Nien Hsing Textile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2016 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

NIEN HSING TEXTILE CO., LTD.

By

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YI-FUNG, CHEN
Chairman

March 16, 2017

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Nien Hsing Textile Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Nien Hsing Textile Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Trade Receivables

The accounting policies and critical accounting estimates for impairment of trade receivables are set out in Note 4 (12) and Note 5. Refer to Note 11 for details of the balance of trade receivables.

Description

The trade receivables impairment assessment is based on the judgment of the management for the overdue and other specific risks, and the future cash flow is also estimated with the judgment of the management. If the future actual cash flow is less than the book value of the asset, significant impairment losses may be incurred. The impairment of trade receivables involving the judgment and estimation of the management is deemed to be one of the key audit matters for the year.

Audit Procedures

The main auditing procedures for the key audit matter are as follows:

1. Understand and evaluate the design and implementation of the internal controls related to trade receivables impairment.

2. Test the correctness of the aging of trade receivables, and compare and analyze the difference between aging and bad debts.

3. Review the correctness on the management's classification based on the attributes of trade receivables and assess the reasonableness of the ratio for the allowance per bad debt policy that serves as the basis for the calculation of the appropriateness of impairment loss; sample bad debt collection in the subsequent period to ensure the collectability of outstanding receivables.

Impairment of Inventories

Refer to Note 4 (6) and Note 5 for the accounting policies and critical accounting estimates used for inventory impairment assessment, and refer to Note 12 for details of the balance of inventories.

Description

The impairment of inventories is measured at a lower cost and net realizable value. When the net realizable value of inventory is lower than the cost, the allowance for inventory valuation and obsolescence loss are recognized. The impairment of inventories involving management's judgment and estimation is deemed to be one of the key audit matters for the year.

Audit Procedures

The main auditing procedures for the key audit matter are as follows:

1. Understand and evaluate the design and implementation of the internal controls related to inventory impairment.

2. Confirm and assess whether inventory is out of date or damaged at the end of the year.

3. Test the correctness of the aging of the inventory at the end of the period and assess the reasonableness of the management's estimation on loss for market price decline and the policy on obsolete and slow-moving inventories; sample net realizable value related data to validate the appropriateness of the loss thereof.

Other Matter

We have also audited the parent company only financial statements of Nien Hsing Textile Co., Ltd. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jiang Mingnan and Ye Shujuan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2017

<u>*Notice to Readers*</u>

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,107,037	16	$ 1,614,577	12
Available-for-sale financial assets - current (Notes 4 and 8)	30,430	-	43,139	-
Notes receivable (Note 11)	3,638	-	3,428	-
Trade receivables, net (Notes 4, 5 and 11)	2,221,961	17	2,300,591	17
Other receivables (Note 11)	44,051	-	39,856	-
Inventories (Notes 4, 5 and 12)	2,780,856	21	3,199,462	24
Prepayments	350,758	3	327,626	2
Other financial assets - current (Note 31)	50	-	-	-
Other current assets	71,421	1	107,815	1
Total current assets	7,610,202	58	7,636,494	56
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	280,908	2	398,228	3
Financial assets carried at cost - non-current (Notes 4 and 9)	1,343,769	10	1,411,086	11
Debt investments with no active market - non-current (Notes 4 and 10)	352,130	3	370,273	3
Investments accounted for using the equity method (Notes 4 and 14)	292,258	2	319,149	2
Property, plant and equipment (Notes 4, 15 and 31)	2,838,156	22	2,932,504	22
Investment properties (Notes 4 and 16)	24,275	-	24,275	-
Technical know-how (Notes 4 and 17)	9,550	-	19,492	-
Deferred tax assets (Notes 4 and 25)	272,878	2	263,266	2
Prepayments for equipment	72,149	1	140,901	1
Refundable deposits	17,694	-	22,141	-
Long-term prepayments for lease	36,467	-	38,264	-
Total non-current assets	5,540,234	42	5,939,579	44
TOTAL	$ 13,150,436	100	$ 13,576,073	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 196,406	2	$ 462,367	3
Notes payable (Note 19)	113,305	1	141,934	1
Trade payables (Note 19)	433,328	3	434,543	3
Other payables to related parties (Note 30)	39,901	-	24,910	-
Other payables (Note 20)	735,297	6	677,201	5
Current tax liabilities (Notes 4 and 25)	53,441	-	67,057	1
Provisions for onerous contracts (Notes 4 and 21)	-	-	8,654	-
Current portion of long-term borrowings (Note 18)	364,000	3	-	-
Other current liabilities	54,092	-	59,870	1
Total current liabilities	1,989,770	15	1,876,536	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	546,000	4	910,000	6
Deferred tax liabilities (Notes 4 and 25)	459,455	4	391,283	3
Net defined benefit liabilities - non-current (Notes 4 and 22)	231,623	2	370,335	3
Guarantee deposits received	444	-	506	-
Total non-current liabilities	1,237,522	10	1,672,124	12
Total liabilities	3,227,292	25	3,548,660	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	4,000,000	30	4,000,000	29
Capital surplus	410,589	3	410,589	3
Retain earnings				
Legal reserve	2,208,882	17	2,141,360	16
Unappropriated earnings	3,389,974	26	3,316,052	24
Total retain earnings	5,598,856	43	5,457,412	40
Other equity	(153,447)	(1)	88,662	1
Total equity attributable to owners of the Company	9,855,998	75	9,956,663	73
NON-CONTROLLING INTERESTS	67,146	-	70,750	1
Total equity	9,923,144	75	10,027,413	74
TOTAL	$ 13,150,436	100	$ 13,576,073	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 16, 2017)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 30)				
Sales	$ 13,067,331	101	$ 12,791,568	100
Less: Sales returns and allowances	89,241	1	23,498	-
Net sales	12,978,090	100	12,768,070	100
Processing income	31,759	-	36,579	-
Total operating revenues	13,009,849	100	12,804,649	100
OPERATING COSTS (Notes 12, 22 and 24)				
Cost of goods sold	11,372,959	88	11,375,391	89
Processing cost	36,954	-	46,527	-
Total operating costs	11,409,913	88	11,421,918	89
GROSS PROFIT	1,599,936	12	1,382,731	11
OPERATING EXPENSES (Note 24)				
Selling	523,786	4	488,855	4
Administrative	215,833	2	189,815	2
Research and development	39,288	-	35,633	-
Total operating expenses	778,907	6	714,303	6
OPERATING INCOME	821,029	6	668,428	5
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 24)				
Other income	194,142	2	159,159	1
Other gains and losses	(120,199)	(1)	(9,987)	-
Finance costs	(15,747)	-	(19,762)	-
Share of profit of associates	37,447	-	24,532	-
Total non-operating income and expenses	95,643	1	153,942	1
PROFIT BEFORE INCOME TAX	916,672	7	822,370	6
INCOME TAX EXPENSE (Notes 4 and 25)	186,139	1	150,446	1
NET PROFIT FOR THE YEAR	730,533	6	671,924	5

(Continued)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE LOSS (Notes 22, 23 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 10,483	-	$ (21,818)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,782)	-	3,709	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(136,688)	(1)	(82,996)	(1)
Unrealized loss on available-for-sale financial assets	(130,029)	(1)	(72,341)	-
Share of other comprehensive income of associates accounted for using the equity method	258	-	16,593	-
Income tax relating to items that may be reclassified subsequently to profit or loss	22,956	-	14,777	-
Other comprehensive loss for the year, net of income tax	(234,802)	(2)	(142,076)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 495,731	4	$ 529,848	4
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 732,743	6	$ 675,219	5
Non-controlling interests	(2,210)	-	(3,295)	-
	$ 730,533	6	$ 671,924	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 499,335	4	$ 530,405	4
Non-controlling interests	(3,604)	-	(557)	-
	$ 495,731	4	$ 529,848	4
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	$ 1.83		$ 1.69	
Diluted	$ 1.83		$ 1.69	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2017) (Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Equity Attributable to Owners of the Company									
						Other Equity				
	Capital Stock Issued and Outstanding (Note 23)			Retained Earnings (Notes 22, 23 and 25)		Exchange Differences on Translating Foreign Operations (Notes 23 and 25)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Note 23)		Non-controlling Interests (Note 23)	
	Thousand Shares	Amount	Capital Surplus (Note 23)	Legal Reserve	Unappropriated Earnings			Total		Total Equity
BALANCE AT JANUARY 1, 2015	400,000	$ 4,000,000	$ 410,589	$ 2,071,361	$ 3,453,798	$ (130,096)	$ 345,463	$ 10,151,115	$ 71,307	$ 10,222,422
Effect of retrospective application and retrospective restatement	-	-	-	-	(4,857)	-	-	(4,857)	-	(4,857)
BALANCE AT JANUARY 1, 2015 AS RESTATED	400,000	4,000,000	410,589	2,071,361	3,448,941	(130,096)	345,463	10,146,258	71,307	10,217,565
Appropriation of the 2014 earnings										
Legal reserve	-	-	-	69,999	(69,999)	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.8 per share	-	-	-	-	(720,000)	-	-	(720,000)	-	(720,000)
	-	-	-	69,999	(789,999)	-	-	(720,000)	-	(720,000)
Net profit (loss) for the year ended December 31, 2015	-	-	-	-	675,219	-	-	675,219	(3,295)	671,924
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(18,109)	(72,145)	(54,560)	(144,814)	2,738	(142,076)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	657,110	(72,145)	(54,560)	530,405	(557)	529,848
BALANCE AT DECEMBER 31, 2015 AS RESTATED	400,000	4,000,000	410,589	2,141,360	3,316,052	(202,241)	290,903	9,956,663	70,750	10,027,413
Appropriation of the 2015 earnings										
Legal reserve	-	-	-	67,522	(67,522)	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.5 per share	-	-	-	-	(600,000)	-	-	(600,000)	-	(600,000)
	-	-	-	67,522	(667,522)	-	-	(600,000)	-	(600,000)
Net profit (loss) for the year ended December 31, 2016	-	-	-	-	732,743	-	-	732,743	(2,210)	730,533
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	8,701	(112,080)	(130,029)	(233,408)	(1,394)	(234,802)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	741,444	(112,080)	(130,029)	499,335	(3,604)	495,731
BALANCE AT DECEMBER 31, 2016	400,000	$ 4,000,000	$ 410,589	$ 2,208,882	$ 3,389,974	$ (314,321)	$ 160,874	$ 9,855,998	$ 67,146	$ 9,923,144

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2017)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 916,672	$ 822,370
Adjustments for:		
Depreciation expenses	569,462	725,409
Amortization expenses	11,205	11,172
Impairment loss recognized (reversal of impairment loss) on trade receivables	42,191	(17,329)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(2,219)	(297)
Finance costs	15,747	19,762
Interest income	(35,390)	(36,667)
Dividend income	(38,115)	(37,599)
Share of profit of associates	(37,447)	(24,532)
Loss (gain) on disposal of property, plant and equipment	7,951	(1,823)
Net loss (gain) on disposal of investments	2,663	(8,043)
Impairment loss recognized on financial assets	52,931	2,004
Write-down (reversal of write-down) of inventories	22,957	(70,568)
Changes in operating assets and liabilities		
Financial assets held for trading	2,219	297
Notes receivable	(210)	2,331
Trade receivables	36,957	20,801
Other receivables	6,324	(5,103)
Inventories	395,649	156,133
Prepayments	(23,132)	(84,976)
Other current assets	36,394	22,239
Financial liabilities held for trading	-	(102)
Notes payable	(28,629)	6,615
Trade payables	(1,215)	(40,204)
Trade payables to related parties	14,991	(10,366)
Other payables	57,963	(16,954)
Provisions for onerous contracts	(8,654)	4,051
Other current liabilities	(5,778)	4,251
Net defined benefit liabilities - non-current	(128,229)	(5,175)
Cash generated from operations	1,883,258	1,437,697
Income tax paid	(120,021)	(105,123)
Net cash generated from operating activities	1,763,237	1,332,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of debt investments with no active market	-	95,010
Purchase of financial assets measured at cost	(20,696)	(30,655)
Proceeds on sale of financial assets measured at cost	9,399	8,043
Return of capital on financial assets carried at cost	-	2,531
Return of capital on investments accounted for by the equity method	42,227	7,366
Acquisition of property, plant and equipment	(103,578)	(93,361)

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Proceeds from disposal of property, plant and equipment	$ 2,547	$ 4,251
Decrease in refundable deposits	4,447	1,236
Increase (decrease) in other financial assets	(50)	3,889
Increase in prepayments for equipment	(342,182)	(283,165)
Interest received	35,579	46,389
Dividend received	60,484	51,270
Net cash used in investing activities	(311,823)	(187,196)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(265,961)	(173,592)
Refund of guarantee deposits received	(62)	(344)
Cash dividends paid	(600,000)	(720,000)
Interests paid	(15,836)	(20,035)
Net cash used in financing activities	(881,859)	(913,971)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(77,095)	(46,596)
NET INCREASE IN CASH AND CASH EQUIVALENTS	492,460	184,811
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE YEAR	1,614,577	1,429,766
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR	$ 2,107,037	$ 1,614,577

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 16, 2017) (Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Nien Hsing Textile Co., Ltd. (the Company) was established in 1986. It is listed on the Taiwan Stock Exchange. The Company spins cotton into yarns and weaves, dyes, and sells fabrics and cloths.

The Company and Chih Hsing Textile Co., Ltd. merged effective July 1, 2000, with the Company as the survivor entity.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 16, 2017.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) for application starting from 2017.

   Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014

(Continued)

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

1) Amendment to IFRS 8 "Operating Segments"

   IFRS 8 was amended by the Annual Improvements to IFRSs: 2010-2012 Cycle to require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

2) Amendment to IAS 36 "Impairment of Assets"

   The amendment "Disclosures for Non-financial Assets" clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively in 2017.

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group’s respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

IFRSs applicable for the first time in 2017 are not expected to result in significant impact on the Group's assets, liabilities and equity, profit and loss and cash flow.

As of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

4) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period (even after the balance sheet date to complete the long term refinancing or rescheduling the payment agreement before the issuance of the financial report, it is also a current liability); and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Settlement due to the terms of the debt may be selected by the counterparty to the issuance of equity instruments, does not affect the classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up or the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of foreign operations (including subsidiaries in other countries that use currency different from the currency of the Company) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits and short-term transactions instruments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments, as well as default on receivables, and other situation.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at fair value through profit or loss, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group uses derivative financial instruments, such as forward exchange contracts, to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract, the present obligations arising under onerous contracts are recognized and measured as provisions.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

o. Leasing

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Write-down of inventory

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	**2015**
Cash on hand	$ 16,217	$ 15,339
Checking accounts and demand deposits	1,262,342	1,103,600
Cash equivalent		
Time deposits with original maturities less than three months	49,448	51,093
Short-term bills	779,030	444,545
	$ 2,107,037	$ 1,614,577

The market interest rates intervals of cash in bank and short-term bills at the end of the reporting period were as follows:

	December 31	
	2016	2015
Bank balance	0.00%-6.45%	0.00%-5.70%
Short-term bills	0.48%	0.55%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The Group did not have unexpired foreign exchange forward contract as of December 31, 2016 and 2015.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
Current		
Domestic investments		
Listed shares	$ 30,430	$ 43,139
Non-current		
Domestic investments		
Listed shares	$ 280,908	$ 398,228

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	December 31	
	2016	2015
Domestic unlisted common shares	$ 220,281	$ 265,275
Overseas unlisted common shares	730,119	745,075
Other funds	393,369	400,736
	$ 1,343,769	$ 1,411,086
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 1,343,769	$ 1,411,086

Management believed that the above unlisted equity investments and funds held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

The Group's impairment loss on the common stock market for private equity for the years ended 2016 and 2015 were $52,931 thousand and $2,004 thousand, respectively.

The Group disposed of certain financial assets measured at cost with carrying amounts of $12,062 thousand and $0 thousand during 2016 and 2015, respectively, recognizing disposal loss of $2,663 thousand and gain $8,043 thousand respectively.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2016	**2015**
Non-current		
Corporate bonds - Rabobank Nederland	$ 352,130	$ 370,273

The Group has invested in subordinated capital securities since November 2009. As of December 31, 2016 and 2015, the carrying amounts of these securities were both US$10,000 thousand. These securities, which were issued by Rabobank Nederland (the Issuer) in June 2009 at a total amount of US$1,500,000 thousand, have no maturity date and bear annual interest at a coupon rate of 11%, payable semiannually until June 2019. From June 30, 2019, the subordinated capital securities will bear interest at a coupon rate of three-month U.S. dollars LIBOR plus 10.8675% and will be redeemable (at the option of the Issuer) on June 30, 2019, or on each interest payment date thereafter, at an amount equal to the par value.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2016	**2015**
Notes receivable - operating	$ 3,638	$ 3,428
Trade receivables		
Trade receivables	$ 2,366,072	$ 2,403,029
Less: Allowance for impairment loss	(144,111)	(102,438)
	$ 2,221,961	$ 2,300,591
Other receivables		
Payment on behalf of others	$ 12,635	$ 9,966
Interest	17,885	7,366
Others	13,531	22,524
	$ 44,051	$ 39,856

a. Trade receivables

The average credit period for sales of goods was 30 days to 90 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. An allowance for impairment loss was determined by reference to the aging of receivable, credit rating of customers, economic condition and other factors. The recoverability of trade receivables are evaluated regularly.

There was no past due trade receivables that is not impaired as of December 31, 2016 and 2015.

The aging of receivables was as follows:

	December 31	
	2016	2015
Less than 60 days	$ 1,889,020	$ 1,950,512
61-90 days	392,248	314,624
More than 90 days	84,804	137,893
	$ 2,366,072	$ 2,403,029

The above aging schedule was based on the invoice date.

The movements of the allowance for doubtful trade receivables were as follow:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 14,146	$ 114,242	$ 128,388
Add: Impairment losses recognized on receivables (impairment losses reversed)	(3,973)	(13,356)	(17,329)
Less: Amounts written off during the year as uncollectable	(9,663)	-	(9,663)
Foreign exchange translation gains and losses	(510)	1,552	1,042
Balance at December 31, 2015	$ -	$ 102,438	$ 102,438
Balance at January 1, 2016	$ -	$ 102,438	$ 102,438
Add: Impairment losses recognized on receivables (impairment losses reversed)	-	42,191	42,191
Foreign exchange translation gains and losses	-	(518)	(518)
Balance at December 31, 2016	$ -	$ 144,111	$ 144,111

b. Notes receivable and other receivables

The Group estimated notes receivable and other receivables' recoverable amount and carrying amount are equal, so the Group did not recognize allowance for impairment loss.

12. INVENTORIES

	December 31	
	2016	2015
Finished goods	$ 350,654	$ 391,440
Work in progress	984,655	1,246,050
Raw materials	1,330,195	1,533,342
Inventory in transit	115,352	28,630
	$ 2,780,856	$ 3,199,462

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was $11,372,959 thousand and $11,375,391 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 included inventory write-downs $22,957 thousand and reversal of inventory write-downs $70,568 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

13. SUBSIDIARIES

The consolidated entities as of December 31, 2016 and 2015 are listed below. There was no subsidiary excluded from consolidated financial statements.

			% of Ownership December 31		
Investor	**Investee**	**Nature of Activities**	**2016**	**2015**	**Remark**
The Company	Nien Hsing International (B.V.I.) Co., Ltd.	Investment holding company	100.00	100.00	
	Nien Hsing International Investment Co., Ltd.	Business investments	100.00	100.00	
	Chu Hsing Garment (Cambodia) Co., Ltd.	Manufactures jeans	100.00	100.00	Note 33
	Chih Hsing Garment (Cambodia) Co., Ltd.	Manufactures jeans	100.00	100.00	Note 33
	Nien Hsing Garment (Vietnam) Co., Ltd.	Manufactures jeans	100.00	100.00	Note 33
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Manufactures jeans	100.00	100.00	
	Alpha Textile (Nicaragua) S.A.	Dyes leisure clothing	100.00	100.00	Note 33
Nien Hsing International (B.V.I.) Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	Investment holding company	100.00	100.00	
	Nien Hsing International (Samoa) Ltd.	Investment holding company	100.00	100.00	
	Phoenix Development & Marketing Co., Ltd.	Sells denim and makes business investments	100.00	100.00	
	C Square Investment Co., Ltd.	Investment holding company; also garment washing industry	77.50	77.50	Note 33
	Foster Capital Management Inc.	Business rental	100.00	100.00	Note 33
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Manufactures denims	99.99	99.99	
	Nien Hsing Confeccion Ltd.	Manufactures jeans	99.99	99.99	
Nien Hsing International (Samoa) Ltd.	C&Y Garments (Proprietary) Co., Ltd.	Manufactures jeans	99.80	99.80	
	Nien Hsing International (Lesotho) Ltd.	Manufactures jeans	100.00	100.00	
	Global Garments Co., Ltd.	Manufactures jeans	100.00	100.00	
	Formosa Textile Co., Ltd.	Manufactures denims	100.00	100.00	
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	Garment washing industry	100.00	100.00	Note 33

The financial statements of subsidiaries included in the consolidated financial statements were audited by independent auditors for the years ended December 31, 2016 and 2015.

To reallocate resources, the Company's board of directors on March 16, 2017, resolved to dispose some of the subsidiaries; refer to Note 33.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2016	**2015**
Associates that are not individually material	$ 292,258	$ 319,149

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2016	**2015**
The Group's share of:		
Profit for the year	$ 37,447	$ 24,532
Other comprehensive income	258	16,795
Total comprehensive income for the year	$ 37,705	$ 41,327

Refer to Table 6 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

All the associates are accounted for using the equity method.

Except for Wu Hsing International Co., Ltd. and Top Fashion Industrial Co., Ltd., investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of Wu Hsing International Co., Ltd. and Top Fashion Industrial Co., Ltd. that have not been audited.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2016	**2015**
Carrying amount		
Land and land improvements	$ 536,867	$ 545,381
Buildings	1,383,496	1,573,946
Machinery and equipment	617,319	532,190
Transportation equipment	20,669	25,178
Office equipment	9,037	6,162
Miscellaneous equipment	258,965	246,115
Construction in process	11,803	3,532
	$ 2,838,156	$ 2,932,504

Movement in the property, plant and equipment of 2016 and 2015 refer to Table 7.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Land improvements	3-4 years
Buildings	
Main buildings	25-60 years
Construction for drain water	3-20 years
Machinery and equipment	3-11 years
Transportation equipment	2-10 years
Office equipment	2-10 years
Miscellaneous equipment	3-20 years

Refer to Note 31 for the carrying amount of property, plant and equipment were pledged by the Group to secure borrowings.

The Company signed trust deeds with related parties for agricultural lots the Company bought under the name of them, under which both of them agreed to follow the Company's written instructions on the use of these assets and attribute any profits generated from these assets to the Company.

16. INVESTMENT PROPERTIES

	December 31	
	2016	**2015**
Land	$ 24,275	$ 24,275

The Group had no significant addition to, disposal of, or impairment on investment properties for the years ended December 31, 2016 and 2015.

As of December 31, 2016 and 2015, the fair value of the investment properties was $44,464 thousand and $45,028 thousand, respectively. The management of the Group used the valuation arrived at based on reference market evidence of transaction prices for similar properties.

17. OTHER INTANGIBLE ASSETS

	December 31	
	2016	**2015**
Expertise	$ 9,550	$ 19,492

Except for the effect on the foreign currency exchange differences, the Group had no significant addition to, disposal of, or impairment on other intangible assets for the years ended December 31, 2016 and 2015.

The above item of other intangible asset was applied in the professional washing plant and depreciated on a straight-line basis for 5 years since the beginning of production in 2011.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	**2015**
Unsecured borrowings		
Line of credit borrowings	$ 196,406	$ 462,367
The range of interest rate		
Unsecured borrowings		
Line of credit borrowings	1.05%-2.23%	0.77%-1.37%

b. Long-term borrowings

	December 31	
	2016	2015
Unsecured borrowings		
Loan of credit borrowings (1)	$ 560,000	$ 560,000
Loan of credit borrowings (2)	350,000	350,000
	910,000	910,000
Less: Current portions	364,000	-
Long-term borrowings	$ 546,000	$ 910,000
The range of interest rate		
Unsecured borrowings		
Loan of credit borrowings (1)	1.350%	1.502%
Loan of credit borrowings (2)	1.350%	1.502%

1) On December 11, 2013, a five-year credit line agreement amounting to $800,000 thousand was signed by the Company with CCB. Under this agreement, the Company may repay the principal semiannually on the fourth year from December 11, 2013, or make a one-time principal repayment at the end of 36 months from the date of the Company's first use of the credit line, which was on April 25, 2014.

2) On December 2, 2013, a five-year credit line agreement amounting to $500,000 thousand was signed by the Company with Hua Nan Bank. Under this agreement, the Company may repay the principal semiannually on the fourth year from December 11, 2013, or make a one-time principal repayment at the end of 36 months from the date of the Company's first use of the credit line, which was on April 25, 2014.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2016	2015
Notes payable	$ 113,305	$ 141,934
Trade payables	$ 433,328	$ 434,543

Both notes payable and trade payables were generated from operating activities.

The average credit period on purchases of certain goods was 30 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31	
	2016	2015
Other payables		
Payable for salaries or bonus	$ 455,923	$ 452,256
Payable for fuels and utilities	36,233	29,815
Payable for employees' compensation	9,050	10,373
Payable for annual leave	16,580	14,277
Others	217,511	170,480
	$ 735,297	$ 677,201

21. PROVISIONS FOR ONEROUS CONTRACTS

	December 31	
	2016	2015
Onerous contracts	$ -	$ 8,654

Where the Group has a cotton-purchased contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract, the present obligations arising under onerous contracts are recognized and measured as provisions.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The pension plan policies of subsidiaries overseas follow local laws, and Nien Hsing International Investment Co., Ltd. has no employee.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 3% (6% from September 2015) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2016	**2015**
Present value of defined benefit obligation	$ 394,721	$ 407,128
Fair value of plan assets	(163,098)	(36,793)
Net defined benefit liability	$ 231,623	$ 370,335

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2015	$ 384,973	$ (31,281)	$ 353,692
Service cost			
Current service cost	6,451	-	6,451
Past service cost and loss (gain) on settlements	(1,555)	-	(1,555)
Net interest expense (income)	6,660	(512)	6,148
Recognized in profit or loss	11,556	(512)	11,044
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(726)	(726)
Actuarial (gain) loss - changes in demographic assumptions	683	-	683
Actuarial (gain) loss - changes in financial assumptions	23,598	-	23,598
Actuarial (gain) loss - experience adjustments	(1,737)	-	(1,737)
Recognized in other comprehensive income	22,544	(726)	21,818
Contributions from the employer	-	(14,927)	(14,927)
Benefits paid	(10,653)	10,653	-
Liabilities extinguished on settlement	(1,292)	-	(1,292)
Balance at December 31, 2015	$ 407,128	$ (36,793)	$ 370,335
Balance at January 1, 2016	$ 407,128	$ (36,793)	$ 370,335
Service cost			
Current service cost	6,159	-	6,159
Past service cost and loss (gain) on settlements	(1,503)	-	(1,503)
Net interest expense (income)	5,043	(561)	4,482
Recognized in profit or loss	9,699	(561)	9,138
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(348)	(348)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Actuarial (gain) loss - changes in demographic assumptions	$ 108	$ -	$ 108
Actuarial (gain) loss - changes in financial assumptions	(10,243)	-	(10,243)
Recognized in other comprehensive income	(10,135)	(348)	(10,483)
Contributions from the employer	-	(137,367)	(137,367)
Benefits paid	(11,971)	11,971	-
Balance at December 31, 2016	$ 394,721	$ (163,098)	$ 231,623

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2016	2015
Operating costs	$ 7,581	$ 8,737
Selling and marketing expenses	421	898
General and administrative expenses	931	1,199
Research and development expenses	205	210
	$ 9,138	$ 11,044

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2016	2015
Discount rates	1.25%	1.25%
Expected rates of salary increase	2.00%	2.00%
Turnover rate	0.73%	0.78%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2016	**2015**
Discount rates		
0.25% increase	$ (11,073)	$ (12,017)
0.25% decrease	$ 11,532	$ 12,536
Expected rates of salary increase		
0.25% increase	$ 11,417	$ 12,411
0.25% decrease	$ (11,020)	$ (11,959)
Turnover rate		
10% increase	$ (563)	$ (733)
10% decrease	$ 566	$ 737

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2016	**2015**
The expected contributions to the plan for the next year	$ 36,028	$ 23,520
The average duration of the defined benefit obligation	11 years	12 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2016	**2015**
Numbers of shares authorized (in thousands)	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	400,000	400,000
Shares issued	$ 4,000,000	$ 4,000,000

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2016	2015
Share premium	$ 89	$ 89
Treasury share transactions	5,952	5,952
Gain on disposal of property, plant and equipment	255	255
Consolidation excess	380,471	380,471
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	17,473	17,473
Changes in percentage of ownership interest in subsidiaries	1,194	1,194
Others	5,155	5,155
	$ 410,589	$ 410,589

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, consolidation excess, the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or may be transferred to share capital within a certain percentage of the Company's capital surplus once a year. The capital surplus from share of changes in equities of subsidiaries may be used to offset a deficit.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 13, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, please refer to employee benefits expense in Note 24(5).

The Company can appropriate all the distributable earnings, taking into account financial, business and operating factors. Appropriations may be in the form of cash dividends or stock dividends, with cash dividends currently preferred because the Company's business is mature. In addition, any stock dividends distributed should not exceed 50% of the total distribution. If the Company has no unappropriated earnings, if earnings appropriable are much less than the prior year's, or if certain financial, business and operating factors need to be considered, the legal reserve may be distributed in accordance with relevant laws or regulations or as requested by the authorities in charge.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Order No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 and 2014 approved in the shareholders' meetings on June 13, 2016, and June 15, 2015, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2015	2014	2015	2014
Legal reserve	$ 67,522	$ 69,999		
Cash dividends	600,000	720,000	$ 1.5	$ 1.8

The appropriations of earnings for 2016 had been proposed by the Company's board of directors on March 16, 2017. The appropriations were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 73,274	
Special reserve	153,447	
Cash dividends	600,000	$1.5

The appropriations from the 2016 earnings, including the bonus to employees and the remuneration to directors and supervisors, are subject to the approval of the shareholders' meeting to be held on June 13, 2017.

d. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ (202,241)	$ (130,096)
Exchange differences arising on translating the foreign operations	(135,294)	(85,734)
Share of exchange difference of associates accounted for using the equity method	258	(1,188)
Income tax related to gains arising on translating the net assets of foreign operations	22,956	14,777
Balance at December 31	$ (314,321)	$ (202,241)

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 290,903	$ 345,463
Unrealized gain arising on revaluation of available-for-sale financial assets	(130,029)	(72,341)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	-	17,781
Balance at December 31	$ 160,874	$ 290,903

Unrealized gains or losses on available-for-sale financial assets represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

e. Non-controlling interests

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 70,750	$ 71,307
Attributable to non-controlling interests:		
Share of loss for the year	(2,210)	(3,295)
Exchange difference arising on translation of foreign entities	(1,394)	2,738
Balance at December 31	$ 67,146	$ 70,750

24. NET PROFIT

Net profit:

a. Other income

	For the Year Ended December 31	
	2016	2015
Rental income (Note 30)	$ 1,169	$ 6,906
Interest income		
Bank deposits	10,654	11,588
Debt investments with no active market - non-current	24,736	25,079
Compensation revenue	34,836	34,220
Dividends	38,115	37,599
Tariff refund income	53,199	38,010
Others	31,433	5,757
	$ 194,142	$ 159,159

b. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gain (loss) on disposal of property, plant and equipment and investment property	$ (7,951)	$ 1,823
Gain (loss) on disposal of investment	(2,663)	8,043
Net foreign exchange gains	15,858	39,824
Net gain arising on financial assets classified as held for trading	2,219	297
Impairment loss recognized on financial assets	(52,931)	(2,004)
Compensation loss	(22,162)	(7,067)
Others	(52,569)	(50,903)
	$ (120,199)	$ (9,987)

c. Finance costs

	For the Year Ended December 31	
	2016	2015
Interest on bank loans	$ 15,746	$ 19,645
Others	1	117
	$ 15,747	$ 19,762

d. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	$ 569,462	$ 725,409
Long-term prepayments for lease	1,644	1,763
Intangible assets	9,561	9,409
	$ 580,667	$ 736,581
An analysis of deprecation by function		
Operating costs	$ 555,448	$ 705,082
Operating expenses	14,014	15,991
Other losses	-	4,336
	$ 569,462	$ 725,409
An analysis of amortization by function		
Operating costs	$ 11,205	$ 11,172

e. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Post-employment benefits (see Note 22)		
Defined contribution plans	$ 27,661	$ 28,132
Defined benefit plans	9,138	11,044
	36,799	39,176
Short-term benefits	3,341,428	3,172,585
	$ 3,378,227	$ 3,211,761
An analysis of employee benefits expense by function		
Operating costs	$ 3,014,718	$ 2,886,845
Operating expenses	363,509	324,916
	$ 3,378,227	$ 3,211,761

1) Employees' compensation for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting on June 2016, the Company accrued employees' compensation at the rates higher than 1%, of net profit before income tax and employee's compensation. For the years ended December 31, 2016 and 2015, the employees' compensation were $9,030 thousand and $8,252 thousand, respectively, based on the past experience and present operating conditions.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015.

Information on the employees' compensation resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

2) Bonus to employees and remuneration of directors and supervisors for 2014

Before the amendment to the Company Act that stipulated the distribution of earning after income tax, the bonus to employees and remuneration of directors and supervisors should be no less than 1% of the earning. Considering past experience and the current operational status, the Company estimated the bonus to employees for the year ended December 31, 2014.

The bonus to employees and remuneration of directors and supervisors for 2014 which have been approved in the shareholders' meeting on June 15, 2015 were as follows:

	For the Year Ended December 31, 2014
	Cash
Bonus to employees	$ 7,500
Remuneration of directors and supervisors	6,825

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meeting on June 15, 2015 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2014.

Information on the bonus to employees and remuneration of directors and supervisors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2016	**2015**
Current tax		
In respect of the current year	$ 84,410	$ 79,970
Deferred tax		
In respect of the current year	79,734	69,468
Adjustment for prior years	21,995	1,008
Income tax expense recognized in profit or loss	$ 186,139	$ 150,446

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2016	**2015**
Profit before tax	$ 916,672	$ 822,370
Income tax expense calculated at the statutory rate	$ 158,047	$ 147,672
Nondeductible expenses in determining taxable income	6,097	1,766
Adjustments for prior years' tax	21,995	1,008
Income tax expense recognized in profit or loss	$ 186,139	$ 150,446

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2016	**2015**
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ (22,956)	$ (14,777)
Remeasurement on defined benefit plan	1,782	(3,709)
	$ (21,174)	$ (18,486)

c. Current tax liabilities

	December 31 2016	December 31 2015
Current tax liabilities		
Income tax payable	$ 53,441	$ 67,057

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2016

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange difference on foreign operations	$ 170,412	$ -	$ 22,956	$ 193,368
Provisions for pension cost	56,035	(21,799)	-	34,236
Allowance for loss of write-down of inventories	13,763	3,589	-	17,352
Allowance for impairment loss of trade receivables	4,913	3,622	-	8,535
Defined benefit obligation	8,862	-	(1,782)	7,080
Provisions for warranty	4,797	(648)	-	4,149
Provisions for onerous contracts	1,471	(1,471)	-	-
Others	3,013	5,145	-	8,158
	$ 263,266	$ (11,562)	$ 21,174	$ 272,878

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of earnings of subsidiaries	$ (391,283)	$ (68,172)	$ -	$ (459,455)

For the year ended December 31, 2015

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange difference on foreign operations	$ 155,635	$ -	$ 14,777	$ 170,412
Provisions for pension cost	56,915	(880)	-	56,035
Allowance for loss of write-down of inventories	24,666	(10,903)	-	13,763
Allowance for impairment loss of trade receivables	9,104	(4,191)	-	4,913
Defined benefit obligation	5,153	-	3,709	8,862
Provisions for warranty	4,662	135	-	4,797
Provisions for onerous contracts	782	689	-	1,471
Others	569	2,444	-	3,013
	$ 257,486	$ (12,706)	$ 18,486	$ 263,266

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of earnings of subsidiaries	$ (334,521)	$ (56,762)	$ -	$ (391,283)

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2016	2015
Loss carryforwards		
Expire in 2019	$ 42,391	$ 42,391
Expire in 2020	10,086	10,086
Expire in 2023	1,722	1,722
Expire in 2024	3,956	3,037
Expire in 2026	4,211	-
	$ 62,366	$ 57,236
Deductible temporary differences		
Unrealized investment loss	$ 29,762	$ 4,514

f. Integrated income tax

	December 31	
	2016	2015
Unappropriated earnings		
Generated before January 1, 1998	$ 360,545	$ 360,545
Generated on and after January 1, 1998	3,029,429	2,955,507
	$ 3,389,974	$ 3,316,052
Shareholder-imputed credit account	$ 457,380	$ 467,594

The creditable ratios for the distribution of the earnings of 2016 and 2015 were 15.55% (expected ratio) and 17.04%, respectively.

g. Income tax assessments

Income tax returns of the Company and Nien Hsing International Investment Co., Ltd. through 2014 had been examined by the tax authorities. The Company filed administrative appeals for the reexamination of the overseas dividend revenues in the 2009 tax return, and was dismissed by Supreme Administrative Court in September 2015. The difference between the Company's declared amount and the amount based on the tax authorities' examination was recognized in the 2011 financial statements.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	2015
Basic earnings per share	$ 1.83	$ 1.69
Diluted earnings per share	$ 1.83	$ 1.69

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2016	2015
Earnings used in the computation of basic and diluted earnings per share	$ 732,743	$ 675,219

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share	400,000	400,000
Effect of potentially dilutive ordinary shares:		
Compensation issue to employees	448	531
Weighted average number of ordinary shares used in the computation of diluted earnings per share	400,448	400,531

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. OPERATING LEASE ARRANGEMENTS

The Group as Lessor

Operating leases relate to leasing the investment property owned by the Group with lease terms between 1 to 7 years.

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2016	2015
Not later than 1 year	$ 958	$ 739
Later than 1 year and not later than 5 years	1,241	980
	$ 2,199	$ 1,719

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or capital reduced, and/or the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis.

Fair value hierarchy

	Level 1	
	December 31	
	2016	2015
Available-for-sale financial assets		
Securities listed in ROC		
Equity securities	$ 311,338	$ 441,367

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2016	2015
Financial assets		
Loans and receivables (1)	$ 4,746,561	$ 4,350,866
Available-for-sale financial assets (2)	1,655,107	1,852,453
Financial liabilities		
Amortized cost (3)	2,428,681	2,651,461

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and trade receivables, other receivables, other financial assets, debts investment with no active market, and refundable deposit.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings including current portion of long-term bank loans, notes and trade payables, payables to related parties, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivable, trade payables, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed by adjusting the net position between foreign assets and foreign liabilities and within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposing to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar and the Mexican peso.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD		**PESO**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2016	**2015**	**2016**	**2015**
Profit (loss)	$ 92,236	$ 85,292	$ (3,416)	$ (4,359)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2016	**2015**
Fair value interest rate risk		
Financial assets	$ 352,130	$ 370,273
Cash flow interest rate risk		
Financial assets	2,090,870	1,599,238
Financial liabilities	1,106,406	1,372,367

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2016 and 2015 would increase/decrease by $2,461 thousand and $567 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by $3,113 thousand and $4,414 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily on trade receivables, and from financing activities, primarily on deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business- and financial-related exposures.

Business-related credit risk

To maintain the quality of its accounts receivable, the Group has established management procedures on dealing with credit risks.

Individual customers are assessed for their payment capability, including financial status, aging analysis, historical transactions, etc. In special cases involving individual customers, the Group may enhance its protection against credit risk by requiring advance payment or using credit insurance.

As of December 31, 2016 and 2015, the Group's 10 largest customers accounted for 79.76% and 82.34%, respectively, of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant.

Financial credit risk

The credit risk from bank deposits, fixed income investments and other financial instruments is measured and supervised by the financial department of the Group. The counterparties of the Group are banks with good credit rankings, investment-grade financial institutions, corporations and the government, which have no contract performance risk. Thus, the credit risk is insignificant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group's current financial liabilities mature within a year and are not required for immediate settlements. The Group's guarantee deposits received under non-current financial liabilities do not have a specific maturity.

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Except for those disclosed in Note 15, the details of transactions between the Group and other related parties are disclosed below.

a. Operating revenues

		For the Year Ended December 31	
Line Items	**Related Party Categories**	**2016**	**2015**
Processing income	Associates	$ 16,821	$ 17,906

The processing income is negotiated based on the required operating cost.

b. Other revenues

		For the Year Ended December 31	
Line Items	**Related Party Categories**	**2016**	**2015**
Rental income	Other related parties	$ 79	$ 79

The Group leased operating property to related parties. The price of leases is referred to local lease standard and the payment was received monthly.

c. Payables to related parties (excluding loans from related parties)

		December 31	
Line Items	**Related Party Categories**	**2016**	**2015**
Other payables to related parties	Associates	$ 39,901	$ 24,910

The other payables to relate parties include the payment on behalf of others and receipts under custody derived from the operation of related parties.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2016	**2015**
Short-term employee benefits	$ 55,234	$ 50,295
Post-employment benefits	1,383	1,524
	$ 56,617	$ 51,819

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as loan issuance facilities and customs guarantees.

	December 31	
	2016	**2015**
Property, plant and equipment	$ 240,908	$ 249,491
Other financial assets - current	50	-
	$ 240,958	$ 249,491

The revolving credit line of a syndicated loan agreement expired in March 2014. However, the Group did not retrieve the above collateral.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2016 and 2015, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $1,562,723 thousand and $849,255 thousand, respectively.

33. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

a. On March 16, 2017, the board of directors resolved a reduction in the cash capital, reducing the cash capital by 50.5% amounting to 2,020,000 thousand. The amount of paid-in capital after the reduction is 1,980,000 thousand. The aforementioned reduction is to be resolved in the June 13, 2017, shareholders' meeting and will be in effect after the approval of authorized regulators.

b. Considering the end market's increase in demand for functional apparel and the characteristics of the fast fashion in stylish clothing, the Company intends to reallocate the resources, reduce the weight of denim clothing, increase the investment in knitted garments to decentralize the risk by diversifying its business in order to continuously strengthen the Company's competitive advantage and enhance business performance.

As of March 16, 2017, under the approval of its board of directors, the Group signed the Sale and Purchase Agreement (hereinafter referred to as "Sale and Purchase Agreement") with Texhong Textile Group Limited (the Stock Exchange of Hong Kong Limited stock code 2678, hereinafter referred to as "Texhong Company") to dispose of the following assets (hereinafter referred to as the "the assets") with the total amount of US$53,647 thousand (hereinafter referred to as the "transfer consideration"):

1) 100% equity of Nien Hsing Garment (Vietnam) Co., Ltd.

2) 100% equity of Chu Hsing Garment (Cambodia) Co., Ltd.

3) 100% equity of Alpha Textile (Nicaragua) S.A.

4) 100% equity of C Square Investment Co., Ltd.

5) 100% equity of Foster Capital Management Inc.

6) Chih Hsing Garment (Cambodia) Co., Ltd.'s plant and equipment.

7) The net assets and business (including but not limited to inventory, equipment, and trade payables to related parties, etc.) relating to the business of the previous investment (re-investment).

The transfer consideration is based on the book value as of December 31, 2016. However, the actual transfer consideration will be adjusted according to the unaudited accounts as of April 30, 2017, based on the Sale and Purchase Agreement. The transfer consideration will be paid by electronic remittance and shall be settled in accordance with the agreement.

34. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 363	13.55 (USD:ZAR)	$ 11,709
USD	81,938	32.22 (USD:NTD)	2,640,054
USD	950	29.325 (USD:NIC)	30,619
USD	7,335	22,159 (USD:VND)	236,336
PESO	12	0.0484 (PESO:USD)	18
			$ 2,918,736
Financial liabilities			
Monetary items			
USD	10,546	13.55 (USD:ZAR)	$ 339,782
USD	22,672	32.22 (USD:NTD)	730,487
USD	116	29.325 (USD:NIC)	3,727
PESO	43,823	0.0484 (PESO:USD)	68,330
			$ 1,142,326

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 916	15.55 (USD:ZAR)	$ 30,138
USD	81,730	32.88 (USD:NTD)	2,687,295
USD	516	27.920 (USD:NIC)	16,976
USD	4,894	21,890 (USD:VND)	160,905
PESO	11	0.0577 (PESO:USD)	22
			$ 2,895,336
Financial liabilities			
Monetary items			
USD	6,773	15.55 (USD:ZAR)	$ 222,688
USD	29,290	32.88 (USD:NTD)	963,042
USD	114	27.920 (USD:NIC)	3,753
PESO	45,983	0.0577 (PESO:USD)	87,193
			$ 1,276,676

For the years ended December 31, 2016 and 2015, (realized and unrealized) net foreign exchange gains were $15,858 thousand and $39,824 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 2)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Textile
- Garment

a. Segment revenues and results

The following was an analysis of the Group's revenue and operating results by reportable segment.

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Textile segment			$ 807,054	$ 487,671
From outside customers	$ 4,252,291	$ 4,053,872		
From intersegment sales	1,408,470	1,675,504		
Garment segment			206,484	315,185
From outside customers	8,754,278	8,737,607		
From intersegment sales	-	-		
Other segment			3,758	1,185
From outside customers	3,280	13,170		
From intersegment sales	-	-		
Elimination	(1,408,470)	(1,675,504)		
Total revenues	$ 13,009,849	$ 12,804,649	1,017,296	804,041
Unallocated amount				
Administrative cost			(141,896)	(126,538)
Other shared expense			(54,371)	(9,075)
Operating income			821,029	668,428
Other income			194,142	159,159
Other gain and loss			(120,199)	(9,987)
Financial cost			(15,747)	(19,762)
Share of profit of associates accounted for using the equity method			37,447	24,532
Income before income tax			$ 916,672	$ 822,370

The measure of the operating segments' profit or loss is controlled by management.

b. Segment assets and liabilities

	December 31	
	2016	2015
Segment assets		
Textile segment	$ 4,438,868	$ 4,429,220
Garment segment	3,598,506	4,126,023
Other shared assets	5,113,062	5,020,830
Consolidated total assets	$ 13,150,436	$ 13,576,073

The measure of the Group's operating assets is the assets controlled by management. The measure of operating liabilities is the Group's capital budget and capital demand that are not allocated by to individual operating segments. Thus, the operating liabilities are not subject to segment performance evaluation.

c. Other segment information

	For the Year Ended December 31	
	2016	2015
Depreciation and amortisation		
Textile segment	$ 308,062	$ 445,783
Garment segment	203,776	217,926
Other segment	68,829	72,872
	$ 580,667	$ 736,581

The increase in non-current assets is not reviewed regularly by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Thus, non-current assets are not disclosed in the operating segments.

d. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	For the Year Ended December 31	
	2016	2015
Fabrics	$ 4,252,291	$ 4,053,872
Garments	8,754,278	8,737,607
Others	3,280	13,170
	$ 13,009,849	$ 12,804,649

e. Geographical information

The Group operates in three principal geographical areas: Taiwan, America, Africa and other Asian areas. The Group's revenue from external customers by location of operations and information about its non-current assets by geographical location are as follows:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2016	2015	2016	2015
Taiwan	$ 10,145,856	$ 9,920,023	$ 888,143	$ 901,343
America	2,148,907	1,921,647	575,761	583,043
Africa	710,965	944,353	553,831	526,252
Other areas in Asia	4,121	18,626	962,862	1,144,798
	$ 13,009,849	$ 12,804,649	$ 2,980,597	$ 3,155,436

Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred tax assets, refundable deposits.

f. Information on major customers

Single customers contributed 10% or more to the Group's revenue for 2016 and 2015 were as follows:

	2016	2015
	Sales Amount	Sales Amount
Customer A (Note 1)	$ 3,389,857	$ 3,659,558
Customer B (Note 2)	2,128,313	1,742,369
	$ 5,518,170	$ 5,401,927

Note 1: Revenues from garment segment.

Note 2: Revenues from textile segment.

TABLE 1

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note C)	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note C)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Nien Hsing Textile Co., Ltd. (the "Company")	Phoenix Development & Marketing Co., Ltd.	(Note B)	$ 2,956,799	$ 677,363	$ 491,355	$ 72,436	$ -	4.99	$ 4,927,999	Y	N	N
		Nien Hsing International Investment Co., Ltd.	(Note A)	2,956,799	400,000	400,000	144,000	-	4.06	4,927,999	Y	N	N

Notes:

A. Subsidiary

B. Wholly owned subsidiary of Nien Hsing International (B.V.I.) Ltd., which is a wholly owned subsidiary of the Company

C. The maximum total guarantee that the Company may provide is 50% of the carrying value of its net assets, and maximum guarantee for each party is 30% of the carrying value of the Company's net assets.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
Nien Hsing Textile Co., Ltd.	Stock							
	Mycenax Biotech Inc.	-	Available-for-sale financial asset - non-current	8,262,000	$ 280,908	7.38	$ 280,908	Market price
	UFO Investment Corporation	-	Financial assets carried at cost - non-current	3,384,000	2,218	5.00	-	
	Leadray Energy Co., Ltd.	-	Financial assets carried at cost - non-current	2,532,619	15,374	8.17	-	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets carried at cost - non-current	209,760	2,098	2.22	-	
	Breeze Digital Technology Corp.	-	Financial assets carried at cost - non-current	147,000	-	2.94	-	
Nien Hsing International (B.V.I.) Ltd.	Bond							
	RABOBANK NEDERLAND	-	Bond investments with no active market - non-current	10,000	352,130	-	-	
Phoenix Development & Marketing Co., Ltd.	Fund							
	Prodigy Strategic Investment Fund XXI Segregated Portfolio	-	Financial assets carried at cost - non-current	12,336	393,369	-	-	
	Stock							
	Gongwin Biopharm Co., Ltd.	-	Financial assets carried at cost - non-current	2,500,000	64,440	2.57	-	
	Analogix Semiconductor, Inc.	-	Financial assets carried at cost - non-current	75,811	3,552	0.15	-	
	VeriSilicon Holdings (Cayman Islands) Co., Ltd.	-	Financial assets carried at cost - non-current	193,547	9,680	0.23	-	
	Paragon Wireless, Inc.	-	Financial assets carried at cost - non-current	431,542	-	0.97	-	
	DigiMedia Technologies Co., Ltd.	-	Financial assets carried at cost - non-current	368,532	-	0.54	-	
	Thousand Luck Limited	-	Financial assets carried at cost - non-current	200,000	-	1.33	-	
	ALO7 Limited	-	Financial assets carried at cost - non-current	113,733	5,631	0.37	-	
	Digital Knowledge World Co., Ltd.	-	Financial assets carried at cost - non-current	357,140	2,416	0.26	-	
	PHM Asia Holding Corporation	-	Financial assets carried at cost - non-current	1,160,092	644,400	2.32	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016 Shares	Carrying Value	Percentage of Ownership	Fair Value	Note
Nien Hsing International Investment Co., Ltd.	Stock							
	Mycenax Bigtech Inc.	-	Available-for-sale financial assets - current	895,000	$ 30,430	0.80	$ 30,430	Market price
	Imagic Technologies Co., Ltd.	-	Financial assets carried at cost - non-current	3,400	-	0.01	-	
	Igiant Optics Co., Ltd.	-	Financial assets carried at cost - non-current	4,800	-	0.01	-	
	TopRay Technologies, Inc.	-	Financial assets carried at cost - non-current	53,966	-	0.19	-	
	Commoca Inc.	-	Financial assets carried at cost - non-current	40,300	-	0.21	-	
	Princedom Precision Corporation	-	Financial assets carried at cost - non-current	33,266	-	0.24	-	
	Koatech Technology Corp.	-	Financial assets carried at cost - non-current	809,280	8,221	1.59	-	
	Alpha Optical Co., Ltd.	-	Financial assets carried at cost - non-current	421,322	4,702	0.70	-	
	Leadray Energy Co., Ltd.	-	Financial assets carried at cost - non-current	2,910,578	17,668	9.39	-	
	BioEngine Capital Inc.	-	Financial assets carried at cost - non-current	15,000,000	150,000	5.26	-	
	BioGend Therapeutics Co., Ltd.	-	Financial assets carried at cost - non-current	2,000,000	20,000	8.00	-	

Note: Related information of investment of subsidiaries, associates and joint equity, please refer to Table 6.

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction/Item Details				Abnormal Transaction		Notes/Trade Payables or Receivables		Note
			Purchase/Sale/ Processing Expense	Amount	% to Total (Note C)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Subsidiary	Sale	$ (694,145)	(6)	Note B	-	Note B	$ 240,582	13	
	Formosa Textile Co., Ltd.	Subsidiary	Processing expense	417,368	9	Note A	Note A	Note A	-	-	
	Nien Hsing Garment (Vietnam) Co., Ltd	Subsidiary	Processing expense	935,664	20	Note A	Note A	Note A	(152,103)	(16)	
	Nien Hsing (Ninh Binh) Garment Co., Ltd.	Subsidiary	Processing expense	635,883	13	Note A	Note A	Note A	(69,758)	(8)	
	Chu Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Processing expense	860,196	18	Note A	Note A	Note A	(247,784)	(27)	
	Alpha Textile (Nicaragua) S.A.	Subsidiary	Processing expense	149,481	3	Note A	Note A	Note A	(19,976)	(2)	
	C&Y Garments	Subsidiary	Processing expense	303,237	6	Note A	Note A	Note A	10,210	1	
	Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary	Processing expense	295,561	6	Note A	Note A	Note A	43,223	2	
	Global Garments (Proprietary) Co., Ltd.	Subsidiary	Processing expense	297,282	6	Note A	Note A	Note A	45,766	2	
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(935,664)	(100)	Note A	Note A	Note A	152,103	100	
Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(860,196)	(39)	Note A	Note A	Note A	247,784	100	
	C Square Garment Co., Ltd.	With same parent company	Processing expense	330,236	40	Note A	Note A	Note A	(39,468)	(100)	
Nien Hsing (Ninh Binh) Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(635,883)	(100)	Note A	Note A	Note A	69,758	100	
Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Purchase	694,145	100	Note B	-	Note B	(240,582)	(82)	
	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(417,368)	(96)	Note A	Note A	Note A	-	-	
Phoenix Development & Marketing Co., Ltd.	Nien Hsing International Victoria Ltd.	With same parent company	Processing expense	522,673	100	Note A	Note A	Note A	(68,330)	(76)	
Nien Hsing International Victoria Ltd.	Phoenix Development & Marketing Co., Ltd.	With same parent company	Processing income	(522,673)	(100)	Note A	Note A	Note A	68,330	83	
C Square Garment Co., Ltd.	Chu Hsing Garment (Cambodia) Co., Ltd.	With same parent company	Processing income	(330,236)	(98)	Note A	Note A	Note A	39,468	94	
C&Y Garments	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(303,237)	(100)	Note A	Note A	Note A	(10,210)	(89)	
Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(295,561)	(100)	Note A	Note A	Note A	(43,223)	(96)	
Global Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(297,282)	(100)	Note A	Note A	Note A	(45,766)	(96)	
Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(149,481)	(100)	Note A	Note A	Note A	19,976	100	

Notes:

A. Processing fees charged by subsidiaries were based on operating cost; subsidiaries made payments depending on their financial condition.

B. Payments were made in cash upon demand.

C. Processing expense was calculated as a percentage to the sum of manufacturing expense and direct labor.

D. The accounts were eliminated when the consolidated financial statements were prepared.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance (Notes A and B)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Subsidiary	$ 240,582	Note	$ -	-	$ 161,090	$ -
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	152,103	Note	-	-	152,103	-
Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	247,784	Note	-	-	153,801	-

Notes:

A: Payments were made upon request.

B: The accounts were eliminated when the consolidated financial statements were prepared.

TABLE 5

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
0	Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	a	Sales revenue	$ 694,145	Note B	5
		Formosa Textile Co., Ltd.	a	Receivable from related parties	240,582	Note B	2
		Phoenix Development & Marketing Co., Ltd.	a	Service revenue	14,996	Note D	-
		Phoenix Development & Marketing Co., Ltd.	a	Receivable from related parties	20,369	Note B	-
		Nien Hsing International Investment Co., Ltd.	a	Rent income	25	Note D	-
		Nien Hsing International Investment Co., Ltd.	a	Receivable from related parties	76	Note B	-
		C Square Garment Co., Ltd.	a	Receivable from related parties	815	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	a	Sales revenue	36,428	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	a	Receivable from related parties	43,223	Note B	-
		Global Garment Co., Ltd.	a	Receivable from related parties	45,766	Note B	-
		Nien Hsing International (Samoa) Ltd.	a	Receivable from related parties	437	Note B	-
		C&Y Garments	a	Receivable from related parties	10,210	Note B	-
1	Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	860,196	Note C	7
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	247,784	Note B	2
		Foster Capital Management Inc.	c	Receivable from related parties	312	Note B	-
2	Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	935,664	Note C	7
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	152,103	Note B	1
3	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	635,883	Note C	5
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	69,758	Note B	1
4	Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	b	Processing income	149,481	Note C	1
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	19,976	Note B	-
5	Nien Hsing International Victoria Ltd.	Phoenix Development & Marketing Co., Ltd.	c	Processing income	522,673	Note C	4
		Phoenix Development & Marketing Co., Ltd.	c	Receivable from related parties	68,330	Note B	1
		Nien Hsing Confeccion Ltd.	c	Receivable from related parties	10,324	Note B	-
6	Nien Hsing International (Samoa) Ltd.	Nien Hsing Textile Co., Ltd.	b	Rent income	109,845	Note D	1
7	C&Y Garments	Nien Hsing Textile Co., Ltd.	b	Processing income	303,237	Note C	2
		Nien Hsing International (Lesotho) Co., Ltd.	c	Processing income	370	Note C	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
8	Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	$ 295,561	Note C	2
		C&Y Garments	c	Receivable from related parties	85	Note B	-
		Global Garment Co., Ltd.	c	Processing income	63	Note C	-
		Global Garment Co., Ltd.	c	Receivable from related parties	69	Note B	-
9	Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	297,282	Note C	2
		Nien Hsing International (Lesotho) Co., Ltd.	c	Processing income	71	Note C	-
		C&Y Garments	c	Receivable from related parties	89	Note B	-
		Formosa Textile Co., Ltd.	c	Receivable from related parties	12,690	Note B	-
10	Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	417,368	Note C	3
		C&Y Garments	c	Receivable from related parties	1,025	Note B	-
		Nien Hsing International (Samoa) Co., Ltd.	c	Receivable from related parties	273	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	c	Receivable from related parties	1,370	Note B	-
11	C Square Garment Co., Ltd.	Chih Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	2,591	Note B	-
		Chu Hsing Garment (Cambodia) Co., Ltd.	c	Processing income	330,236	Note C	3
		Chu Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	39,468	Note B	-
12	Chih Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	393	Note B	-
13	Foster Capital Management Inc.	Chih Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	808	Note B	-
		C Square Garment Co., Ltd.	c	Receivable from related parties	2,864	Note B	-

Note A: Flow of transaction:

a. From parent company to subsidiary
b. From subsidiary to parent company
c. Between subsidiaries

Note B: Collection of receivables is based on the related parties' cash requirements.

Note C: Processing incomes charged by subsidiaries were based on operating costs; subsidiaries made payments depending on their financial condition.

Note D: Related-party transactions had no significant differences from third-party transactions.

Note E: The accounts were eliminated when consolidated financial statements were prepared.

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2016	Original Investment Amount December 31, 2015	Balance as of December 31, 2016 Shares	Balance as of December 31, 2016 Percentage of Ownership %	Balance as of December 31, 2016 Carrying Value	Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Relationship of Investee to Investor)
Nien Hsing Textile Co., Ltd. (the "Company")	Nien Hsing International (B.V.I.) Co., Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment holding company	$ 2,090,873	$ 2,342,873	126,350	100.00	$ 4,624,032	$ 514,658	$ 514,658	Subsidiary
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Ninh Phuc Industrial Zone, Ninh Binh City, Ninh Binh Province, Vietnam	Manufactures jeans	714,092	714,092	-	100.00	226,561	(38,357)	(38,357)	Subsidiary
	Nien Hsing Garment (Vietnam) Co., Ltd.	Rd. TRAN THI DUNG, Phuc khanh Industrial Park, Thai Binh City, Thai Binh Province. Viet Nam	Manufactures jeans	597,121	597,121	-	100.00	268,920	(23,927)	(23,927)	Subsidiary
	Alpha Textile (Nicaragua) S.A.	Km 15 1/2 Carretera Nueva a L'eon, Los Brasiles, Managua	Dyes leisure clothing	209,254	209,254	1,000	100.00	165,775	2,865	2,865	Subsidiary
	Chu Hsing Garment (Cambodia) Co., Ltd.	Road 6A; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom of Cambodia	Manufactures jeans	288,801	288,801	14,000	100.00	421,289	1,897	1,897	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd.	Road 6A; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom of Cambodia	Manufactures jeans	133,641	133,641	4,500	100.00	88,661	(24,752)	(24,752)	Subsidiary
	Nien Hsing International Investment Co., Ltd.	12F-2, No. 308, Neihu Rd., Sec. 1, Neihu Dist., Taipei City, Taiwan 114, R.O.C.	Business investments	20,000	20,000	9,722,833	100.00	97,156	(34,549)	(34,549)	Subsidiary
	China International Investment Co., Ltd.	25F, No. 97 Dunhua S. Rd., Sec. 2, Da-an Taipei, Taiwan 106, R.O.C.	Business Investment	819	819	81,850	22.42	7,728	(3,776)	(845)	Equity-method investee
	Wu Hsing International Co., Ltd.	No. 97, Ln. 297, Yuanguan Rd., Nuannuan Dist., Keelung City 205, Taiwan, R.O.C.	Purchases and sells raw material, supplies and jeans	4,500	4,500	450,000	30.00	-	-	-	Equity-method investee
Nien Hsing International (B.V.I.) Co.	Nien Hsing International (Bermuda) Ltd.	Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda	Investment holding company	538,101	538,101	29,400	100.00	409,253	28,170	28,170	Subsidiary
	Nien Hsing International (Samoa) Ltd.	2nd Floor, Building B, SNPF Plaza, Saralalo, Apia, Samoa	Investment holding company	1,125,996	1,125,996	34,900,000	100.00	594,376	(24,537)	(24,537)	Subsidiary
	Phoenix Development & Marketing Co., Ltd.	2nd Floor, Building B, SNPF Plaza, Saralalo, Apia, Samoa	Sells denims and makes business investments	1,442,492	1,442,492	45,000,000	100.00	2,682,549	509,227	509,227	Subsidiary
	Foster Capital Management Inc.	2nd Floor, Building B, SNPF Plaza, Saralalo, Apia, Samoa	Business rental	149,703	149,703	4,800,000	100.00	157,927	(57)	(57)	Subsidiary
	C Square Investment Co., Ltd.	2nd Floor, Building B, SNPF Plaza, Saralalo, Apia, Samoa	Investment holding company	291,054	291,054	10,061,077	77.50	229,591	(9,635)	(7,467)	Subsidiary
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	Road 6a; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom of Cambodia	Garment washing industry	331,323	331,323	11,200,000	100.00	285,703	(13)	(13)	Subsidiary
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Libramiento Naciones Unidas Km. 20, Esquina Con Carretera a Soto La Marina Km. 5.5 S/N Parque Industrial Nuevo Santander Cd. Victoria. Tamaulipas. Mexico. 87130	Manufactures denims	636,161	636,161	47,410	99.99	414,179	29,431	29,431	Subsidiary
	Nien Hsing Confeccion Ltd.	Libramiento Naciones Unidas Km. 20, Esquina Con Carretera a Soto La Marina Km. 5.5 S/N Parque Industrial Nuevo Santander Cd. Victoria. Tamaulipas. Mexico. 87130	Manufactures jeans	30,021	30,021	26	99.99	(9,413)	13	13	Subsidiary
Nien Hsing International (Samoa) Ltd.	C&Y Garments	Site No. 7D Thetsane Industrial Area Maseru 100. Lesotho	Manufactures jeans	105,226	105,226	99,800	99.80	55,090	(20,874)	(20,832)	Subsidiary
	Nien Hsing International (Lesotho) Co., Ltd.	Site No. 009 Thetsane Industrial Area Maseru 100. Lesotho	Manufactures jeans	10,562	10,562	200,000	100.00	78,040	(5,759)	(5,759)	Subsidiary
	Global Garments Co., Ltd.	Site No. 12293-827 Thetsane Industrial Area. Maseru 100, Lesotho	Manufactures jeans	150,535	150,535	100,000	100.00	96,522	1,395	1,395	Subsidiary
	Formosa Textile Co., Ltd.	827 Thetsane Industrial Area, Maseru 100. Lesotho	Manufactures denims	280,856	280,856	100,000	100.00	169,192	(3,279)	(3,279)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2016	Original Investment Amount December 31, 2015	Balance as of December 31, 2016 Shares	Balance as of December 31, 2016 Percentage of Ownership %	Balance as of December 31, 2016 Carrying Value	Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Relationship of Investee to Investor)
Phoenix Development & Marketing Co., Ltd.	Grand Paper International Ltd.	Private Bag A438 Maseru 100 Lesotho	Manufactures and sells cartons	$ 37,713	$ 37,713	1,110,000	37.00	$ 42,624	$ 21,872	$ 8,093	Equity-method investee
	C&D Capital Corp.	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	Business investment	74,994	103,057	2,544,390	22.42	112,820	134,947	30,259	Equity-method investee
	C&D Capital II Corp.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Business investment	128,264	144,117	4,005,000	28.74	129,086	(210)	(60)	Equity-method investee
	Top Fashion Industrial Co., Ltd.	P.O. Box 3321, (Sealight House), Road Town, Tortola, British Virgin Islands	Purchases and sells raw material, supplies and jeans	14,644	14,644	450,000	30.00	-	-	-	Equity-method investee

Note: The accounts were eliminated when the consolidated financial statements were prepared.

(Concluded)

TABLE 7

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Construction in Process	Total
Cost									
Balance at January 1, 2015	$ 540,097	$ 1,516	$ 3,289,182	$ 5,462,311	$ 75,568	$ 70,434	$ 1,697,103	$ 7,988	$ 11,144,199
Additions	-	-	8,692	38,757	9,644	1,886	17,399	16,983	93,361
Disposals	-	-	-	(25,520)	(8,496)	(179)	(152,311)	-	(186,506)
Reclassification	-	-	15,367	62,924	-	1,187	127,832	(20,766)	186,544
Effect of foreign currency exchange differences	5,284	-	(190,371)	37,987	(8,361)	(1,898)	23,739	(673)	(134,293)
Balance at December 31, 2015	$ 545,381	$ 1,516	$ 3,122,870	$ 5,576,459	$ 68,355	$ 71,430	$ 1,713,762	$ 3,532	$ 11,103,305
Accumulated depreciation									
Balance at January 1, 2015	$ -	$ 1,516	$ 1,463,003	$ 4,698,632	$ 46,888	$ 61,023	$ 1,397,753	$ -	$ 7,668,815
Disposals	-	-	-	(25,044)	(7,866)	(167)	(151,001)	-	(184,078)
Reclassification	-	-	-	(4)	(178)	(12)	(979)	-	(1,173)
Depreciation expense	-	-	194,209	313,058	9,586	5,785	202,771	-	725,409
Effect of foreign currency exchange differences	-	-	(108,288)	57,627	(5,253)	(1,361)	19,103	-	(38,172)
Balance at December 31, 2015	$ -	$ 1,516	$ 1,548,924	$ 5,044,269	$ 43,177	$ 65,268	$ 1,467,647	$ -	$ 8,170,801
Carrying amounts at December 31, 2015	$ 545,381	$ -	$ 1,573,946	$ 532,190	$ 25,178	$ 6,162	$ 246,115	$ 3,532	$ 2,932,504
Cost									
Balance at January 1, 2016	$ 545,381	$ 1,516	$ 3,122,870	$ 5,576,459	$ 68,355	$ 71,430	$ 1,713,762	$ 3,532	$ 11,103,305
Additions	606	-	9,683	43,277	3,355	4,149	20,068	22,662	103,800
Disposals	-	-	-	(271,015)	(6,312)	(179)	(483,886)	-	(761,392)
Reclassification	-	-	9,729	227,635	2,029	2,913	182,200	(13,877)	410,629
Effect of foreign currency exchange differences	(9,120)	-	(62,877)	(50,959)	946	(696)	(26,618)	(514)	(149,838)
Balance at December 31, 2016	$ 536,867	$ 1,516	$ 3,079,405	$ 5,525,397	$ 68,373	$ 77,617	$ 1,405,526	$ 11,803	$ 10,706,504
Accumulated depreciation									
Balance at January 1, 2016	$ -	$ 1,516	$ 1,548,924	$ 5,044,269	$ 43,177	$ 65,268	$ 1,467,647	$ -	$ 8,170,801
Disposals	-	-	-	(263,902)	(4,010)	(179)	(482,803)	-	(750,894)
Depreciation expense	-	-	188,435	183,687	8,122	4,297	184,921	-	569,462
Effect of foreign currency exchange differences	-	-	(41,450)	(55,976)	415	(806)	(23,204)	-	(121,021)
Balance at December 31, 2016	$ -	$ 1,516	$ 1,695,909	$ 4,908,078	$ 47,704	$ 68,580	$ 1,146,561	$ -	$ 7,868,348
Carrying amounts at December 31, 2016	$ 536,867	$ -	$ 1,383,496	$ 617,319	$ 20,669	$ 9,037	$ 258,965	$ 11,803	$ 2,838,156