

BUSINESS REPORT



Securities Market in 2004

LISTING

1. Stocks

(a) Listed Companies

704 common and preferred stocks, issued by 697 companies, were listed on TSEC as of the end of 2004. There were also 5 outstanding certificates of entitlement to new shares from convertible bond issues. The total year-end market capitalization was NT\$13,989 billion, represented by 503 billion outstanding shares.

(b) Newly Listed Companies

38 new companies joined the main board listing in 2004, 25 of which were previously listed in the GreTai Securities Market (GTSM). These newly listed companies accounted for an increase of 15 billion shares in the market.

(c) New Shares Issued by Listed Companies

New offerings issued by listed companies in 2004 accounted for an increase of 32.3 billion shares.

(d) Delistings & Suspensions

10 companies were delisted in 2004. Trading in shares of 6 companies was suspended as of the end of 2004.

2. Taiwan Depository Receipts (TDRs)

As of the end of 2004, a total of 5 TDRs were listed on TSEC, with 965 million units.

3. Beneficiary Certificates

The number of outstanding units of Exchange Traded Funds (ETF) tracking TSEC Taiwan 50 index was 864 million. A total of 3 closed-end beneficiary certificates were listed with 1,382 million units at the end of the year.

4. Warrants

367 new call warrants were issued in 2004 by 22 securities firms, while 412 expired. 8 put warrants were issued in 2004 by 2 securities firms, while 45 expired. A total of 7,080 million units were issued as of the end of the year.

5. Bonds

(a) Government Bonds

13 government bonds were listed in 2004 in addition to 7 delistings. This represented a net addition of NT\$263.6 billion in government issued public debts. A total of 86 government bonds were listed at the end of 2004 with an aggregate outstanding value of NT\$ 2,850.7 billion.

(b) Corporate Bonds

One new convertible bond was issued in 2004 while 8 were delisted. At the end of the year, 9 listed convertible corporate bonds were outstanding, totaling NT\$ 696 million.

(c) Foreign Bonds

There were no new foreign bond listings in 2004. At the end of the year, 3 listed foreign bonds were outstanding, with a total value of NT\$1.2 billion.

TRADING

1. Stocks

The Fully Automated System of Trading (FAST) system completed 176 million transactions in 250 trading days in 2004. The total value of shares traded during the year was NT\$23,875.4 billion, up by 17.42% from 2003. The total trading volume amounted to 987.6 billion

shares, 7.63% higher than that of the previous year. The average daily trading value and volume was NT\$95.5 billion and 3.9 billion shares respectively.

2. Taiwan Depository Receipts (TDRs)

The total value of TDRs traded in 2004 was NT\$9.9 billion on a turnover of 1,132 million units. This represents a decrease by 31.47% and 32.34% respectively compared with 2003.

3. Beneficiary Certificates

The trading value of ETF totaled NT\$79.3 billion, and the trading volume totaled 1,690 million units in 2004.

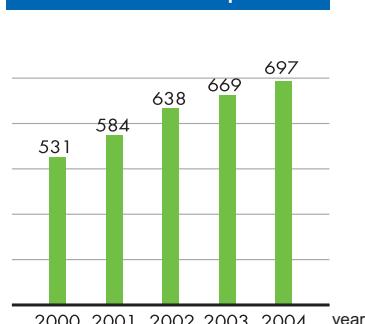
Creation by Participating Dealer (PD) through proprietary accounts was 268.5 million units, with 60 million units on behalf of customers. On the other hand, redemptions operated by PD through proprietary accounts were 319 million units, with redemption on behalf of customers at 8.5 million units.

The trading value of closed-end beneficiary certificates totaled NT\$1.5 billion in 2004, 29.95% less than that of a year ago. The turnover of 281 million units was 46.06% lower than that of a year earlier.

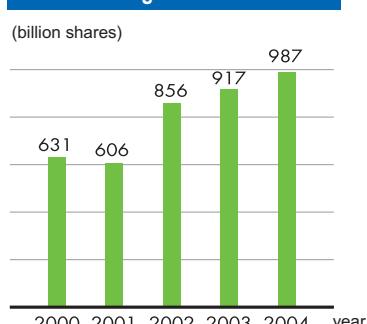
4. Warrants

The trading value of call warrant transactions totaled NT\$207.8 billion in 2004, up by 75.55% from the previous year, and the turnover was 108.5 billion units, an increase of 122.23%.

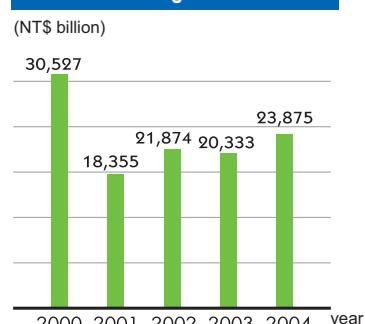
No. of Listed Companies



Trading Volume



Trading Value



BUSINESS REPORT

CEMENT

FOODS

PLASTICS

TEXTILES

ELECTRONICS

CHEMICALS

TRANSPORTATION

TOURISM

FINANCE

RUBBER

5. Bonds

The trading value of convertible bonds and government bonds totaled NT\$4.0 billion in 2004, 59.90% less than that of a year ago.

Overall, the total trading value of stocks, TDRs, beneficiary certificates, warrants, and bonds amounted to NT\$24,177.8 billion in 2004, an increase of 17.87% compared with the previous year.

TSEC established a securities borrowing and lending system on June 30, 2003 to satisfy strategic demand from institutional investors. 1,311 transactions were recorded in 2004 with 3,049 million shares transacted, valued at NT\$812.6 billion on the day's closing price. As for settlement demand from investors, 4,957 transactions were recorded in 2004, with 97 million shares transacted.

PRICE MOVEMENT

TAIEX started off the year with the recovery of the global economy, along with brilliant international trade indicators. TAIEX reached the year's peak of 7034 on March 4, but then began to slip. Further affected by soaring oil prices, Mainland China's economic policy of macro-control, and increased interest rates announced by the US Federal Reserve Board, TAIEX dropped to an annual low on 4 August, while the number of transactions shrank to its lowest on August 16. During the fourth quarter, the MSCI increased the weighting of Taiwan constituents, and the Central Bank of China raised the rediscount rate to encourage the financial industry. However, due to anxieties over factors such as the possibility of a continued upward trend in oil prices, the decline of the Dow Jones Index, and a more unstable political environment, TAIEX struggled around 6,000 points through to the end of the year, closing at 6139, a gain of 249 points, or 4.23%, compared with 2003's close.

Comparing the prices of individual stocks at the end of 2004 with those of the previous year-end, 284 rose, 370 fell, 5 remained unchanged, and 50 were not available for comparison.

SECURITIES FIRMS

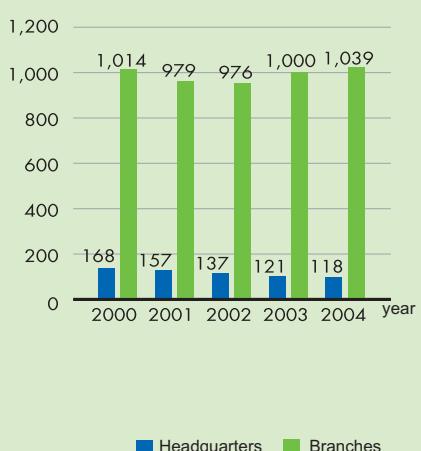
As of the end of 2004, 118 securities firms had contracts with TSEC to operate in the market. 58 of them restricted themselves to brokerage operations while one engaged only in dealing operations and 59 ran a combination of brokerage, dealer and underwriter businesses, with 37 of



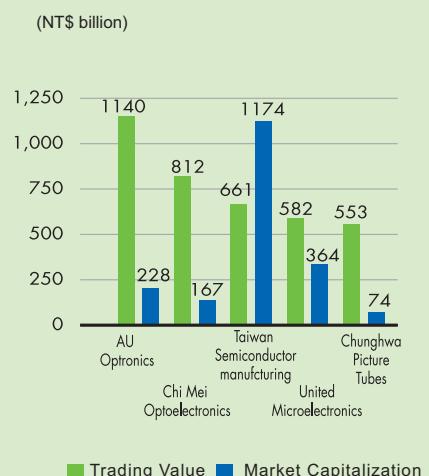
these offering margin-financing services. The number of brokerage branch establishments in Taiwan totaled 1,039, with the majority located in Taipei City, followed by Taipei County, Kaohsiung City, Taichung City, Taoyuan County, Tainan City, and Taichung County. 14 foreign securities firms also ran operations in Taiwan in 2004.

The top five local securities companies in 2004 in terms of market share, were Yuanta-Core Pacific (8.07%), SinoPac (4.72%), Polaris (4.27%), Jihsun (4.22%), and President Securities (3.65%).

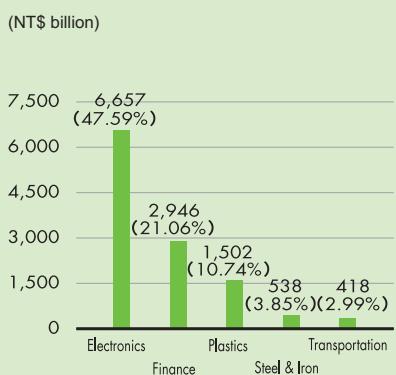
No. of Securities Brokerage Firms



The Five Most Active Stocks in 2004



The Five Biggest Industries in Market Capitalization



The Five Most Active Industries in Trading Value

