurance capenses (580,151) (60,675) (594,783) (16,994) Browlerage expenses (28,151) (60,676) (594,783) (16,994) Insurance claims spayment (91,832,85) (83,991,21) (11,522,218) (65,074,68) Povision for permitums reserve (16,63,764,84) (18,899,737) (21,152,	Reinsurance commission earned	174,264	161,010	181,908	5,198
Recovered pelain claim reserve 0 6,71,287 0 0 Recovered claims reserve 25,958 321,763 229,805 6,566 Interest Income 46,139,301 46,599,943 46,578,361 1,304,81 Gain on disposal of investments 64,648,088 12,609,537 0 0 Gain on incerige mechange 110,855 117,377 25,273 7,294 Gain on foreign exchange 0 1,353,153 1,816,499 51,899 Other operating Income 0 30,207,5404 391,301,364 111,802,703 Oberrating Costs/Note 2 0 80,207,5404 391,301,364 111,802,703 Drorating Costs/Note 2 0 60,6765 659,4783 (16,999,478) Brokerage expenses (2,805,156) (696,765) (594,783) (16,999,478) Brokerage expenses (2,805,156) (30,554,401 (48,674) (1,992,401) Brokarge expenses (2,805,156) (32,524,802) (580,146) (48,674) (1,992,402) (1,992,402) (1,992,402) (1,992,402) <td>Claims recovered from reinsures</td> <td>399,546</td> <td>285,288</td> <td>278,913</td> <td>7,969</td>	Claims recovered from reinsures	399,546	285,288	278,913	7,969
Recovered claims reserve 259,588 321,763 229,805 6.566 Handing fee earned 5,940 7,956 9,279 25 Interest factore 46,130,301 46,578,346 1,330,484 Gain on disposal of investments 10,485 110,585 117,377 255,273 7.29 Gain on investments-real estate 4,266,162 4,768,88 5,249,807 149,999 Gain on investments-real estate 4,266,162 4,768,88 5,249,807 149,999 Gain on foreign exchange 0 1,353,153 1816,429 51,899 Gain on foreign exchange 0 0,353,604 31,816,429 51,899 Ober operating Income 0 0 15,670,907 447,533 Descripting Costs/fore 2 1 150,000 23,255,740 277,5442 (650,745) Insurance expenses (81,54) (60,675) (594,783 (16,994) Brokerage expenses (81,54) (41,409) (48,674) (13,91) Insurance expenses (41,94) (41,413)	Recovered premiums reserve	77,890,821	83,751,234	100,085,518	2,859,668
Binding foc amouf	Recovered special claim reserve	0	6,731,287	0	0
Interest Income 46,18,39,1 46,59,943 46,578,346 1,330,481 Gain on liopsoral investments 11,0585 117,777 25,273 7,29 Gain on investments-real estate 4,26,162 4,76,489 2,24,907 149,999 Gain on foreign exchange 0 1,331,315 1,816,492 5,189 Other operating Income 0 0 1,567,907 447,753 Operating Costs(Note 2) 30,00 13,670,907 447,753 Insurance expenses (580,151) (606,765) (59,483) (16,994) Brokerage expenses (41,944) 41,309 448,704 (10,91) Insurance claims payment (91,383,285) (98,339,122) (115,296,766) 32,942,889 Provision for premium reserve (16,687,6648) (18,090,77) (20,102,306) (32,428,880) Provision for premium reserve (16,687,6648) (18,090,77) (20,102,307) (31,430,40) Provision for special claim reserve (2,663,764) (220,881) (32,674,67) (32,674,67) (32,674,67) (32,674,67)	Recovered claims reserve	259,958	321,763	229,805	6,566
Gain on disposal of investments 6,448,098 12,603,537 0 0 Gain on investments real estate 4,266,162 4,764,889 5,229,807 14,999 Gain on foreign exchange 0 1,353,153 1,186,429 51,899 Other operating floome 0 0 15,670,907 44,753 Oberating Costs(Note 2) 831,416,868 362,075,404 391,361,364 11,182,073 Brokange expenses (580,151) (606,765) 5,947,833 (16,994) Brokange expenses (44,944) (41,30) 247,5442 (650,746) Brokange expenses (45,946) 4,489,40 (41,504)	Handling fee earned	5,940	7,936	9,279	265
Gin on long-term investments 110,585 117,377 255,273 7.294 Gin on investments-real estate 4,266,162 4,764,889 5,249,807 14,989 Gin on foreign exchange 0 1,557,007 447,753 Other operating Income 319,416,868 36,075,404 313,61,361 11,020 Poparating Costs(Note 2) 58,01,511 (59,478,40) (29,775,42) (65,074) Enkerage expenses (21,555,60) (23,256,740) (27,754,22) (65,074) Commissions expenses (44,444) (41,309) (48,674) (1,994) Insurance Calmir payment (91,338,383) (83,937) (210,232,55) (32,428,88) Provision for premiums reserve (16,687,648) (18,689,737) (210,232,55) (32,438,88) Provision for premiums reserve (16,687,648) (18,584,97) (11,512,60) (34,413,50) Provision for premiums reserve (16,876,648) (18,589,737) (21,012,328) (34,612) Provision for special chain reserve (32,176) (12,298,50) (26,632) (7,610	Interest Income	46,139,391	46,959,943	46,578,346	1,330,848
Gain on investments-cel estate 4,266,162 4,764,889 5,249,807 149,999 Gain on foreign exchange 0 1,353,53 1,816,429 5,789 Other operating Income 319,416,868 36,075,404 391,361,364 11,82,073 Operating Costs(Note 2) (580,151) (606,755) (594,783) (16,994) Brokerage expenses (21,555,506) (32,556,740) (27,754,42) (500,406) Commissions expenses (49,44) (41,00) (48,674) (31,00) Insurance claims payment (91,383,285) (98,339,912) (15,294,506) (32,42,885) Provision for special claim reserve (16,876,648) (18,890,737) (10,102,238) (53,488) Provision for special claim reserve (2,663,877) (20,434) (20,438) (36,100) Provision for special claim reserve (2,613,752) (20,434) (20,103,283) (36,100) Provision for special claim reserve (321,763) (20,944) (20,104,80) (36,100) Provision for special claim reserve (321,763) (20,944) (44,102) </td <td>Gain on disposal of investments</td> <td>6,448,098</td> <td>12,603,537</td> <td>0</td> <td>0</td>	Gain on disposal of investments	6,448,098	12,603,537	0	0
Gin on foreign exchange 0 1,351,315 1,816,429 51,800 Other operating Income Sub-total 3194,166,88 360,705,40 313,613,68 1,181,629 Operating Costs(Note 2) \$1,800,805 (20,355,60) (23,556,40) (29,754,22) (66,974,60) Commissions expenses (21,355,60) (23,256,74) (27,574,22) (66,974,60) Commissions expenses (41,44) (41,309) (48,64) (1,914,60) Provision for premiums reserve (16,686,648) (80,807,37) (201,232,85) (5,43,488) Provision for special claim reserve (16,687,648) (30,807,37) (201,232,85) (34,343) Provision for premiums reserve (16,687,648) (20,840) (20,248,80) (20,488,80) Provision for premiums reserve (33,773) (20,800,73) (20,622,28) (7,610,40) Provision for premiums reserve (33,773) (22,980,50) (66,522) (7,610,40) Interest expenses (7,221) (60,90,40) (60,60,40) (60,60,40) (60,60,40) (60,60,40) (60,60,40)	Gain on long-term investments	110,585	117,377	255,273	7,294
Other operating Income 0 15,670,000 147,705 Oparating Costs(Note 2) Sub-total 39,106,868 30,007,560 10,100,000 Insurance expenses (\$80,151) (\$60,675) (\$94,784) (\$60,076) Brokerge expenses (\$1,455,056) (\$23,550) (\$21,554,000) (\$21,554,000) (\$1,504,000) \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000 \$1,504,000	Gain on investments-real estate	4,266,162	4,764,889	5,249,807	149,999
Sub-total 319,416,868 362,075,404 319,361,364 11,182,073 Operating Costs(Note 2) 8 (580,151) (606,765) (594,783) (16,994) Brokerage expenses (21,355,056) (32,256,740) (22,775,442) (607,46) Commissions expenses (44,944) (41,309) (48,674) (1,301) Insurance claims payment (91,883,284) (81,809,373) (201,023,285) (534,387) Provision for premiums reserve (166,876,648) (186,890,373) (201,023,285) (534,387) Provision for special claim reserve (266,3957) (204,841) (31,014) Provision for special claim reserve (263,937) (21,024,84) (31,014) Provision for special claim reserve (321,763) (229,805) (266,322) (7,101) Provision for special claim reserve (321,763) (229,805) (266,322) (7,610) Provision for special claim reserve (321,763) (229,005) (266,322) (7,610) Handling for special claim reserve (321,262,004) (322,073,84) (36,104) <td< td=""><td>Gain on foreign exchange</td><td>0</td><td>1,353,153</td><td>1,816,429</td><td>51,899</td></td<>	Gain on foreign exchange	0	1,353,153	1,816,429	51,899
Departing Costs(Note 2)	Other operating Income	0	0	15,670,907	447,753
Insurance expenses (580,151) (606,765) (594,783) (16,994) Brokerage expenses (21,355,056) (32,256,740) (22,775,427) (607,467) Commissions expenses (44)44 (41,309) (48,674) (13,942) Insurance claims payment (91,383,285) (98,339,912) (115,296,796) (32,942,887) Provision for premiums reserve (26,635,678) (16,897,648) (18,890,737) (201,232,825) (57,43,687) Provision for special claim reserve (26,635,778) (20,484) (220,484) (31,613) Contribution to the stabilization funds (183,542) (204,840) (220,884) (63,101) Provision for claims reserve (321,763) (22,980) (26,632) (7,610) Handling fee paid (91,479) (1,117,227) (1572,218) (49,292) Interest expenses (77,221) (69,199) (69,169) (19,092) Interest expenses (1,992,208) 0 0 0 0 Loss on disposal of investentes (1,992,208) 0 0 0<	Sub-total	319,416,868	362,075,404	391,361,364	11,182,073
Brokerage expenses (21,355,056) (23,256,740) (22,775,442) (650,746) Commissions expenses (44,944) (41,090) (48,674) (1,391) Insurance claims payment (91,383,285) (98,339,912) (115,296,796) (23,248,88) Provision for premiums reserve (166,876,648) (186,890,737) (201,023,285) (57,43,687) Provision for special claim reserve (26,639,977) 0 (1,519,423) (34,413) Contribution to the stabilization funds (181,342) (204,840) (202,988) (3610) Provision for claims reserve (321,763) (229,805) (266,322) (7,610) Handling fee paid (91,4797) (1,117,227) (1,572,218) (44,922) Interest expenses (77,221) (69,199) (69,169) (69,169) (69,169) (69,169) (1,072,000) (1,072,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2,075,000) (2	Operating Costs(Note 2)				
Commissions expenses (44,944) (41,309) (48,674) (1,39) Insurance claims payment (91,383,285) (98,339,912) (115,296,796) (32,94,288) Provision for premiums reserve (166,876,648) (186,890,73) (201,023,285) (5,743,687) Provision for special claim reserve (2,663,957) 0 (1,519,42) (43,413) Contribution to the stabilization funds (183,542) (204,840) (220,88) (6,310) Provision for special claim reserve (321,763) (229,805) (266,322) (7,510) Handling fee paid (91,4797) (1,117,227) (1,572,218) (49,292) Interest expenses (77,221) (69,199) (69,169) (1,976) Provision for securities trading loses reserve 0 0 (16,512,600) (47,802) Loss on disposal of investments 0 0 0 (5,715,000) (7,702) Loss on disposal of investments 0 0 0 (5,715,000) (7,702) Loss on foreign exchange (1,092,208) 0 0	Insurance expenses	(580,151)	(606,765)	(594,783)	(16,994)
Insurance claims payment (91,383,285) (98,339,912) (115,296,796) (3,294,288) Provision for premiums reserve (166,876,648) (186,807,377) (201,023,285) (5,743,687) Provision for special claim reserve (2,663,957) 0 (1,519,423) (43,413) Contribution to the stabilization funds (8183,542) (204,840) (220,488) (6,310) Provision for claims reserve (321,763) (229,805) (266,322) (7,610) Handling fee paid (914,797) (1,172,77) (1,572,218) (49,220) Interest expenses (77,221) (69,199) (69,169) (1,976) Interest expenses (1,022,208) 0 (69,169) (47,802) Loss on foreign exchange (1,092,208) 0 0 0 0 Loss on foreign exchange (1,092,208) 0	Brokerage expenses	(21,355,056)	(23,256,740)	(22,775,442)	(650,746)
Provision for premiums reserve (166,876,648) (186,890,737) (201,023,285) (5,743,687) Provision for special claim reserve (2,663,957) 0 (1,519,423) 43,413 Contribution to the stabilization funds (183,542) (204,840) (220,884) (6,310) Provision for claims reserve (321,763) (229,805) (266,322) (7,610) Handling fee paid (914,797) (1,117,227) (1,572,218) (44,922) Interest expenses 0 (226,773,88) 0 0 Provision for securities trading losses reserve 0 (226,773,88) 0 0 Loss on disposal of investments 0 0 2,207,524 0 0 0 Loss on foreign exchange (1,092,208) 0	Commissions expenses	(44,944)	(41,309)	(48,674)	(1,391)
Provision for special claim reserve (2,663,957) 0 (1,519,423) (43,413) Contribution to the stabilization funds (183,542) (204,840) (220,848) (6,310) Provision for claims reserve (321,763) (229,805) (266,322) (7,610) Handling fee paid (914,797) (1,117,27) (1,572,218) (44,922) Interest expenses (77,221) (69,199) (69,169) (1,976) Provision for securities trading losses reserve 0 0 (22,677,388) 0 0 Loss on disposal of investments 0 0 0 0 0 0 Loss on disposal of investments 0	Insurance claims payment	(91,383,285)	(98,339,912)	(115,296,796)	(3,294,288)
Contribution to the stabilization funds (183,542) (204,840) (220,848) (6,310) Provision for claims reserve (321,763) (229,805) (266,322) (7,610) Handling fee paid (914,77) (1,117,227) (1,572,18) (44,922) Interest expenses (77,221) (69,199) (69,169) (1,976) Provision for securities trading losses reserve 0 0 (16,512,600) (47,802) Loss on disposal of investments 0 0 0 (6,152,600) (47,802) Loss on foreign exchange (1,092,208) 0	Provision for premiums reserve	(166,876,648)	(186,890,737)	(201,023,285)	(5,743,687)
Provision for claims reserve (321,763) (229,805) (266,322) (7,610) Handling fee paid (914,797) (1,117,227) (1,572,218) (44,922) Interest expenses (77,21) (69,199) (69,169) (1,976) Provision for securities trading losses reserve 0 (22,677,388) 0 0 Loss on disposal of investments 0 0 (16,512,600) (471,802) Loss on foreign exchange (1,092,208) 0 0 0 0 Provisions expenses (2,307,524) 0 0 0 0 0 Porating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 0 Operating Expenses (Note 2) (6,675,415) (7,051,981) (7,847,697) (224,226) 0 0 0 13,434,022 0 0 12,441,943 841,222 0 0 0 12,424,843 0 0 0 12,441,943 841,242 0 0 0 0 0 0 0 0<	Provision for special claim reserve	(2,663,957)	0	(1,519,423)	(43,413)
Handling fee paid (914,797) (1,117,227) (1,572,218) (44,922) Interest expenses (77,221) (69,199) (69,169) (1,976) Provision for securities trading losses reserve 0 (22,677,388) 0 0 Loss on disposal of investments 0 0 (61,512,600) (471,802) Loss on foreign exchange (1,092,208) 0 0 0 0 Provisions expenses (2,307,524) 0 (2,919,870) (57,712) Sub-total (287,801,096) (333,433,922) (361,919,430) (10,340,851) Operating Gross Profit (287,801,096) (333,433,922) (361,919,430) (10,340,851) Operating Expenses (Note 2) (6,655,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Expenses (8,813,644) (6,953,473) (7,419,029) (211,978) Miscellaneous income 8,932 12,043 5,299 151 Miscellane	Contribution to the stabilization funds	(183,542)	(204,840)	(220,848)	(6,310)
Interest expenses (77,221) (69,199) (69,169) (1,976) Provision for securities trading losses reserve 0 (22,677,388) 0 (0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Provision for claims reserve	(321,763)	(229,805)	(266,322)	(7,610)
Provision for securities trading losses reserve 0 (22,677,388) 0 0 Loss on disposal of investments 0 0 (16,512,600) (471,802) Loss on foreign exchange (1,092,208) 0 0 0 Provisions expenses (2,307,524) 0 (20,198,70) (57,712) Sub-total (287,801,096) (33,433,922) (361,919,430) (10,340,851) Operating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 Operating Expenses (Note 2) (6,765,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,278) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 113,282 2,426,216 343,780 9,823 Miscellaneous income 8,932 12,043 5,299 151 Miscellaneous income (26,508) (13,672) (2,661) (7,66 Sub-total (26,508) (13,	Handling fee paid	(914,797)	(1,117,227)	(1,572,218)	(44,922)
Loss on disposal of investments 0 0 (16,512,600) (471,802) Loss on foreign exchange (1,092,208) 0 0 0 Provisions expenses (2,307,524) 0 (2,019,870) (57,712) Sub-total (287,801,096) (333,433,292) (361,919,430) (10,340,851) Operating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 Operating Expenses (Note 2) Warketing expenses (6,654,15) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 8,832 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses (24,80) (1,367) (2,661) (7,66) Non-Operating Expenses (24	Interest expenses	(77,221)	(69,199)	(69,169)	(1,976)
Loss on foreign exchange (1,092,208) 0 0 0 Provisions expenses (2,307,524) 0 (2,019,870) (57,712) Sub-total (287,801,096) (333,433,922) (361,919,430) (10,340,851) Operating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 Operating Expenses (Note 2) Warketing expenses (6,675,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 113,282 2,426,216 343,780 9,823 Miscellaneous income 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses (26,508) (13,672) (2,661) (76 Miscellaneous expenses (24,80) (13,672) (2,661) (7,80) Sub-total (26,508) <td>Provision for securities trading losses reserve</td> <td>0</td> <td>(22,677,388)</td> <td>0</td> <td>0</td>	Provision for securities trading losses reserve	0	(22,677,388)	0	0
Provisions expenses (2,307,524) 0 (2,019,870) (57,712) Operating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 Operating Expenses (Note 2) 8,641,482 29,441,934 841,222 Marketing expenses (6,765,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses 2,242,242 349,799 9,974 Non-Operating Expenses 12,214 2,438,259 349,079 9,974 Non-Operating Expenses 2,486,164 1,459,277 4,788 Loss on disposal of property and equipment 26,508 1,15,517 66,501 1,788 Miscellaneous expenses 2,486,216 1,55,71 65,010 1,788 <td>Loss on disposal of investments</td> <td>0</td> <td>0</td> <td>(16,512,600)</td> <td>(471,802)</td>	Loss on disposal of investments	0	0	(16,512,600)	(471,802)
Sub-total (287,801,096) (333,433,922) (361,919,430) (10,340,851) Operating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 Operating Expenses (Note 2) 8 (6,765,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses 122,214 2,438,259 349,079 9,974 Non-Operating Expenses (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Income from Continuing<	Loss on foreign exchange	(1,092,208)	0	0	0
Operating Gross Profit 31,615,772 28,641,482 29,441,934 841,222 Operating Expenses (Note 2) (6,765,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses 122,214 2,438,259 349,079 9,974 Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76 Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing (26,756) 15,517) (65,010) (1,858) Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) <t< td=""><td>Provisions expenses</td><td>(2,307,524)</td><td>0</td><td>(2,019,870)</td><td>(57,712)</td></t<>	Provisions expenses	(2,307,524)	0	(2,019,870)	(57,712)
Operating Expenses (Note 2) (6,765,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses 122,214 2,438,259 349,079 9,974 Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76 Miscellaneous expenses (248) (1,845) (62,349) (1,782) Loss on disposal of property and equipment (26,508) (15,517) (65,010) (7,887) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income	Sub-total	(287,801,096)	(333,433,922)	(361,919,430)	(10,340,851)
Marketing expenses (6,765,415) (7,051,981) (7,847,697) (224,226) Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses 122,214 2,438,259 349,079 9,974 Non-Operating Expenses 2 13,672 (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Miscellaneous expenses (248) (1,845) (65,010) (1,885) Income from Continuing (26,756) (15,517) (65,010) (1,885) Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,	Operating Gross Profit	31,615,772	28,641,482	29,441,934	841,222
Administrative and general expenses (6,871,364) (6,953,473) (7,419,029) (211,978) Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses 122,214 2,438,259 349,079 9,974 Non-Operating Expenses (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Miscellaneous expenses (26,508) (15,517) (65,010) (1,858) Income from Continuing (26,756) (15,517) (65,010) (1,858) Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Operating Expenses (Note 2)				
Operating Income 17,978,993 14,636,028 14,175,208 405,018 Non-Operating Revenues 38,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Sub-total 122,214 2,438,259 349,079 9,974 Non-Operating Expenses 2 13,672 (2,661) (76) Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Income from Continuing (26,756) (15,517) (65,010) (1,858) Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Marketing expenses	(6,765,415)	(7,051,981)	(7,847,697)	(224,226)
Non-Operating Revenues 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Sub-total 122,214 2,438,259 349,079 9,974 Non-Operating Expenses 8 122,214 2,438,259 349,079 9,974 Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Administrative and general expenses	(6,871,364)	(6,953,473)	(7,419,029)	(211,978)
Gain on disposal of property and equipment 8,932 12,043 5,299 151 Miscellaneous income 113,282 2,426,216 343,780 9,823 Sub-total 122,214 2,438,259 349,079 9,974 Non-Operating Expenses 2 13,672 (2,661) (76) Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Operating Income	17,978,993	14,636,028	14,175,208	405,018
Miscellaneous income 113,282 2,426,216 343,780 9,823 Non-Operating Expenses Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Non-Operating Revenues				
Sub-total 122,214 2,438,259 349,079 9,974 Non-Operating Expenses Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Gain on disposal of property and equipment	8,932	12,043	5,299	151
Non-Operating Expenses Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Miscellaneous income	113,282	2,426,216	343,780	9,823
Loss on disposal of property and equipment (26,508) (13,672) (2,661) (76) Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Sub-total	122,214	2,438,259	349,079	9,974
Miscellaneous expenses (248) (1,845) (62,349) (1,782) Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing 8 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Non-Operating Expenses				
Sub-total (26,756) (15,517) (65,010) (1,858) Income from Continuing Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Loss on disposal of property and equipment	(26,508)	(13,672)	(2,661)	(76)
Income from Continuing 18,074,451 17,058,770 14,459,277 413,134 Operations before income taxes (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Miscellaneous expenses	(248)	(1,845)	(62,349)	(1,782)
Operations before income taxes 18,074,451 17,058,770 14,459,277 413,134 Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Sub-total	(26,756)	(15,517)	(65,010)	(1,858)
Income Taxes (Notes 2, 16) (3,156,024) (7,319,774) (3,859,810) (110,283) Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Income from Continuing				
Net Income \$14,918,427 \$9,738,996 \$10,599,467 \$302,851	Operations before income taxes	18,074,451	17,058,770	14,459,277	413,134
	Income Taxes (Notes 2, 16)	(3,156,024)	(7,319,774)	(3,859,810)	(110,283)
Earnings Per Share (expressed in dollars) (Note 17) \$2.76 \$1.64 \$1.81 \$0.05	Net Income	\$14,918,427	\$9,738,996	\$10,599,467	\$302,851
	Earnings Per Share (expressed in dollars) (Note 17)	\$2.76	\$1.64	\$1.81	\$0.05

CATHAY LIFE INSURANCE CO., LTD. STATEMENTS OF CASH FLOWS (Expressed in thousands of dollars) Years Ended December 31, 1999, 2000 and 2001

NTS NTS NTS USS		1999	2000	2001	2001
Cash Flows from Perairs \$14,918,427 \$9,738,966 \$10,599,467 \$302,858 Adjissments:					
Net Income for the Year	Cash Flows from Operating Activities				
Adjustments		\$14.918.427	\$9.738.996	\$10,599,467	\$302.851
Description		, , , , ,	(-) ,	,,	, , , , , , , , , , , , , , , , , , , ,
Depociation	•	2,307,524	(1,500,680)	2,019,870	57,712
Provision for reserve for operations 169,862,367 187,120,705 202,890,303 5,794,709 Recovered neamed premitime reserve (101,769,77) (106,803,526) (202,807,87) 364,5229 Recovered special claim reserve (67,027,470) (72,267,187) (86,586,240) 2,473,063 Recovered claims reserve (259,958) (321,763) (229,805) (65,606) Applicant terminates the insurance contract income (686,434) (803,212) (1,416,606) (404,775) Loss (gain) on disposal of property and equipment 17,776 1,629 (2,699) (76 Loss (gain) on disposal of property and equipment 17,776 1,629 (2,699) (76 Loss (gain) on disposal of real estate (68,823) 2,125 2,184 62 Amortization long-term investments in bonds 9,392 33,908 33,784 66 Effects of exchange rate changes 19,693 (16,101) (30,038) 4,601 133 Effects of exchange rate changes 19,693 (16,101) 32,254 32,254 33,000 Decrease (increase) i			1,484,462		
Recovered unearned premium reserve (10,176,917) (10,680,526) (12,082,673) (345,239) Recovered special claim reserve (67,027,479) (72,267,187) (86,586,249) (2,473,963) Recovered claims reserve (259,988) (321,763) (229,805) (6,566) Applicant terminates the insurance contract income (686,634) (803,521) (1,416,606) (40,476) Provision loss (gain) on short-term investments 0 22,677,388 (15,670,077) (447,753) Loss (gain) on disposal of investments (58,223) 0 (2,598) (74 Loss (gain) on disposal of real estate (68,832) (125 (2,184 62 Amorization long-term investments in bonds 93,892 33,098 33,784 965 Unrealized los (gain) on long-term investments (30,766,607) (38,863,668) (8,944) (25,577) Decrease (increase) in notes and accounts (30,716,607) (38,863,668) (8,944) (25,577) Decrease (increase) in notes and accounts (80,508) 80,290 (23,388) (668) Decrease (increase) in other cur	•	169,862,367			
Recovered reserve for life insurance (67,027,470) (22,267,187) (86,586,240) (2,473,063) Recovered claims reserve (29,998) (321,753) (29,905) (6,566) Applicant terminates the insurance contract income (686,434) (803,521) (1,416,606) (40,476) Provision loss (gain) on short-term investments 0 22,677,888 (15,670,907) (447,753) Loss (gain) on disposal of property and equipment 17,576 1,629 (2,639) (70 Loss (gain) on disposal of resentents (68,826) 2,125 2,184 62 Loss (gain) on disposal of real estate (68,826) 2,125 2,184 62 Amortization long-term investments in bonds 93,892 33,908 33,784 66 Urrealized loss (gain) on long-term investments 0 (6,663) 4,661 133 Decrease (increase) in short-term investments (30,776,607) (33,863,668) (8,944,947) (255,777) Decrease (increase) in notes and accounts (80,508) 80,290 (23,388) (668) Decrease (increase) in prepayments <td< td=""><td><u>.</u></td><td></td><td></td><td></td><td></td></td<>	<u>.</u>				
Recovered special claim reserve (259 958) (321,763) (229,805) (6,566) Applicant terminates the insurance contract income (686,434) (803,521) (1,416,606) (40,476) Provision loss (gain) on short-term investments 0 22,677,388 (15,670,907) (447,753) Loss (gain) on disposal of property and equipment 117,576 1,629 (2,699) (76) Loss (gain) on disposal of property and equipment 17,576 1,629 (2,598) (74) Loss (gain) on disposal of property and equipment 17,576 1,629 2,125 2,184 62 Amortization long-term investments in bonds 93,892 33,908 33,784 965 Unrealized loss (gain) on long-term investments 0 (6,063) 4,661 133 Effects of exchange rate changes 19,603 (16,510) (50,038) (14,30) Decrease (increase) in notes receivable (3,051,644) (2,816,413) 3,254,913 93,000 Decrease (increase) in notes receivable (30,516,444) (23,646) (16,528) (4,666) Decrease (increase) in	1				
Recovered claims reserve	Recovered special claim reserve	0			
Applicant terminates the insurance contract income 686,434 803,521 1,416,606 40,476)		(259,958)		(229,805)	(6,566)
Provision loss (gain) on short-term investments 0 22,677,388 (15,679,007) 4447,553 Loss (gain) on disposal of preptry and equipment (75,76 1,629 (2,639) (74) Loss (gain) on disposal of real estate (68,825) 2,125 2,184 62 Amortization long-term investments in bonds 93,892 33,908 33,784 965 Unrealized loss (gain) on long-term investments 0 (6,603) 4,661 133 Effects of exchange rate changes 19,693 (16,510) (50,038) (1,430) Decrease (increase) in short-term investments (30,07,6607) (33,863,688) 80,444,947 (25,577) Decrease (increase) in notes and accounts (68,241) (2,816,481) 93,000 Decrease (increase) in notes and accounts (80,508) 80,209 (23,388) (4,666) Decrease (increase) in prepayments (96,324) (32,649) (165,288) (4,666) Decrease (increase) in prepayments (96,324) (32,649) (165,288) (4,666) Decrease (increase) in temporary payments (96,324) (32,649	Applicant terminates the insurance contract income	(686,434)	(803,521)	(1,416,606)	(40,476)
Loss (gain) on disposal of property and equipment	Provision loss (gain) on short-term investments	0	22,677,388		(447,753)
Loss (gain) on disposal of riewestments		17,576	1,629	(2,639)	(76)
Loss (gain) on disposal of real estate		(58,223)	0		
Montization long-term investments in bonds 93,892 33,908 33,784 965 133 14661 14601		(68,826)	2,125		62
Unrealized loss (gain) on long-term investments 0 (6,063) 4,661 133 Effects of exchange rate changes 19,693 (16,510) (50,038) (1,430) Decrease (increase) in short-term investments (30,716,607) (33,863,668) (8,944,947) (255,577) Decrease (increase) in notes receivable (30,51,644) (2,816,413) 3,254,913 93,000 Decrease (increase) in perpaid pension (80,508) 80,290 (23,388) (668) Decrease (increase) in prepaid pension 380,016 85,264 1,058,864 30,254 Decrease (increase) in other current assets (1,107,088) (5,675,515) (2,628,490) (75,102) Decrease (increase) in temporary payments (360,630) 451,427 (15,796) (451) Decrease (increase) in deferred income tax assets (19,96) (203) (83 (2) Increase (decrease) in accounts payable-related parties 1,960 (203) (83 (2) Increase (decrease) in accounts payable related parties 13,058 3,143,657 (4,862,042) (39,613) (11,772) <		93,892	33,908	33,784	965
Effects of exchanges 19,693 (16,510) (50,038) (1,430) Decrease (increase) in short-term investments (30,776,667) (33,863,688) (8,944,947) (255,577) Decrease (increase) in notes receivable (3,051,644) (2,816,413) 3,254,913 93,000 Decrease (increase) in notes and accounts (80,508) (80,290) (23,388) (668) Decrease (increase) in prepayments (96,324) (32,649) (163,288) (4,666) Decrease (increase) in prepayments (96,324) (32,649) (163,288) (4,666) Decrease (increase) in prepayments (11,07,088) (5,675,515) (2,628,490) (75,102) Decrease (increase) in temporary payments (11,07,088) (45,675,515) (2,628,490) (75,102) Decrease (increase) in deferred income tax assets (291,015) (291,015) (412,011) (11,772) Increase (decrease) in accounts payable (1,960) (203) (83) (2) Increase (decrease) in accounts payable-related parties (13,337) (491,507) (71,130) (2,032) Increase (decrease) in accounts payable (44,000) (23,791) (17,946) (138,920) Increase (decrease) in other accounts payable (44,000) (23,791) (17,946) (18,820) Increase (decrease) in other accounts payable (44,000) (23,791) (17,946) (18,820) Increase (decrease) in other accounts payable (44,000) (23,791) (17,946) (18,920) Increase (decrease) in other current liabilities (27,504) (1,179) (0	(6,063)	4,661	133
Decrease (increase) in notes receivable		19,693	(16,510)	(50,038)	(1,430)
Decrease (increase) in notes and accounts receivable-related parties (80,508) (80,509) (23,388) (668				(8,944,947)	
Decrease (increase) in notes and accounts receivable-related parties (80,508) (80,509) (23,388) (668	Decrease (increase) in notes receivable	(3,051,644)	(2,816,413)	3,254,913	93,000
Decrease (increase) in prepayments 96,324 (32,649) (163,288) (4,666) Decrease (increase) in prepaid pension 389,016 82,647 1,058,864 30,254 Decrease (increase) in other current assets (1,107,088) (5,675,515) (2,628,490) (75,102) Decrease (increase) in temporary payments (360,630) 451,427 (15,796) (415) Decrease (increase) in deferred income tax assets (291,015) 291,015 (412,011) (11,772) Increase (decrease) in ones payable 1,960 (203) (83) (2) Increase (decrease) in accounts payable-related parties 13,358 3,143,657 (4,862,042) (138,920) Increase (decrease) in accrued expenses 130,583 3,143,657 (4,862,042) (138,920) Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in other accounts payable (44,000) 23,791 (39,613) (1,132) Increase (decrease) in other current liabilities 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in other current liabilities (473,883) (473,883) (47,984)	Decrease (increase) in notes and accounts				
Decrease (increase) in prepayments 96,324 (32,649) (163,288) (4,666) Decrease (increase) in prepaid pension 389,016 82,647 1,058,864 30,254 Decrease (increase) in other current assets (1,107,088) (5,675,515) (2,628,490) (75,102) Decrease (increase) in temporary payments (360,630) 451,427 (15,796) (415) Decrease (increase) in deferred income tax assets (291,015) 291,015 (412,011) (11,772) Increase (decrease) in ones payable 1,960 (203) (83) (2) Increase (decrease) in accounts payable-related parties 13,358 3,143,657 (4,862,042) (138,920) Increase (decrease) in accrued expenses 130,583 3,143,657 (4,862,042) (138,920) Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in other accounts payable (44,000) 23,791 (39,613) (1,132) Increase (decrease) in other current liabilities 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in other current liabilities (473,883) (473,883) (47,984)	receivable-related parties	(80,508)	80,290	(23,388)	(668)
Decrease (increase) in prepaid pension 389,016 (1,107,088) 852,674 (2,628,490) 30,254 (2,628,490) Decrease (increase) in other current assets (1,107,088) (5,675,515) (2,628,490) (75,102) Decrease (increase) in temporary payments (360,630) 451,427 (15,796) (451) Decrease (increase) in deferred income tax assets (291,015) 291,015 (412,011) (11,772) Increase (decrease) in accounts payable 1,960 (203) (83) (2032) Increase (decrease) in accounts payable-related parties 113,377 (491,507) (71,130) (2032) Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in other current liabilities (473,583) 617,93 362,926 10,370 Increase (decrease) in other current liabilities (473,583) 617,93 362,926 10,370 In		, , ,			, ,
Decrease (increase) in other current assets (1,107,088) (5,675,515) (2,628,490) (75,102) Decrease (increase) in temporary payments (360,630) 451,427 (15,796) (451) Decrease (increase) in deferred income tax assets (291,015) (291,015) (291,015) (412,011) (11,772) Increase (decrease) in ontes payable (1,960) (203) (83) (2) Increase (decrease) in ontes payable related (201,015) (412,011) (11,772) Increase (decrease) in accounts payable related (201,015) (412,011) (71,130) (2,032) Increase (decrease) in accounts payable (44,000) (23,791) (71,130) (2,032) Increase (decrease) in accounts payable (44,000) (23,791) (71,130) (2,032) Increase (decrease) in accounts payable (44,000) (23,791) (71,130) (71,130) (71,130) Increase (decrease) in accounts payable (44,000) (23,791) (39,613) (1,132) Increase (decrease) in other current liabilities (27,504) (49,412) (39,613) (1,132) Increase (decrease) in other current liabilities (27,504) (49,412) (39,613) (1,132) Increase (decrease) in temporary receipts (31,330) (47,354) (39,613) (4,754) (619) Increase (decrease) in deferred income tax liabilities (473,583) (31,394) (39,613) (39,613) (39,794) (39,613) (39,794) (39,613) (39,794) (3		389,016	852,674		30,254
Decrease (increase) in temporary payments and suspense accounts Gabo, Gabo		(1,107,088)		(2,628,490)	
and suspense accounts (360,630) 451,427 (15,796) (451) Decrease (increase) in deferred income tax assets (291,015) 291,015 (412,011) (11,772) Increase (decrease) in notes payable 1,960 (203) (83) (2) Increase (decrease) in accounts payable-related parties 511,337 (491,507) (71,130) (2,032) Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in other current liabilities 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts 30,330 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities 473,583 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Decrease (increase) in forwar	Decrease (increase) in temporary payments				
Increase (decrease) in notes payable 1,960 (203) (83) (2) Increase (decrease) in accounts payable-related parties 511,337 (491,507) (71,130) (2,032) Increase (decrease) in accrued expenses 130,583 3,143,657 (4,862,042) (138,920) Increase (decrease) in other accounts payable (44,000) (23,791) (179,461) (5,128 Increase (decrease) in accounts collected in advance 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts (31,330) 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities (473,583) 91,348 88,709,414 2,534,627 Cash Flows from Investing Activities (473,583) 617,993 362,926 10,370 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate (11,90) (11,990) (17,448,696) (4,600,007) (241,722) Disposal of property and equipment (27,379) 35,988 26,972 771 Acquisition of investments in real estate (12,302,721) (1,028,889) (950,566) (27,160) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (667,018) (4,758,0		(360,630)	451,427	(15,796)	(451)
Increase (decrease) in notes payable 1,960 (203) (83) (2) Increase (decrease) in accounts payable-related parties 511,337 (491,507) (71,130) (2,032) Increase (decrease) in accrued expenses 130,583 3,143,657 (4,862,042) (138,920) Increase (decrease) in other accounts payable (44,000) (23,791) (179,461) (5,128 Increase (decrease) in accounts collected in advance 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts (31,330) 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities (473,583) 91,348 88,709,414 2,534,627 Cash Flows from Investing Activities (473,583) 617,993 362,926 10,370 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate (11,90) (11,990) (17,448,696) (4,600,007) (241,722) Disposal of property and equipment (27,379) 35,988 26,972 771 Acquisition of investments in real estate (12,302,721) (1,028,889) (950,566) (27,160) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (667,018) (4,758,0	Decrease (increase) in deferred income tax assets	(291,015)	291,015	(412,011)	(11,772)
parties 511,337 (491,507) (71,130) (2,032) Increase (decrease) in octrued expenses 130,583 3,143,657 (4,862,042) (138,920) Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in accounts collected in 313,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts 313,330 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks		1,960	(203)	(83)	(2)
parties 511,337 (491,507) (71,130) (2,032) Increase (decrease) in octrued expenses 130,583 3,143,657 (4,862,042) (138,920) Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in accounts collected in 313,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts 313,330 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks	Increase (decrease) in accounts payable-related				
Increase (decrease) in other accounts payable (44,000) 23,791 179,461 5,128 Increase (decrease) in accounts collected in advance 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts 3(31,330) 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884)	parties	511,337	(491,507)	(71,130)	(2,032)
Increase (decrease) in accounts collected in advance 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts 31,330 31,330 31,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in secured loans (38,318,576) (42,657,956) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Increase (decrease) in accrued expenses	130,583	3,143,657	(4,862,042)	(138,920)
advance 13,776 (98,412) (39,613) (1,132) Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts 31,330 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate (11,99) 15,236 16,902 483 Acquisition of property and equipment 27,37	Increase (decrease) in other accounts payable	(44,000)	23,791	179,461	5,128
Increase (decrease) in other current liabilities 27,504 1,179 (21,674) (619) Increase (decrease) in temporary receipts (31,330) 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in secured loans (38,318,576) (42,657,956) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition o	Increase (decrease) in accounts collected in				
Increase (decrease) in temporary receipts and suspense accounts	advance	13,776	(98,412)	(39,613)	(1,132)
and suspense accounts (31,330) 91,348 20,263 579 Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities Usercase (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate (11,990) 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment (520,211) (1,028,889)	Increase (decrease) in other current liabilities	27,504	1,179	(21,674)	(619)
Increase (decrease) in deferred income tax liabilities (473,583) 617,993 362,926 10,370 Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 88,709,414 2,534,627 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease	Increase (decrease) in temporary receipts				
Net Cash Provided by (Used in) Operating Activities 74,831,920 91,306,683 88,709,414 2,534,627 Cash Flows from Investing Activities 0 0 527,080 15,060 Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) De	and suspense accounts	(31,330)	91,348	20,263	579
Cash Flows from Investing Activities Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041)<	Increase (decrease) in deferred income tax liabilities	(473,583)	617,993	362,926	10,370
Decrease (increase) in forward exchange payable 0 0 527,080 15,060 Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Net Cash Provided by (Used in) Operating Activities	74,831,920	91,306,683	88,709,414	2,534,627
Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Cash Flows from Investing Activities			<u> </u>	
Decrease (increase) in policy loans for life insurers (20,143,081) (25,745,616) (12,154,585) (347,284) Decrease (increase) in secured loans (38,318,576) (42,657,956) (19,853,729) (567,266) Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Decrease (increase) in forward exchange payable	0	0	527,080	15,060
Acquisition of long-term investments in stocks (7,763,966) (4,134,739) (83,538,523) (2,386,884) Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)		(20,143,081)	(25,745,616)		
Proceeds from disposal of long-term investments in stocks 258,223 0 54,848 1,567 Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Decrease (increase) in secured loans	(38,318,576)	(42,657,956)	(19,853,729)	(567,266)
Disposal of investments in real estate 111,990 15,236 16,902 483 Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Acquisition of long-term investments in stocks	(7,763,966)	(4,134,739)	(83,538,523)	(2,386,884)
Acquisition of investments in real estate (12,302,721) (7,448,696) (8,460,007) (241,722) Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Proceeds from disposal of long-term investments in stocks	258,223	0	54,848	1,567
Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Disposal of investments in real estate	111,990	15,236	16,902	483
Disposal of property and equipment 27,379 35,988 26,972 771 Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	Acquisition of investments in real estate	(12,302,721)	(7,448,696)	(8,460,007)	(241,722)
Acquisition of property and equipment (520,211) (1,028,889) (950,566) (27,160) Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)		27,379	35,988	26,972	771
Decrease (increase) in non-operating assets 0 (921,913) (718,673) (20,534) Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)					(27,160)
Decrease (increase) in guarantee deposits paid 17,815 (616,147) (142,513) (4,072) Decrease (increase) in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)		0	(921,913)	(718,673)	
Decrease (increase)in overdue receivables (2,424,142) (867,018) (4,758,041) (135,948)	, ,				,
	Decrease (increase)in overdue receivables	(2,424,142)			
	Net Cash Provided by (Used in) Investing Activities				

CATHAY LIFE INSURANCE CO., LTD. STATEMENTS OF CASH FLOWS-(Continued)

(Expressed in thousands of dollars)

Years Ended December 31, 1999, 2000 and 2001

	1999	2000	2001	2001
	NT\$	NT\$	NT\$	US\$
Cash Flows from Financing Activities				
Increase (decrease) in guarantee deposits received	(12,083)	99,467	(118,755)	(3,393)
Remuneration paid to directors and supervisors	(8,100)	(8,100)	(8,100)	(231)
Bonus to employees	(219,644)	(210,569)	(154,258)	(4,407)
Cash dividends	(6,287,229)	(7,230,313)	(5,393,258)	(154,097)
Treasury stock acquired	0	(317,483)	(11,004,482)	(314,423)
Net Cash Provided by (Used in) Financing Activities	(6,527,056)	(7,666,998)	(16,678,853)	(476,551)
Effects of Exchange Rate Changes	(19,693)	16,510	50,038	1,430
Increase(decrease) in Cash and Cash Equivalents	(12,772,119)	286,445	(57,870,236)	(1,653,483)
Cash and Cash Equivalents at the Beginning of Year	243,846,548	231,074,429	231,360,874	6,610,500
Cash and Cash Equivalents at the End of Year	\$231,074,429	\$231,360,874	\$173,490,638	\$4,957,017
Supplemental Disclosure of Cash Flows Information				
Interest paid during the year	\$19,027	\$6,708	\$4,461	\$127
Less: Capitalization of interest	0	0	0	0
Interest paid (excluding capitalized interest)	\$19,027	\$6,708	\$4,461	\$127
Income tax paid	\$2,874,079	\$3,996,843	\$7,207,830	\$205,944

CATHAY LIFE INSURANCE CO., LTD. STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in thousands of dollars) Years Ended December 31, 1999, 2000 and 2001

	Capital Stock	_	Retained	Earnings			
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated	Cum		
Summary				Retained	Trans.	Treasury Stock	Total
				Earnings	Adj.		
Balance on January 1, 1999	\$41,914,860	\$110,788	\$8,231,308	\$20,205,592	\$0	\$0	\$70,462,548
Appropriations and Distributions for 1998							
Legal reserve			1,499,679	(1,499,679)			0
Cash dividends				(6,287,229)			(6,287,229)
Remuneration paid to directors and supervisors				(8,100)			(8,100)
Bonus paid to employees				(219,644)			(219,644)
Stock dividends	6,287,229			(6,287,229)			0
Net Income after tax for the year ended Dec.31, 1999				14,918,427			14,918,427
Capital surplus from disposal of property and equipment		6,699		(6,699)			0
Balance on Dec. 31, 1999	\$48,202,089	\$117,487	\$9,730,987	\$20,815,439	\$0	\$0	\$78,866,002
Balance on January 1, 2000	\$48,202,089	\$117,487	\$9,730,987	\$20,815,439	\$0	\$0	\$78,866,002
Appropriations and Distributions for 1999							
Legal reserve			1,491,173	(1,491,173)			0
Cash dividends				(7,230,313)			(7,230,313)
Remuneration paid to directors and supervisors				(8,100)			(8,100)
Bonus paid to employees				(210,569)			(210,569)
Stock dividends	5,784,251			(5,784,251)			0
Cumulative translation adjustments					1,573		1,573
Treasury stock acquired						(317,483)	(317,483)
Net Income after tax for the year ended Dec.31, 2000				9,738,996			9,738,996
Capital surplus from disposal of property and equipment		9,032		(9,032)			0
Balance on Dec. 31, 2000	\$53,986,340	\$126,519	\$11,222,160	\$15,820,997	\$1,573	(\$317,483)	\$80,840,106

CATHAY LIFE INSURANCE CO., LTD. STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY-(Continued)

(Expressed in thousands of dollars) Years Ended December 31, 1999, 2000 and 2001

	Capita	al Stock				Retaine	d Earnings							
	Commo	on Stock	Capital S	urplus	Legal I	Reserve	Unappropria Earn	ted Retained ings	Cumulative to adjustm		Treasu	ry Stock	T	otal
Summary	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$
Balance on January 1, 2001	\$53,986,340	\$1,542,511	\$126,519	\$3,615	\$11,222,160	\$320,642	\$15,820,997	\$452,041	\$1,573	\$45	(\$317,483)	(\$9,071)	\$80,840,106	\$2,309,784
Appropriations and Distributions for 2000														
Legal reserve					972,996	27,801	(972,996)	(27,801)						
Cash dividends							(5,393,258)	(154,098)					(5,393,258)	(154,098)
Remuneration paid to directors and supervisors							(8,100)	(231)					(8,100)	(231)
Bonus paid to employees							(154,258)	(4,407)					(154,258)	(4,407)
Stock dividends	5,393,258	154,098					(5,393,258)	(154,097)					0	0
Treasury stock to write off	(993,440)	(28,385)					(2,994,662)	(85,564)			3,988,102	113,949	0	0
Change in the investment percentage							(38,058)	(1,088)					(38,058)	(1,088)
Cumulative translation adjustments									5,084	145			5,084	145
Treasury stock acquired											(11,004,482)	(314,423)	(11,004,482)	(314,423)
Net Income after tax for the year ended Dec.31, 2001							10,599,467	302,851					10,599,467	302,851
Capital surplus from disposal of property and equipment			3,975	114			(3,975)	(114)					0	0
Balance on Dec. 31, 2001	\$58,386,158	\$1,668,224	\$130,494	\$3,729	\$12,195,156	\$348,443	\$11,461,899	\$327,492	\$6,657	\$190	(\$7,333,863)	(\$209,545)	\$74,846,501	\$2,138,533

CATHAY LIFE INSURANCE CO., LTD. NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of dollars unless otherwise stated) December 31, 1999, 2000 and 2001

1. ORGANIZATION OF BUSINESS SCOPE

CATHAY LIFE INSURANCE CO., LTD. (the "Company") was incorporated on October 23 1962, in Taiwan, under the provisions of the Company Law (the "Company Law") of the Republic of China ("R.O.C."). The Company mainly engaged in the business of life insurance. On December 31, 2001, the Company became the subsidiary of CATHAY FINANCIAL HOLDING CO., LTD. by adapting the stock conversion method under the "Financial Holding Company Law and other pertinent laws of the R.O.C.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Cash and Cash Equivalents

Cash includes cash on hand, unrestricted bank deposits, and all highly liquid investments with less than three-month to maturity.

(2) Short-term Investments

Marketable equity securities are stated at the lower of cost or market. Stock dividends are treated as an increase in the number of shares. Cost of marketable equity securities sold is determined based on the weighted-average method.

Beneficiary certificates are stated at the lower of cost or market. The cost of beneficiary certificates sold is determined based on the weighted-average cost method.

When market value is obtainable, short-term notes are stated at the lower of aggregate cost or market value. The cost of these notes, interest income, and gain or loss due to maturity or as a result of sales of notes are determined by the specific identification method.

Bonds and convertible bonds are recorded at the lower of cost or aggregate market value. The cost of these bonds sold is determined by the specific identification method.

(3) Allowance for Bad and Doubtful Debts

Allowance for bad debts and doubtful accounts on notes receivable, overdue accounts and loans are determined based on the aging of outstanding balances of such accounts and the past experience of the Company.

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

(4) Long - Term Investments

A. Long-term Investments in Stocks

Long-term investments in listed companies for which the Company's ownership interest is less than 20% of the voting stocks, and lacks significant operational influence, are stated at the lower of cost or market value. Unrealized loss thereon is reflected as a reduction of shareholders' equity. Long-term investments in unlisted companies, for which the Company's ownership interest accounted for less than 20% of the common stocks, are stated at cost. However, when there is evidence showing that a decline in market value of such investment is not temporary and is already less than cost, the market value becomes the new cost basis and the difference is accounted for as if it were a realized loss, and included in the determination of net income. Stock dividends are not recognized as income but treated as an increase in the number of shares held. Upon sales of long-term equity investments (accounted for under cost method), the difference between the weighted-average cost and sales price is used to compute the resulting gain or loss.

Investments in equity securities are accounted for under the equity method where the Company's ownership interest is 20% or more of the voting shares and has significant operational influence.

If changes occurs in the capital structure of the invested companies causing an increase or decrease of stocks, and the Company can no longer maintain its original shares of interest, adjustments will be dealt with in the capital surplus and long-term equity investment accounts. If there is any deficiency in the capital surplus account, the difference will be debited to the retained earnings account.

An invested company ("investee") is considered to be the Company's subsidiary if the Company owns more than 50% of the investee's voting stock. Consolidated financial statements should include all subsidiaries; except for subsidiaries that have different business nature from that of the Company or when compared to the Company's, each account items in the total assets and operating income of these subsidiaries are less than 10% of it. If total assets or operating income of those unconsolidated subsidiaries are more than 30% of the corresponding amount of the Company's, these subsidiaries should be included in the Company's consolidated financial statements until the percentage mentioned above subsides to 20% or less.

The cost of the disposal of an investment is determined by the weighted-average method

CATHAY LIFE INSURANCE CO., LTD.

NOTES TO FINANCIAL STATEMENTS - (Continued)

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

B. Long-Term Investments in Bonds

Long-term investments in bonds should be accounted for at cost, and any premium or discount should be amortized based on a reasonable and systematic basis.

(5) Investments in Real Estate

Investments in real estate are stated at cost when acquired. The cost of investments in real estate and its corresponding revaluation surplus and accumulated depreciation are written off upon retirement or disposal. Gain or loss resulting from disposal of an investment in real estate is classified as an operating gain or loss.

Depreciation is calculated by the straight-line method based on the "Estimated Useful Life of Fixed Assets Table" published by the Executive Yuan of the ROC government (the "Government").

(6) Property and Equipment

Property and equipment are carried at cost. Improvements and major renovation of properties are capitalized, while repairs and maintenance are expensed immediately. Upon disposal of an item of property and equipment, the related cost and accumulated depreciation are removed from the accounts.

Depreciation on depreciable assets are recognized on a straight-line method, based on the useful lives prescribed by the Executive Yuan. When the economic useful lives have expired, properties and equipment, which are still in use, are depreciated based on the residual value.

(7) Deferred Charges

According to formula set by the Ministry of Finance, the Company appropriated a "Stabilization fund " and a counter account "Stabilization fund reserve". These two accounts would not be listed in the financial statements due to their offsetting nature.

From 1993 to Dec.31 2001, an amount of \$1,441,813 has been appropriated to this fund.

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

(8) Guaranteed Depository Insurance Payment

According to Article 141 of the Insurance Law of the Republic of China, amount equal to 15% of the Company's stockholder's equity should be deposited in the Central Bank of Chins as the "Guaranteed Depository Insurance". The amount was deposited in the form of bond.

(9) Reserve for Operating:

A. Unearned Premium Reserve:

Unearned Premium Reserve Fund that contains the portion of the premium that has been paid in advance for insurance that has not yet been provided.

B. Special Claim Reserve:

Insurance company should set up the special claim reserve to avoid the unexpected loss for each type of insurance business with one-year term or less than one-year term. The specified calculation method is regulated by MOF.

C. Claims Reserve:

Monetary fund established to pay for claims that the insurance company is aware of (claims incurred or future claims) but that the insurance company has not yet settled. This reserve is critical since it is an accurate indication of a company's liabilities. This reserve does not take into account INCURRED BUT NOT REPORTED LOSSES (IBNR).

D. Reserve for Life Insurance:

Specification by MOF regarding (a) the minimum assumptions that must be used in reserve calculations as they pertain to the maximum interest rate that can be assumed; (b) the mortality table that can be used (the more conservative the table, the higher the death rates that will be shown which exceed the death rates actually expected); and (c) the reserve valuation that must be used.

(10) Insurance Premiums Income and Expenses

CATHAY LIFE INSURANCE CO., LTD.

NOTES TO FINANCIAL STATEMENTS - (Continued)

(Expressed in thousands of dollars unless otherwise stated)

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Direct premiums are recognized on the date the policies became effective. Policy related expenses are recognized as incurred.

Reinsurance premiums inward and reinsurance commission expenses are recognized upon assumption of reinsurance. Claim expenses for assumed reinsurance policies are recognized upon notification that claim payments are due. At year-end, adjustments are made based on past experience.

(11) Pension Plan

The Company established a pension plan for all employees. Pension plan benefits are based primarily on participants' compensation and the number of years of credited service.

In compliance with R.O.C. SFC regulations, the Company followed the R.O.C. Statements of Financial Accounting Standards (SFAS) No. 18, "Accounting for Pensions". An actuarial valuation of pension liability is performed as of the balance sheet date, and a minimum pension liability will be disclosed in the financial statements based on the difference between the accumulated benefit obligation and the fair value of plan assets.

(12) Foreign-currency Transactions

A. Translations of Foreign Currency Transactions

Foreign-currency transactions are recorded in New Taiwan Dollars at the rates of exchange in effect when the transactions occurred. Gains or losses resulting from adjustments or settlements of foreign currency assets and liabilities are credited or charged to income. Year-end foreign currency assets and liabilities are translated at year-end exchange rate, and resulting gains or losses are credited or charged to current income.

B. Translation of Foreign Subsidiaries' Statements

Financial statements of foreign subsidiaries accounted for by the equity method are translated into New Taiwan Dollars as follows: All assets and liabilities denominated in foreign currencies are translated into New Taiwan Dollars at the

(Expressed in thousands of dollars unless otherwise stated)

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exchange rate ruling on the balance sheet date. Stockholders' equity items are translated on the historical rate basis except the beginning balance of retained earnings, which is posted directly from the balance of the last year. Statements of income items are translated by the weighted-average exchange rate for the year. Differences arising from a translation are reported as "Cumulative Translation Adjustments" in the section of stockholders' equity as a separate item.

When the financial statements of the foreign operation are translated into domestic currency, the foreign currency financial statements should be first converted into the functional currency if the foreign currency is not the functional currency. This process will have the same result was if the transaction is recorded in the functional currency from the beginning. The exchange gain or loss from the conversion will be recognized in the current period because it affects directly the cash flows of the foreign operation.

(13) Income Taxes

The Company adopted SFAS Statement No. 22, "Accounting for Income Taxes", which requires inter-period and inter-period taxes allocations in addition to computing current period income tax payable (refund). Furthermore, it requires recognition of deferred income tax liabilities on future taxable temporary differences, and deferred income tax assets on future deductible temporary differences, prior year's loss carry-forwards and investment tax credits. The realization of deferred income tax assets is further assessed and a valuation allowance, if needed, is provided accordingly. Adjustment of prior year's income tax expense is recorded as current period income tax expense in the year of adjustment.

Deferred income tax assets and liabilities are classified as current or noncurrent in accordance with the underlying assets or liabilities. Deferred income taxes not relating to assets or liabilities are classified as current or noncurrent based on the length of the expected realizable or reversible period.

The additional 10% income tax on undistributed earnings is recognized as expense on the date of the shareholders' meeting.

(Expressed in thousands of dollars unless otherwise stated)

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(14) Capital Expenditure Expenses

Expenditure is capitalized and amortized over its useful life if it involves a significant amount and benefits future periods. Otherwise, it is expensed in the year of expenditure.

(15) Treasury Stock

The Company uses the cost method to account for treasury stock. Under the cost method, the treasury stock account is debited for the cost of the shares purchased. When the disposal price of treasury stock is greater than the cost, the difference is credited to capital surplus-treasury stock. If the disposal price is lower than cost, the difference is debited to capital surplus from similar treasury stock. If the capital surplus-treasury stock account is insufficient to cover the excess of the cost over the price, retained earnings should be debited for the remaining amount. The book value of each share of treasury stock is equal to its weighted-average value and is calculated according to its reason for purchase.

When treasury stock is retired, capital surplus and common stock are debited according to the ratio of retiring treasury stock to total issued stock. When the book value of the retiring treasury stock is higher than the sum of its par value and capital surplus, the difference is debited to capital surplus-treasury stock. If the capital surplus-treasury stock account is insufficient to cover the difference, retained earnings should be debited for the remaining amount. When the book value of the retiring treasury stock is lower than the sum of its par value and capital surplus, the difference is credited to capital surplus-treasury stock.

(16) Derivative Financial Products Transaction

Transactions on forward exchange contracts are translated into New Taiwan Dollars based on the spot rate at the contract date. The difference between the spot rate and the agreed forward rate is amortized over the contract period. At the year-end, the assets and liabilities of the forward exchange contracts are restated at the prevailing exchange rate, and resulting gains or losses are credited or charged to current income. The net value of receivables and payables of the forward exchange contracts is

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represented as an asset or a liability in the balance sheet. The exchange gains or losses resulting from the settlement of the forward contracts are credited or charged to current income in the year of settlement.

The premium for an option contract is recorded at cost. Premium for the purpose of hedging is accounted for as an asset and amortized over the contract period, and is adjusted by market value as of the balance sheet date. Any gain or loss from hedging the exposed asset or liability position is recognized as a current period gain or loss. Gains or losses arising from hedging an identifiable commitment are deferred and recognized as an adjustment of the transaction price on the transaction date. Any gain or loss resulting from premium for the purpose of speculation is included in the current earnings.

3. CHANGES IN ACCOUNTING AND ITS EFFECTS: None

4. CASH AND CASH EQUIVALENTS

	December 31								
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)					
Cash on hand	\$743,928	\$469,026	\$467,677	\$13,362					
Cash in banks	2,118,492	4,267,074	8,396,040	239,894					
Time deposits	200,388,595	208,270,313	146,286,296	4,179,728					
Cash equivalents	27,823,414	18,354,461	18,340,625	524,033					
Total	\$231,074,429	\$231,360,874	\$173,490,638	\$4,957,017					

5. SHORT-TERM INVESTMENTS

	December 31							
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)				
Common stock and								
Beneficiary certificates	\$62,526,100	\$88,150,295	\$104,403,195	\$2,983,034				
Oversea investments	0	1,927,584	52,038,412	1,486,854				

(Expressed in thousands of dollars unless otherwise stated)

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Appoint purpose trust fund	34,749,530	37,144,042	47,860,377	1,367,478
Corporate bonds	10,989,025	11,720,339	12,176,568	347,912
Government bonds	2,942,176	4,128,151	3,797,971	108,517
Financial debentures	1,315,500	340,000	2,340,000	66,859
Short-term notes	92,170,008	88,711,277	18,436,276	526,766
Sub-Total	204,692,339	232,121,688	241,052,799	6,887,420
Less: Cash equivalents	(27,823,414)	(18,354,461)	(18,340,625)	(524,033)
Allowance for				
valuation loss	0	(22,677,388)	(7,006,481)	(200,191)
Total	\$176,868,925	\$191,089,839	\$215,705,693	\$6,163,196

6. PREMIUNS PAID FOR OTHERS

If insurance applicants could not meet their insurance installments after their second installment, the Ministry of Finance ruled that applicants can make written statements, requesting the Company to pay the premium and interests payable by using the Company's "policy value reserve" prior the due date of installment payments or before the insurance contract's termination date, However, applicants may also choose to inform the Company by written statements, not to pay such installments.

7. LOANS

(1) Policy Loans for Life Insurers

Loans upon policies issued by Cathay Life Insurance Co., Ltd.

(2) Secured Loans

-	December 31							
<u>-</u>	1999(NT\$) 2000(NT\$)		2001(NT\$)	2001(US\$)				
Short-term secured loans	\$291,505	\$110,153	\$89,600	\$2,560				
Less: Allowance for								
bad debts	(5,830)	(1,102)	(896)	(26)				
Sub-total	285,675	109,051	88,704	2,534				
Medium-term secured								
loans	10,836,940	12,183,079	12,152,094	347,213				

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

debts	(216,739)	(121,831)	(121,521)	(3,472)
Sub-total	10,620,201	12,061,248	12,030,573	343,741
Long-term secured loans	237,324,426	278,817,595	298,722,862	8,535,183
Less: Allowance for bad				
debts	(4,746,489)	(2,788,176)	(2,987,229)	(85,352)
Sub-total	232,577,937	276,029,419	295,735,633	8,449,831
Total	\$243,483,813	\$288,199,718	\$307,854,910	\$8,796,106

Secured loans are loans on government bonds `stock `corporate bonds and real estate. Loans with terms for less than one year are short-term loans; loans with terms for more than one year but less than seven years are medium-term loans; loans with terms for more than seven years are long-term loans.

8. LONG-TERM INVESTMENTS

(A) Prepaid Long-Term Investments

	December 31				
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)	
Cathay Insurance (Bermuda) Co., Ltd.	\$39,700	\$0	\$0	\$0	

(B) Long -term Investments in Stocks

	December 31				
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)	
<u>Investee</u>	Book Value	Book Value	Book Value	Book Value	
A. Under the equity method:					
WK Technology Fund I	\$300,000	\$304,750	\$313,048	\$8,945	
Cathay Insurance					
(Bermuda) Co., Ltd.	0	41,013	48,866	1,396	
Cathay Venture Capital	0	150,000	148,714	4,249	
Crop.					
Vista Technology venture	0	50,000	98,038	2,801	
Capital Corp					
Omnitek Venture Capital	0	150,000	150,413	4,298	
Corp					
IBT Venture Capital Corp	0	590,000	589,991	16,857	
Wa Tech Venture Capital					
Co., Ltd.	0	0	184,098	5,260	

CATHAY LIFE INSURANCE CO., LTD. NOTES TO FINANCIAL STATEMENTS - (Continued) (Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

Cathay Securities Investment Trust Co., Ltd.	0	0	188,903	5,397
Symphox Information Co., Ltd.	0	0	281,531	8,044
Sub-total	300,000	1,285,763	2,003,602	57,247
B. Under the cost method:				
Central reinsurance Corp.	16,250	0	0	0
WK Technology Fund III	100,000	100,000	100,000	2,857
Taiwan Aerospace Company	260,000	260,000	260,000	7,429
Futon Ventrure Capital Corp.	20,000	20,000	0	0
TSMC-Acer Semiconductor Manufacturing Corp.	31,104	0	0	0
Koo Group Telecommunications Co.,				
Ltd.	749,998	749,998	749,998	21,429
Concord III Venture	747,770	747,770	747,770	21,42)
Capital Co., Ltd.	89,280	89,280	89,280	2,551
Taipei Financial Center	379,736	617,236	1,441,591	41,190
Corp.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	. ,	, ,	,
Taipei Financial Center				
Corp.Preferred stock	237,500	0	0	0
Investar Dayspring V.C. Inc.	200,000	200,000	200,000	5,715
FAT Venture Capital Co.,	50,000	50,000	50,000	1,429
Ltd.				
Concord IV Venture				
Capital Co., Ltd.	50,000	50,000	50,000	1,429
WK Technology Fund V	100,000	100,000	100,000	2,857
WK Technology Fund IV Yi Hua Venture Capital	96,000	96,000	127,200	3,634
Investment Corp	100,000	100,000	100,000	2,857
Wa Tech Venture Capital		-4.000		
Co., Ltd.	64,098	64,098	0	0
Super Tech Venture Capital	100.000	100.000	100.000	2.057
Corp. CDIB & Partners	100,000	100,000	100,000	2,857
Investment Holding Corp.	500,000	500,000	500,000	14,286
Alex-Tech Machinery	300,000	300,000	300,000	14,200
Industrial Co., Ltd.	21,000	21,000	21,000	600
Quanta Display Inc.	750,000	750,000	813,282	23,237
R.O.C. Venture Capital,	151,970	151,970	151,970	4,342
Ltd.	•	,	,	,
National Venture Capital				
Co., Ltd.	100,000	100,000	100,000	2,857
WK Technology Fund VII	200,000	200,000	200,000	5,714
Capital Venture Fund Ⅱ Corp	50,000	50,000	50,000	1,429
Fu Yu Venture Capital				
Investment Co., Ltd.	0	200,000	200,000	5,714
Concord VII Venture	0	100,000	100,000	2,857
Capital Co., Ltd.	-	- ,	,	, •
Allied Material Technology	0	98,400	98,400	2,812
Corp				

CATHAY LIFE INSURANCE CO., LTD. NOTES TO FINANCIAL STATEMENTS - (Continued) (Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

New Century InfoComm	inder 31, 1993	, 2000 and 200	1	
Tech Co., Ltd.	0	1,268,000	1,268,000	36,230
Deltamac (Taiwan) Co.,	0	15,200	15,200	434
Ltd.				
Srsuntour Co., Ltd.	0	62,000	62,000	1,771
Titan I Venture Capital				
Co., Ltd.	0	150,000	150,000	4,286
Harbinger Venture Capital	0	200,000	200,000	5,714
Crop.				
Prosperity Venture Capital	0	100,000	100,000	2,857
Corp.				
Taiwan ultra capacity Corp.	0	25,000	0	0
KGEx.com Co., Ltd.	0	175,000	175,000	5,000
United Venture Corp.	0	50,000	50,000	1,429
Atech Technology Co., Ltd.	0	3,750	0	0
BioCare Corp.	0	12,000	12,000	343
Megic Corp.	0	18,000	18,000	514
WK Technology Fund VIII	0	200,000	200,000	5,714
Hua Chih Venture Capital	0	60,000	60,000	1,714
Corp.				
Jih Sun Venture Capital				
Investment Co.	0	80,000	80,000	2,286
Formosa Epitaxy Inc.	0	20,500	20,500	586
ACME Precision Co., Ltd.	0	3,500	0	0
Win Semiconductors Corp.	0	47,600	47,600	1,360
Sintek Photronic Corp.	0	75,000	75,000	2,143
National Aerospace				
Fasteners Corp.	0	0	38,000	1,086
Kinik Precision Grinding				
Co., Ltd.	0	0	6,000	171
Vita Genomics Inc.	0	0	87,500	2,500
TurboComm Tech. Inc	0	0	50,000	1,429
Tong Hsing Electronic	0	0	27,144	776
Ind.Ltd.				
China Technology Venture				
Capital Corp.	0	0	50,000	1,429
.				
Daiwa Securities	0	0	270 200	= 40.5
SMBC-Cathay Co., Ltd.	0	0	259,200	7,406
Applied Vacuum Coating				
Technologies Co., Ltd.	0	0	6,150	176
TaiGen Biotechnology	0	0	8,250	236
Darly 3 Venture Ltd.	0	0	10,000	286
Sub-total	4,416,936	7,333,532	8,678,265	247,958
Add: Cumulative translation	_	. =		
adjustments	0	1,573	6,657	190
Total	\$4,716,936	\$8,620,868	\$10,688,524	\$305,395

1. Changes in long-term investments in stocks under the equity method are summarized in the following table:

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

	December 31					
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)		
Balance at January 1	\$0	\$300,000	\$1,285,763	\$36,737		
Add: Investment income						
(losses) by equity						
method recognized	0	6,063	(6,924)	(198)		
Increment of						
investments	300,000	979,700	762,821	21,795		
Unrealized valuation						
loss in long-term						
invest company by						
investment						
percentage						
recognized	0	0	(38,058)	(1,087)		
Balance of December 31	\$300,000	\$1,285,763	\$2,003,602	\$57,247		

2. The investment income (losses) recognized by the equity method for the years ended December 31,1999,2000 and 2001 are listed below:

	December 31				
<u>Investee</u>	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)	
WK Technology Fund VI	\$0	\$4,750	\$8,298	\$237	
Cathay Insurance					
(Bermuda) Co., Ltd.	0	1,313	7,853	224	
Symphox Information Co.,					
Ltd.	0	0	(18,469)	(528)	
Cathay Securities					
Investment Trust Co.,					
Ltd.	0	0	(1,762)	(50)	
Cathay Venture Capital					
Corp.	0	0	(1,286)	(37)	
Vista Technology Venture					
Capital Corp.	0	0	(1,962)	(56)	
Omnitek Venture Capital					
Corp.	0	0	413	12	
IBT Venture Capital Corp	0	0	(9)	0	
Wa Tech Venture Capital					
Co., Ltd.	0	0	0	0	
Total	\$0	\$6,063	(\$6,924)	(\$198)	

(1). Not all of the Company's invested companies, under the equity method, can provide its audited financial statements in time for the Company's year-end consolidation. If the Company owns less than 50% interest of such investee, the

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

investee's investment income or loss for the year will be deferred until the following year. That is, the Company will recognize in the following year, the investment income or loss from such investee by the percentage of shares invested. Associated companies, under the equity method, sometimes could not provide timely audited financial statement. Thus, the share interests of the associated company's profits and losses usually carry forward into the Company consolidated financial statements the following year.

- (2). The Company holds over 50% of Cathay Insurance (Bermuda) Co., Ltd. and Symphox Information Co., Ltd. However, these two subsidiaries' financial reports were not consolidated because each account items in their total assets and operation revenues contributed less than 10% to the Company's.
- (3). The investment income (losses) were recognized based current year's audited financial statements of Cathay Insurance (Bermuda) · Cathay Securities Investment Trust · Cathay Venture Capital Corp and Symphox Information Co., Ltd.

9. LONG-TERM INVESTMENTS IN BONDS

Long-term investments in bonds constitute government bonds and corporate bonds as of Dec.31, 1999, 2000 and 2001. They are deposited in The Central Bank of China as Capital Guarantee Deposits.

10. INVESTMENTS IN REAL ESTATE

	December 31, 1999				
<u>Item</u>	Cost(NT\$)	Revaluation Surplus(NT\$)	Accumulated Depreciation(NT\$)	Net Value(NT\$)	
Investments in real estate	\$72,771,326	\$3,990	(\$7,048,368)	\$65,726,948	
Construction	5,976,913	0	0	5,976,913	
Prepayments for					
buildings and land	2,745,383	0	0	2,745,383	
Total	\$81,493,622	\$3,990	(\$7,048,368)	\$74,449,244	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

	December 31, 2000					
<u>Item</u>	Cost(NT\$)	Revaluation Surplus(NT\$)	Accumulated Depreciation(NT\$)	Net Value(NT\$)		
Investment in real estate	\$79,848,011	\$3,990	(\$8,107,018)	\$71,744,983		
Construction	9,069,327	0	0	9,069,327		
Prepayments for						
buildings and land	34,495	0	0	34,495		
Total	\$88,951,833	\$3,990	(\$8,107,018)	\$80,848,805		

	December 31, 2001							
Item	Cos	t	Revaluation	Suprlus	Accumulated D	epreciation	Net Va	ilue
	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$
Investment in real								
estate	\$80,122,298	\$2,289,274	\$5,264	\$150	(9,181,685)	(\$262,341)	\$70,945,877	\$2,027,083
Construction	17,197,050	491,358	0	0	0	0	17,197,050	491,358
Total	\$97,319,348	\$2,780,632	\$5,264	\$150	(\$9,181,685)	(\$262,341)	\$88,142,927	\$2,518,441

- (1) The real estate investments mainly engage in the business of to building rentals.
- (2) As of December 31,1999, 2000 and 200, investments in real estate were pledged. Please refer to note 19, "Pledged Assets" for details.

11. PROPERTY AND EQUIPMENT

_	December 31, 1999				
Te	C(NITO)	Revaluation	Accumulated	N. (N. L. (NUTC)	
<u>Item</u>	Cost(NT\$)	Surplus(NT\$)	Depreciation(NT\$)	Net Value(NT\$)	
Land	\$4,874,153	\$2,784	\$0	\$4,876,937	
Buildings and structures	10,026,053	0	(2,231,565)	7,794,488	
Communication and					
transportation equipment	163,358	0	(56,976)	106,382	
Other equipment	1,949,996	0	(1,404,738)	545,258	
Sub-total	17,013,560	2,784	(3,693,279)	13,323,065	
Construction in progress	300	0	0	300	
Prepayment for equipment	14	0	0	14	
Total	\$17,013,874	\$2,784	(\$3,693,279)	\$13,323,379	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

_				
<u>Item</u>	Cost(NT\$)	Revaluation Surplus(NT\$)	Accumulated Depreciation(NT\$)	Net Value(NT\$)
Land	\$4,880,956	\$2,784	\$0	\$4,883,740
Buildings and structures	9,993,656	0	(2,449,013)	7,544,643
Communication and				
transportation equipment	149,510	0	(50,837)	98,673
Other equipment	2,768,997	0	(1,452,791)	1,316,206
Sub-total	17,793,119	2,784	(3,952,641)	13,843,262
Construction in progress	17,800	0	0	17,800
Prepayment for equipment	900	0	0	900
Total	\$17,811,819	\$2,784	(\$3,952,641)	\$13,861,962

				Decem	ıber 31, 2001				
Item	Cos	Cost		Revaluation Surplus		Accumulated Depreciation		Net Value	
	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	
Land	\$5,011,275	\$143,184	\$1,510	\$43	\$0	\$0	\$5,012,785	\$143,227	
Buildings and									
structures	10,086,291	288,188	0	0	(2,634,436)	(75,272)	7,451,855	212,916	
Communication and									
transportation									
equipment	135,846	3,881	0	0	(47,878)	(1,368)	87,968	2,513	
Other equipment	3,356,997	95,917	0	0	(1,691,670)	(48,335)	1,665,327	47,582	
Sub-total	18,590,409	531,170	1,510	43	(4,373,984)	(124,975)	14,217,935	406,238	
Construction in									
progress	128,500	3,672	0	0	0	0	128,500	3,672	
Prepayment for									
equipment	600	17	0	0	0	0	600	17	
Total	\$18,719,509	\$534,859	\$1,510	\$43	(\$4,373,984)	(\$124,975)	\$14,347,035	\$409,927	

No property or equipment is pledged as collateral. The insurance coverage on property and equipment and real estate investments are recorded in book value.

12. OVERDUE RECEIVABLES

	December 31				
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)	
Overdue receivables	\$5,140,448	\$4,833,570	\$8,491,358	\$242,617	
Less: Allowance for bad and	(1,365,303)	(1,289,596)	(2,462,494)	(70,359)	
doubtful debts					
Total	\$3,775,145	\$3,543,974	\$6,028,864	\$172,258	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

13. CAPITAL STOCK AND CAPITAL INCREMENT

- (1) As of Dec.31, 1999, 2000 and 2001, the total authorized shares were 4,820,208,901, 5,398,633,969 and 5,838,615,765, respectively, with par value of 10 dollars each.
- (2) On May 22, 2001, the Company declared a \$5,393,258 stock dividend. Consequently, the R.O.C SFC approved the appropriation and issuance of shares in July 11, 2001.
- (3) The Company reported to repurchase 39,344,000 shares of common stocks as treasury stocks for employee stock options. However, on August 8, 2001, Company's Board of Directors decided to write off the 39,344,000 shares of treasury stocks
- (4) On Oct. 29,2001, the Board of Directors voted unanimously to write off 60,000,000 shares of treasury stocks on Nov. 15, 2001.
- (5) On April 18, 2000, the stockholders declared a stock dividend distribution of \$5,784,251 from retained earnings. The R. O. C. SFC approved the decision on May 18, 2000.
- (6) On May 18, 1999, the stockholders declared a stock dividend distribution of \$6,287,229 from retained earnings. The R. O. C. SFC approved the decision on June 24, 1999.

14. RETAINED EARNINGS

(1) Legal reserve

Pursuant to the Company Law, 10% of the Company's annual after-tax net income must be appropriated as legal reserve until the total amount of the legal reserve equals to the issued share capital. This legal reserve can only be used to offset deficits and not for cash dividends distributions. However, if the total accumulated legal reserve is greater than 50% of the issued share capital, up to 50% of such excess can be capitalized if agreed by its stockholders.

(2) Unappropriated Retained Earnings

- A.According to the Company Law of the Republic of China and the Company's Articles of Incorporations, 10 % of the Company's annual earnings, after paying tax and offsetting deficit, if any, should first be appropriated as legal reserve. Apart from distributing stock interest and 2% as bonus for employees, the remainder shall be allocated in accordance with the resolution in the stockholders' meeting.
- B.According to related regulations if any undistributed retained earnings of the Company assessed by the tax authority exceed 100% of its paid-in capital, the Company must distribute cash dividends or stock dividends following the year of

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

the assessment. Otherwise, income tax will be levied on each shareholder's proportion of the total undistributed retained earnings; or the Company may pay an extra 10% income tax on the excess undistributed retained earnings for the year.

(3) According to the revised tax law of 1998, the Company has to pay an extra 10% income tax on all undistributed retained earnings generated during the year. The regulation above is no longer standing.

15. TREASURY STOCK

The reason	Jan. 1, 2001	Increase	Decrease	(shares) Dec. 31, 2001
Transferred it to employees	5,376,000	151,551,000	0	156,927,000
For the purpose to conserve				
the credit and stockholders'				
equity of Cathay Life				
Insurance Co., Ltd.	0	99,344,000	99,344,000	0
Total	5,376,000	250,895,000	99,344,000	156,927,000

- (1) Pursuant to the Securities and Exchange Law of the R.O.C., the outstanding issued shares a company can acquire, as treasury stocks, should not exceed 10% of the total shares issued. The limitation on repurchase of shares cannot exceed the total sum of the retained earnings plus the premium of issued shares and realized capital surplus. As of Dec. 31, 2001, the maximum shares of treasury stock allowed to repurchase are 250,895,000 of shares at \$11,004,482. As of Dec. 31, 2001, the Company's treasury stock holdings reached 156,927,000 shares \$7,333,863.
- (2) Treasury stock of the Company was converted into common stock of CATHAY FINANCIAL HOLDING CO., LTD. on Dec 31 2001, on the basis of conservative principle and the R.O.C. GAAP No.30, par value of these converted stocks is equal to that of the issued common stocks of CATHAY FINANCIAL HOLDING CO., LTD. These common stocks are under the guidance of the "Financial Holding Company Law" of the R.O.C. article 31 and the "Securities and Exchange Law" of the R.O.C. article 28-2 and article 38.

CATHAY LIFE INSURANCE CO., LTD.

NOTES TO FINANCIAL STATEMENTS - (Continued) (Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

16. ESTIMATED INCOME TAXES

(1) Income tax expenses include the following:

Income before Taxes		1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Interest income of tax on a separate basis (7,484,634) (6,016,727) (4,226,339) (120,756) Loss (gain) on disposal of investments (3,616,741) (9,404,237) 19,356,685 553,064 Gain on disposal of land (68,826) (2,481) (2,440) (70) Loss (gain) on market price loss (recovery) of short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding 1,066,630 (3,125,448) 910,411 26,013 law-allowed limit Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times ; Taxes Rate; Less: Progressive difference 25%—10 25%—10 —— Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0	Income before Taxes	\$18,074,451	\$17,058,770	\$14,459,277	\$413,134
separate basis (7,484,634) (6,016,727) (4,226,339) (120,756) Loss (gain) on disposal of investments (3,616,741) (9,404,237) 19,356,685 553,064 Gain on disposal of land (68,826) (2,481) (2,440) (70 Loss (gain) on market price loss (recovery) of short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding law-allowed limit 1,066,630 (3,125,448) 910,411 26,013 Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309	Adjustments				
Loss (gain) on disposal of investments (3,616,741) (9,404,237) 19,356,685 553,064 Gain on disposal of land (68,826) (2,481) (2,440) (70) Loss (gain) on market price loss (recovery) of short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding 1,066,630 (3,125,448) 910,411 26,013 law-allowed limit Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,3322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax labilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax labilities (1,655,918) (1,525,263) (1,370,945) (25,497) Ending deferred income tax labilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0	Interest income of tax on a				
investments (3,616,741) (9,404,237) 19,356,685 553,064 Gain on disposal of land (68,826) (2,481) (2,440) (70) Loss (gain) on market price loss (recovery) of short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding law-allowed limit (884,071) (888,346) (1,513,649) (43,248) Cash Dividend Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375	separate basis	(7,484,634)	(6,016,727)	(4,226,339)	(120,756)
Gain on disposal of land (68,826) (2,481) (2,440) (70) Loss (gain) on market price loss (recovery) of short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding 1,066,630 (3,125,448) 910,411 26,013 law-allowed limit (2,440) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times ; Taxes Rate; Less: Progressive difference 25%-10 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698	Loss (gain) on disposal of				
Loss (gain) on market price loss (recovery) of short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding 1,066,630 (3,125,448) 910,411 26,013 law-allowed limit Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25% - 10 25% - 10 25% - 10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0	investments	(3,616,741)	(9,404,237)	19,356,685	553,064
Ioss (recovery) of Short-term investments 0 22,677,388 (15,670,907) (447,753)	Gain on disposal of land	(68,826)	(2,481)	(2,440)	(70)
short-term investments 0 22,677,388 (15,670,907) (447,753) Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding 1,066,630 (3,125,448) 910,411 26,013 law-allowed limit Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times : Taxes Rate; Less: Progressive difference 25% - 10 25% - 10 25% - 10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax assets (1,678,167) (614,840) (892	Loss (gain) on market price				
Unrealized exchange loss (gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding 1,066,630 (3,125,448) 910,411 26,013 law-allowed limit Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times : Taxes Rate; Less: Progressive difference 25% - 10 25% - 10 25% - 10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0	loss (recovery) of				
(gain) 1,597,921 (1,369,663) (1,766,391) (50,470) Bad debts exceeding law-allowed limit 1,066,630 (3,125,448) 910,411 26,013 Law-allowed limit (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax liabilities (1,678,167) (614,840) (892,355) (25,497)	short-term investments	0	22,677,388	(15,670,907)	(447,753)
Bad debts exceeding law-allowed limit 1,066,630 (3,125,448) 910,411 26,013 Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax sasets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) <td>Unrealized exchange loss</td> <td></td> <td></td> <td></td> <td></td>	Unrealized exchange loss				
Law-allowed limit Cash Dividend (884,071) (888,346) (1,513,649) (43,248)	(gain)	1,597,921	(1,369,663)	(1,766,391)	(50,470)
Cash Dividend (884,071) (888,346) (1,513,649) (43,248) Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25% - 10 25% - 10 - - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114	Bad debts exceeding	1,066,630	(3,125,448)	910,411	26,013
Decrease in payment pension expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 25%-10 -	law-allowed limit				
expense return 389,016 852,674 1,058,864 30,254 Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra	Cash Dividend	(884,071)	(888,346)	(1,513,649)	(43,248)
Others 35,322 17,067 37,479 1,071 Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0	Decrease in payment pension				
Taxable Income 9,109,068 19,798,997 12,642,990 361,239 Times; Taxes Rate; Less: Progressive difference 25% - 10 25% - 10 25% - 10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	expense return	389,016	852,674	1,058,864	30,254
Times ; Taxes Rate; Less: Progressive difference 25%-10 25%-10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 Underestimation 0 0 0 0	Others	35,322	17,067	37,479	1,071
Progressive difference 25% - 10 25% - 10 25% - 10 - Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 Underestimation 0 0 0 0	Taxable Income	9,109,068	19,798,997	12,642,990	361,239
Sub-Total 2,277,257 4,949,739 3,160,737 90,309 Add: Tax on a separate basis 1,496,934 1,203,343 845,268 24,151 Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 Underestimation 0 0	Times ; Taxes Rate; Less:				
Add: Tax on a separate basis Beginning deferred income tax assets 1,044,223 1,678,167 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) Ending deferred income tax assets (1,678,167) Ending deferred income tax liabilities (1,678,167) Ending deferred income tax liabilities (1,655,918) Sub-Total Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 17,567 614,840 17,567 614,840 17,599,375 45,698 45,698 (1,599,375) (25,497) (614,840) (892,355) (25,497) (39,171) 3,875,114 110,720	Progressive difference	25% — 10	25% — 10	25% — 10	
Beginning deferred income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	Sub-Total	2,277,257	4,949,739	3,160,737	90,309
income tax assets 1,044,223 1,678,167 614,840 17,567 Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	Add: Tax on a separate basis	1,496,934	1,203,343	845,268	24,151
Beginning deferred income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	Beginning deferred				
income tax liabilities 1,525,263 1,370,945 1,599,375 45,698 Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	income tax assets	1,044,223	1,678,167	614,840	17,567
Less: Income tax credit (41,407) (75,160) (81,806) (2,337) Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 Underestimation 0 0	Beginning deferred				
Ending deferred income tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	income tax liabilities	1,525,263	1,370,945	1,599,375	45,698
tax assets (1,678,167) (614,840) (892,355) (25,497) Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	Less: Income tax credit	(41,407)	(75,160)	(81,806)	(2,337)
Ending deferred income tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	Ending deferred income				
tax liabilities (1,655,918) (1,525,263) (1,370,945) (39,171) Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	tax assets	(1,678,167)	(614,840)	(892,355)	(25,497)
Sub-Total 2,968,185 6,986,931 3,875,114 110,720 Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 0 Underestimation	Ending deferred income				
Add: Extra 10% Income Tax on Undistributed Retained Earnings 185,618 332,843 0 0 Underestimation	tax liabilities	(1,655,918)	(1,525,263)	(1,370,945)	(39,171)
on Undistributed Retained Earnings 185,618 332,843 0 0 Underestimation	Sub-Total	2,968,185	6,986,931	3,875,114	110,720
Retained Earnings 185,618 332,843 0 0 Underestimation	Add: Extra 10% Income Tax				
Underestimation	on Undistributed				
	Retained Earnings	185,618	332,843	0	0
(overestimation) of prior	Underestimation				
Control of the contro	(overestimation) of prior				
year income tax 2,221 0 (15,304) (437)	year income tax	2,221	0	(15,304)	(437)
Total Income Tax expenses \$3,156,024 \$7,319,774 \$3,859,810 \$110,283	Total Income Tax expenses	\$3,156,024	\$7,319,774	\$3,859,810	\$110,283

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

(2) Deferred income tax liabilities and assets are as follows:

	December 31				
	1999 (NT\$)	2000 (NT\$)	2001 (NT\$)	2001(US\$)	
A.Total deferred tax liabilities	\$1,525,263	\$1,370,945	\$1,599,375	\$45,698	
Total deferred tax assets	1,678,167	614,840	892,355	25,497	
B.Temporary differences:					
Employee benefits	\$118,360	\$121,053	\$116,972	\$3,342	
Unrealized exchange gains					
(Losses)	(1,404,974)	(2,774,637)	(4,541,028)	(129,747)	
bad debts exceeding					
law-allowed limit	4,592,618	1,467,170	2,377,580	67,933	
Taxable temporary					
difference from recognition					
of pension expense	(2,709,145)	(1,856,471)	(797,607)	(22,789)	
Other	14,757	18,466	16,004	457	
C. Deferred tax assets-current	\$612,612	\$72,900	\$16,226	\$464	
Deferred tax liabilities-					
current	(750,723)	(693,659)	(1,135,257)	(32,437)	
Net offset balance of					
deferred tax assets					
(liabilities)-current	(\$138,111)	(\$620,759)	(\$1,119,031)	(\$31,973)	
D. Deferred tax					
assets-noncurrent	\$1,065,555	\$541,940	\$876,129	\$25,033	
Deferred tax Liabilities-					
noncurrent	(774,540)	(677,286)	(464,118)	(13,261)	
Net offset balance of					
deferred tax assets					
(liabilities) - noncurrent	\$291,015	(\$135,346)	\$412,011	\$11,772	

- (3) The Company's income tax returns, up until 1998, have been reviewed and approved by the Tax Authorities.
- (4) Tax imputation related information:

		December 31			
	1999 (NT\$)	2000 (NT\$)	2001 (NT\$)	2001(US\$)	
Balance of imputation					
credit account	\$2,477,294	\$1,014,296	\$3,655,177	\$104,437	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

	1999 (Actual)	2000(Actual)	2001(Estimate)
Imputation credit account ratio (stock dividends)	24.83%	34.56%	33.33%
	1999 (Actual)	2000 (Actual)	2001(Estimate)
Imputation credit account ratio (cash dividends)	26.98%	36.44%	_

(5) Related Information on Undistributed Earnings

December 31

	December 31,	December 31,	December 31,	December 31,
Year	1999 (NT\$)	2000 (NT\$)	2001 (NT\$)	2001 (US\$)
Prior to 1997	\$5,208,807	\$5,208,807	\$866,407	\$24,755
After 1998	15,606,632	10,612,190	10,595,492	302,737
Total	\$20,815,439	\$15,820,997	\$11,461,899	\$327,492

17. EARNINGS PER SHARE

	December 31			
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Net income (a)	\$14,918,427	\$9,738,996	\$10,599,467	\$302,851
Year-end outstanding				
number of shares	4,820,208,901	5,398,633,969	5,838,615,765	5,838,615,765
Weighted average				
outstanding number of				
shares(b)	4,820,208,901	5,397,677,981	5,870,563,751	5,870,563,751
Adjusted weighted				
average outstanding				
number of shares (c)	5,398,633,969	5,937,959,765	5,870,563,751	5,870,563,751
Earnings per share (a) / (b)	\$3.09	\$1.80	\$1.81	\$0.05
(dollars)				
Adjusted earnings per	\$2.76	\$1.64	\$1.81	\$0.05
share (a) / (c) (dollars)				

The following table summarizes the changes in weighted-average of the outstanding number of shares:

CATHAY LIFE INSURANCE CO., LTD. NOTES TO FINANCIAL STATEMENTS - (Continued) (Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

(Shares)	1999	2000	2001
Shares at the beginning of year	4,191,486,001	4,820,208,901	5,398,633,969
Stock Dividends, 2001	0	539,325,796	539,325,796
Stock Dividends, 2000	578,425,068	578,425,068	0
Stock Dividends, 1999	628,722,900	0	0
Less: The treasury stock in	0	0	(22,442,622)
$6/14$, $2001 \sim 9/28$,			
2001			
The treasury stock in	0	0	(5,376,000)
$10/25,2000 \sim 11/16,$			
2000			
The treasury stock in	0	0	(39,577,392)
$10/2,2001 \sim 2/18,$			
2001			
Total	5,398,633,969	5,937,959,765	5,870,563,751

For details related to the increase and decrease of capital, please refer to note 12.

18. RELATED PARTY TRANSACTIONS

(1) Related parties

Name	Relationship
Cathay Financial Holding Co., Ltd.	Investees accounted for under the equity method
Cathay Real Estate Development Co., Ltd.	Affiliate
Cathay United Bank	Affiliate
San Ching Engineering Co., Ltd.	Affiliate
Tong Tai Insurance Co., Ltd.	Affiliate
San-Ching Building Management &	Affiliate
Maintenance Co., Ltd.	
Lin Yuan Investment Co., Ltd.	Their representative is the same with the
	Company's general manager
Cathay General Hospital	Their chairman is an immediate family member of
	the Company's chairman
The Cathay Life Charity Foundation	Their chairman is an immediate family member of
	the Company's chairman
Wan Pao Development Co., Ltd.	Their chairman is an second immediate family of
	the Company chairman
Cathay Insurance (Bermuda) Co., Ltd.	The invested Company is measured by equity
	method

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

Symphox Information Co., Ltd.

The invested Company is measured by equity

method

Cathay Securities Investment Trust Co., The invested Company is measured by equity Ltd. method

(2) Transactions with Related Parties

Ltd.

A. Property Transactions (From related parties):

(1) Transactions between the Company and related parties are mainly transactions of real estate, constructions, and lease. Terms of transaction are based on market surveys, contracts of both parties, and public biddings.

	1999	
Name	Item	NT\$
San Ching Engineering Co.,	The construction build or extend:	
Ltd.		
	Taichung Gungyi Rd. Buildings	\$267,685
	Hsinyi District Base	1,288,100
	Banchiau Office Buildings	149,878
	Hsihchu Nanmen Section	43,133
	Tainan Shopping Center	424,561
	Shijr Sec. Base	177,491
	Danshuei Education Center	151,869
	Dashi Group Residence	44,045
	Fushing Sec. 2 House of Taipei City	294,134
	Other	15,183
Wan Pao Development Co.,	Jung Chin Jiashin Sec. Of Tainan City	
Ltd.		2,330,323
Cathay Real Estate	Shijr Chih Hsing Sec.	293,459
Development Co., Ltd.		
	Danshuei Hai On Sec.	1,696,155
	Other	20
	Total	\$7,176,036
	2000	
Name	Item	NT
San Ching Engineering Co.,	The construction build or extend:	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

	Taichung Gungyi Rd. Building	\$482,541
	Lin Yuan Financial Building	723,050
	Banchiau Office Building	194,828
	Banchian Lin Yuan General Hospital	119,415
	Danshuei Hsia Kuan	52,643
	Taianan Shopping Center	712,783
	Cathay General Hospital of Hsinchu	102,638
	Shijr medical Treatment Dormitory	14,151
	Nanton Building	10,392
	Linden Hotel of Tainan	18,114
	Other	27,216
Cathay Real Estate		
Development Co., Ltd.	Other	672
	Total	\$2,458,443

	2001			
Name	Item	NT\$	US\$	
San Ching Engineering Co.,	The construction build or			
Ltd.	extend:			
	Kaohsing International			
	Business Building	\$118,856	\$3,396	
	Lin Yuan Financ Building	1,282,609	36,647	
	Banchian Lin Yuan General			
	Hospital	100,686	2,877	
	Tainan Shopping Center	3,226,802	92,197	
	Cathay General Hospital of			
	Hsinchu	290,231	8,292	
	Taitung Building	116,048	3,316	
	Other	198,175	5,662	
	Total	\$5,333,407	\$152,387	

- a. The total amount of construction contracts for real estate transaction in 1999,2000 and 2001 between the Company and San Ching Engineering Co., Ltd. is \$10,549,525, \$11,840,090 and \$16,867,961 respectively. On Dec 31 1999, Dec 31 2000 and Dec 31 2001, \$4,288,346, \$4,966,188, and \$10,589,904 (US\$302,577) was paid respectively according to schedule of construction contracts.
- b. In 1999, 2000, and 2001, the Company did not sell any property it previously purchased.

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

- (2) The Company did not sell any real estates to related parties in 1999,2000 and 2001.
- (3) Real-Estate Rental Income (From related parties)

		Rental	income	
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Cathay Real Estate				
Development Co.,				
Ltd.	\$49,757	\$34,680	\$32,941	\$941
San Ching engineering				
Co., Ltd.	28,468	22,814	21,018	601
Tong Tai Insurance Co.,				
Ltd.	38,923	43,004	44,404	1,269
Cathay United Bank	121,258	119,445	145,408	4,155
Cathay General Holding	3,154	6,135	8,217	235
Cathay Securities				
Investment Trust Co.,				
Ltd.	154,185	158,123	156,481	4,471
Symphox Information				
Co., Ltd.	0	3,207	31,947	913
Lin Ynan Investment				
Co., Ltd.	133	135	118	3
Total	\$395,878	\$387,543	\$440,534	\$12,588
		Guarantee de	posits received	
Name	December 31	December 31	December 31	December 31
	1999 (NT\$)	2000 (NT\$)	2001 (NT\$)	2001 (US\$)
Cathay Real Estate				
Development Co.,				
Ltd.	\$12,386	\$12,386	\$12,386	\$354
San Ching Engineering				
Co., Ltd.	7,075	7,075	6,828	195
Tong Tai Insurance Co.,				
Ltd.				
Litti.	9,495	10,115	10,589	302
Cathay United Bank	9,495 30,186	10,115 32,158	10,589 34,195	302 977
	•			
Cathay United Bank	30,186	32,158	34,195	977
Cathay United Bank Cathay General Hospital	30,186	32,158	34,195	977
Cathay United Bank Cathay General Hospital Cathay Securities	30,186	32,158	34,195	977
Cathay United Bank Cathay General Hospital Cathay Securities Investment Trust Co., Ltd.	30,186 107	32,158 2,241	34,195 1,983	977 57
Cathay United Bank Cathay General Hospital Cathay Securities Investment Trust Co.,	30,186 107	32,158 2,241	34,195 1,983	977 57
Cathay United Bank Cathay General Hospital Cathay Securities Investment Trust Co., Ltd. Symphox Information	30,186 107 0	32,158 2,241 1,614	34,195 1,983 2,060	977 57 59
Cathay United Bank Cathay General Hospital Cathay Securities Investment Trust Co., Ltd. Symphox Information Co., Ltd.	30,186 107 0	32,158 2,241 1,614	34,195 1,983 2,060	977 57 59
Cathay United Bank Cathay General Hospital Cathay Securities Investment Trust Co., Ltd. Symphox Information Co., Ltd. Lin Ynan Investment	30,186 107 0	32,158 2,241 1,614 82	34,195 1,983 2,060 70	977 57 59

According to previously signed contracts, lease terms with third parties are usually 2 to 5 years; rental collections are received monthly.

(4) Real-Estate Rental Expense (From related parties)

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

		Rental	Expense	
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Cathay Real Estate				
Development Co.,				
Ltd.	\$30,439	\$28,207	\$28,548	\$816
		Guarantaa	Deposits paid	
Name	Dec. 31,1999	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2001
	(NT\$)	(NT\$)	(NT\$)	(US\$)
Cathay Real Estate				
Development Co.,				
Ltd.	\$402,355	\$402,249	\$402,362	\$11,496

According to previously signed contracts, lease terms with third parties are usually 3 years; rental payments are paid monthly.

(5) Disposal of Property and Equipment information:

	2000			
Name	Item	Amount (NT\$)	(Loss) Gains (NT\$)	
San-Ching Building				
Management &	Transportation			
maintenance Co., Ltd.	Equipment	\$720	(\$9)	
	Miscellaneous			
	Equipment	136	29	

1999 & 2001 year: None.

(6) Acquisition of other Equipment

Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Symphox				
Information Co.,				
Ltd.	\$0	\$0	\$63,931	\$1,827

CATHAY LIFE INSURANCE CO., LTD. NOTES TO FINANCIAL STATEMENTS - (Continued) (Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

B. Acquisition of in investments

			2001	
Name	Item	Stocks	Cost	(US\$)
		(In thousands)	(NT\$)	
Cathay Real Estate	Taipei Financial			
Development	Center Corp.			
Co., Ltd.		\$61,724	\$729,573	\$20,846
	Daiwa Securities			
	SMBC-Cathay			
	Co., Ltd.	20,000	259,200	7,406

1999 & 2000 Year: None.

C.Cash In Bank

			1999		
Name	Item	Maximum Amount	Ending Balance	Rate	Interest Income
		(NT\$)	(NT\$)		(NT\$)
Cathay United Bank	Time Deposit	\$2,922,600	\$2,635,150	5.65% ~	\$132,238
				5.00%	
	Cash In Bank	1,297,379	208,633	2%	2,274
			2000		
Name	Item	Maximum Amount	Ending Balance	Rate	Interest Income
		(NT\$)	(NT\$)		(NT\$)
Cathay United Bank	Time Deposit	\$7,040,400	\$4,133,550	4.80% ~	\$142,358
				5.65%	
	Cash In Bank	15,381,141	3,578,035	2.00%	24,695
			2001		
Name	Item	Maximum Amount	Ending Balance	Rate	Interest Income
	-	(NT\$)	(NT\$)		(NT\$)
Cathay United Bank	Time Deposit	\$12,189,050	\$7,757,750	2.40% ~	\$277,407
				5.25%	
	Cash In Bank	17,468,701	6,072,759	1.15% ~	40,690
				2.00%	
			2001		
		Maximum Amount	Ending Balance	Rate	Interest Income
Name	Item				
Name	Item	(US\$)	(US\$)		(US\$)
Name Cathay United Bank	Item Time Deposit		(US\$) \$221,656	2.40% ~ 5.25%	(US\$) \$7,926

CATHAY LIFE INSURANCE CO., LTD. NOTES TO FINANCIAL STATEMENTS - (Continued) (Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

1999

D.Regular Secured Loans

Total

Name	Maximum Amount (NT\$)	Ending Balance (NT\$)	Rate	Interest Income (NT\$)
Cathay General	¢1 100 525	¢1 176 050	8.20%~	¢02 201
Hospital	\$1,180,525	\$1,176,059	7.825%	\$93,201
		2000		
Name	Maximum Amount (NT\$)	Ending Balance (NT\$)	Rate	Interest Income (NT\$)
Cathay General		_	7.825% ~	
Hospital	\$1,176,059	\$1,175,179	7.575%	\$89,289
		2001		
Name	Maximum Amount (NT\$)	Ending Balance (NT\$)	Rate	Interest Income (NT\$)
Cathay General			7.575% ~	
Hospital	\$1,175,179	\$1,174,594	5.21%	\$84,370
		December 31	, 2001	
Name	Maximum Amount (US\$)	Ending Balance (US\$)	Rate	Interest Income (US\$)
Cathay General			7.575% ~	
Hospital	\$33,578	\$33,561	5.21%	\$2,411
E. Note Receivable				
		Decem	ber 31	
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Cathay General Hospit	\$80,508	\$0	\$23,607	675
Symphox Information				
Co., Ltd.	0	218	0	

\$218

\$23,607

675

\$80,508

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

F. Temporary Payments and Suspense

	December 31			
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Cathay Financial Holding				
Co., Ltd.	\$0	\$0	\$81,378	\$2,325

G.Accounts Payable-related Parties

	December 31			
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
San Ching Engineering				
Co., Ltd.	\$53,339	\$86,651	\$4,983	\$142
Cathay Real Estate				
Development Co., ltd.	520,063	1,094	320	9
Tong Tai insurance Co.,				
Ltd.	21,231	14,634	24,253	693
San-Ching Building				
Management &				
Maintenance Co., Ltd.	0	0	1,018	29
Symphox Information Co.,				
Ltd.	0	747	1,422	41
Total	\$594,633	\$103,126	\$31,996	\$914

H. Accounts Collected in Advance

	December 31,			
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Tong Tai insurance Co., Ltd.	\$1,875	\$1,842	\$1,905	\$55
Other	2,084	1,706	712	20
Total	\$3,959	\$3,548	\$2,617	\$75

I. Insurance Expense

Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Tong Tai Insurance Co.,				
Ltd.	\$106,988	\$122,360	\$110,851	\$3,167

Insurance Expenses contain mainly of premium on property and equipment, cash, and public accident. Among the premium collected in 1999, 2000, and 2001, of \$11,517, \$14,420 and 14,373 were payments for fidelity guarantee insurance.

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

J. Reinsurance Income

Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Cathay Insurance				
(Bermuda) Co., Ltd.	\$0	\$18,967	\$21,727	\$621

Starting from April 1, 2000, CATHAY INSURANCE (Bermuda) CO., LTD receive life insurance business transferred from RGA and casualty insurance business transferred from Central Reinsurance Co., Ltd. Both companies transferred about 90% of the above-mentioned insurance business to the Company.

K.Reinsurance Expense

Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Cathay Insurance				
(Bermuda) Co., Ltd.	\$0	\$6,049	\$12,813	\$366

L. Indemnity Income

Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Tong Tai Insurance Co.,				
Ltd.	\$9,588	\$22,658	\$13,102	\$374

Indemnity Income contains mainly claims on insured property and equipment, cash, and public accident. Among the claims received in 1999, 2000 and 2001, \$5,213, \$19,632 and \$10,122, respectively, are claims on employees' fidelity guarantee insurance.

M. Guarantee Deposit Insurance Payment

	December 31			
Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Wan Pao Development				
Co., Ltd.	\$0	\$600,000	\$600,000	\$17,143

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

Guaranteed Deposit Insurance Payment is deposited to Wan Pao Development Co., Ltd. This amount will be paid back without interest when the buildings constructed by the Company obtain the "User License".

N.Donations

Name	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
The Cathay Life Chairty				
Foundation	\$300,000	\$0	\$20,000	\$571
O.Other Expense (Market	ting Expense)			
	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
Symphox Information				
Co., Ltd.	\$0	\$7,493	\$142,633	\$4,075

P. Repairs And Maintenances (Administrative and general expense)

	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)
San-Ching Building				
Management &				
Maintenance Co., Ltd.	\$0	\$144,687	\$840,969	\$24,028
Cathay Real Estate				
Development Co.,				
Ltd.	0	0	263	8
Total	\$0	\$144,687	\$841,232	\$24,036

19. PLEDGED ASSETS

	December 31				
Item	1999(NT\$)	2000(NT\$)	2001(NT\$)	2001(US\$)	
Investment In Real Estate	\$1,368,846	\$1,339,879	\$0	\$0	
Long-term Investment in	7,542,128	8,328,995	9,045,139	258,440	
Bonds					
Time Deposits	75,250	721,550	730,850	20,882	
Total	\$8,986,224	\$10,390,424	\$9,775,989	\$279,322	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

As of Dec.31 in 1999, 2000 and 2001, the Company pledged its investments in real estate and time deposits as collateral to the renters. Guaranteed deposits of \$3,294, \$1,794 and \$900 were received from these renters. According to Article 141, the Insurance Law of R.O.C. the Company should deposited long-term investment bonds, an amount equal to 15% of it is capital, into the Central Bank of China as capital guaranteed deposit.

20. OTHER IMPORTANT MATTERS AND CONTINGENT LIABILITIES

As of Dec.31 in 1999, 2000 and 2001, signed sales contracts and construction contracts of approximately \$0, \$16.195 and \$12.548 billion dollars, respectively, are still in progress and remain open projects. About \$0, \$8.477 and \$7.517 billion dollars have been paid for during the above three years.

21. SERIOUS DAMAGES: None

22. SUBSEQUENT EVENETS

Chiu-Te Liu, the General Manager of the Company was promoted from his position to the Vise-Present on Jan.14, 2002.

In addition, Tiao-Kuei Huang was promoted from Vise-General Manager to General Manager.

23. OTHER IMPORTANT EVENTS

(1) PENSION RELATED INFORMATION

1. Pension funded status:

_	Year Ended December 31				
	1999	2000	2001	2001	
_	(NT\$)	(NT\$)	(NT\$)	(US\$)	
(1) Vested benefit obligation	(5,908,179)	(6,336,912)	(4,275,960)	(122,174)	
(2) Non-vested benefit obligation	(370,685)	(342,356)	(2,770,200)	(79,151)	
(3) Accumulated benefit					
obligation	(6,278,864)	(6,679,268)	(7,046,160)	(201,325)	
(4) Additional benefits based on					
future salaries	(3,369,436)	(3,391,763)	(1,723,336)	(49,239)	
(5) Projected benefit obligation	(9,648,300)	(10,071,031)	(8,769,496)	(250,564)	
(6) Vested benefit	(8,163,447)	(8,113,637)	(6,885,074)	(196,722)	
(7) Fair value of plan assets	10,277,377	8,836,662	8,607,006	245,921	
(8) Funded status = $(5) + (7)$	629,077	(1,234,369)	(162,490)	(4,643)	

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

(9) Unrecognized transitional net				
benefit obligation (net				
assets)	(4,165,688)	(3,786,989)	(3,408,290)	(97,382)
(10) Unrecognized prior service				
cost	620,802	569,068	517,334	14,781
(11) Unrecognized pension gain				
and loss	5,624,954	6,308,761	3,851,053	110,033
(12) Additional accrued pension	0	0	0	0
liability	U	U	U	U
(13) Accrued pension liability				
/prepaid pension cost				
=(8)+(9)+(10)+(11)+(12)	\$2,709,145	\$1,856,471	\$797,607	\$22,789

2. Actuarial assumptions

	Year Ended December 31,		
	1999	2000	2001
(1) Discount rate	6.25%	6.25%	4.50%
(2) Rate of increase in future salaries	6.00%	6.00%	3.00%
(3) Expected return on pension plan	6.25%	C 250/	4.500/
Assets		6.25%	4.50%

(2) FINANCIAL INSTRUMENTS RELATED INFORMATION

(a) Derivative Financial Instruments related information

1. Credit and Market Risk

The Company entered forward contracts with financial institutions, which are with good credit. In addition, the Company entered contracts with many financial institutions to reduce risk. Losses occurred from exchange rate fluctuation can be offset by hedging forward contracts.

2. Cash Flow and Demand

For the reason that there will be cash inflow and cash outflow on the expiration date of a forward contract, no demand for substantial cash flow is expected.

3. Forward Contract

- (1) Receivables and payables occurred from forward contract should be offset. The differences between receivables and payables should be accounted for in other receivables/payables.
- (2) As of Dec.31 in 1999, 2000 and 2001, the Company has forward exchange contracts of approximately \$0, \$0 and \$1,096,000,000 USD, respectively.

(Expressed in thousands of dollars unless otherwise stated)

December 31, 1999, 2000 and 2001

(b) Non Derivative Financial Instruments related information:

The book value of Non Derivative Financial Instruments as of Dec. 31, 1999, 2000 and 2001, is the same as the estimated fair market value:

	Dec. 31,	, 1999
Item	Book Value	Market Value
Shot-term Investment	\$176,868,925	\$185,899,615

(3) DISCRETIONARY ACCOUNT MANAGMENT

Item	December 31, 2001			
	Book Value		Fair Value	
	NT\$	US\$	NT\$	US\$
Stocks	\$1,818,459	\$51,957	\$1,915,431	\$54,728
Short-term securities	675,434	19,299	675,434	19,299
Time deposit	100,000	2,857	100,000	2,857
Cash in bank	564,218	16,121	564,218	16,121
Net other assets less				
liabilities	3,046	87	3,046	87
Total	\$3,161,157	\$90,321	\$3,258,129	\$93,092

1999 & 2000 Year: None.

(4) MATERAL CONTRACT: None

24. INFORMATION FOR INVESTMENT IN MAINLAND CHINA: None

25. SEGMENT INFORMATION: None.