

**Nien Hsing Textile Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2008 and 2007 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities to be included in the combined financial statements of Nien Hsing Textile Co., Ltd. as of and for the year ended December 31, 2008, which have to be prepared in conformity with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the entities included in the consolidated financial statements prepared in conformity with the revised R.O.C. Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements". In addition, the information needed to be disclosed in the combined financial statements is included in the consolidated financial statements. Thus, Nien Hsing Textile Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

NIEN HSING TEXTILE CO., LTD.

By

RONG-CIOU, CHEN
Chairman

February 23, 2009

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Nien Hsing Textile Co., Ltd. and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial positions of Nien Hsing Textile Co., Ltd. and its subsidiaries as of December 31, 2008 and 2007 and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Report by Securities Issuers and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, on January 1, 2008, Nien Hsing Textile Co., Ltd. and its subsidiaries adopted Interpretation 96-052 newly issued by the Accounting Research and Development Foundation of the Republic of China, which requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than an appropriation from earnings.

February 23, 2009

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

For the convenience of readers, the 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 auditors' report and consolidated financial statements shall prevail.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 639,811	4	\$ 773,912	5	Short-term loans (Note 12)	\$ 1,411,141	10	\$ 1,664,041	10
Available-for-sale financial assets - current (Notes 2, 7 and 20)	27,024	-	522,712	3	Notes payable	137,951	1	140,593	1
Hedging derivative assets - current (Notes 2 and 20)	-	-	684	-	Accounts payable	571,337	4	519,418	3
Notes receivable (Note 2)	11,388	-	8,234	-	Income tax payable (Notes 2 and 17)	97,280	1	112,613	-
Accounts receivable, net of allowance for doubtful accounts of \$80,610 thousand in 2008 and \$90,903 thousand in 2007 (Note 2)	1,584,073	11	2,041,594	12	Accrued expenses	460,506	3	450,928	3
Accounts receivable from related parties (Note 21)	2,526	-	5,534	-	Current portion of long-term bank loans (Notes 13 and 22)	299,353	2	299,928	2
Other financial assets	58,110	1	55,121	-	Other current liabilities (Note 15)	59,348	-	156,096	1
Inventories, net (Notes 2 and 6)	3,396,550	23	3,822,416	23	Total current liabilities	3,036,916	21	3,343,617	20
Deferred income tax assets - current (Notes 2 and 17)	67,888	1	51,777	-	LONG-TERM LIABILITIES				
Other current assets	251,781	2	307,722	2	Bank loans, net of current portion (Notes 13 and 22)	598,706	4	478,767	3
Total current assets	6,039,151	42	7,589,706	45	Hedging derivative liabilities - noncurrent (Notes 2 and 20)	15,869	-	-	-
LONG-TERM INVESTMENTS (Notes 2, 7, 8, 9 and 20)					Total long-term liabilities	614,575	4	478,767	3
Available-for-sale financial assets - noncurrent	250,665	2	933,267	6	OTHER LIABILITIES				
Hedging derivative assets - noncurrent	-	-	280	-	Accrued pension cost (Notes 2 and 14)	230,059	1	232,906	1
Financial assets carried at cost - noncurrent	1,266,201	8	1,259,172	8	Guarantee deposits received	853	-	450	-
Investments accounted for by the equity method	418,450	3	573,429	3	Deferred income tax liabilities (Notes 2 and 17)	241,427	2	417,624	3
Total long-term investments	1,935,316	13	2,766,148	17	Others	371	-	-	-
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10, 18 and 22)					Total other liabilities	472,710	3	650,980	4
Cost					Total liabilities	4,124,201	28	4,473,364	27
Land	417,383	3	471,922	3	STOCKHOLDERS' EQUITY				
Land improvements	1,516	-	1,516	-	Capital stock of parent company - NT\$10.00 par value				
Buildings and equipment	3,141,932	22	2,887,527	17	Authorized - 600,000 thousand shares				
Machinery and equipment	6,137,287	42	7,064,812	42	Issued - 590,643 thousand shares in 2008 and 598,369 thousand shares in 2007	5,906,431	41	5,983,691	36
Furniture and miscellaneous equipment	1,556,349	11	1,888,571	11	Capital surplus				
Total cost	11,254,467	78	12,314,348	73	Issue of stock in excess of par value	89	-	90	-
Less: Accumulated depreciation	5,517,016	38	6,301,146	37	Gain on disposal of properties	255	-	255	-
	5,737,451	40	6,013,202	36	From business combination	378,574	3	377,898	2
Constructions in progress and prepayments for equipment	623,766	4	278,845	1	Total capital surplus	378,918	3	378,243	2
Net property, plant and equipment	6,361,217	44	6,292,047	37	Retained earnings				
INTANGIBLE ASSETS					Legal reserve	1,563,147	11	1,436,287	8
Deferred pension costs (Notes 2 and 14)	23,470	-	29,525	-	Unappropriated earnings	2,403,394	16	3,342,610	20
Goodwill (Note 2)	13,284	-	16,026	-	Total retained earnings	3,966,541	27	4,778,897	28
Total intangible assets	36,754	-	45,551	-	Others				
OTHER ASSETS					Cumulative translation adjustments	61,858	-	(16,461)	-
Refundable deposit	26,021	-	48,508	-	Unrealized gain on financial instruments	151,174	1	1,248,240	7
Deferred charges, net	111,257	1	67,299	1	Treasury stock - 3,638 thousand shares	(26,280)	-	-	-
Overdue receivable, net of allowance for uncollectible receivable of \$22,939 thousand (Notes 2 and 24)	29,400	-	-	-	Total others	186,752	1	1,231,779	7
Others (Note 11)	24,031	-	37,778	-	Minority interest	304	-	1,063	-
Total other assets	190,709	1	153,585	1	Total stockholders' equity	10,438,946	72	12,373,673	73
TOTAL	\$ 14,563,147	100	\$ 16,847,037	100	TOTAL	\$ 14,563,147	100	\$ 16,847,037	100

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

(With Deloitte & Touche audit report dated February 23, 2009)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 21)				
Sales	\$ 13,627,184	100	\$ 14,954,240	100
Less: Sales returns and allowances	<u>36,118</u>	<u>-</u>	<u>49,430</u>	<u>-</u>
Net sales	13,591,066	100	14,904,810	100
Processing income	<u>32,405</u>	<u>-</u>	<u>19,250</u>	<u>-</u>
Total operating revenues	13,623,471	100	14,924,060	100
OPERATING COSTS (Note 18)	<u>13,206,963</u>	<u>97</u>	<u>13,666,484</u>	<u>92</u>
GROSS PROFIT	<u>416,508</u>	<u>3</u>	<u>1,257,576</u>	<u>8</u>
OPERATING EXPENSES (Note 18)				
Selling expenses	569,064	4	469,870	3
Administrative expense	258,845	2	264,200	2
Research and development expenses	<u>65,286</u>	<u>1</u>	<u>67,444</u>	<u>-</u>
Total operating expenses	<u>893,195</u>	<u>7</u>	<u>801,514</u>	<u>5</u>
OPERATING INCOME (LOSS)	<u>(476,687)</u>	<u>(4)</u>	<u>456,062</u>	<u>3</u>
NONOPERATING INCOME AND GAINS				
Interest income	23,168	-	28,608	-
Investment income recognized under the equity method, net (Notes 2 and 9)	-	-	73,907	1
Dividend income	22,703	-	51,194	-
Gain on disposal of property, plant and equipment (Note 2)	101,288	1	29,284	-
Gain on disposal of investments, net	710,177	5	454,250	3
Income from scrap sales	137,491	1	91,150	1
Reversal of loss on inventories (Notes 2 and 6)	-	-	23,228	-
Refund of customs duties	237,189	2	341,095	2
Valuation gain on financial asset (Notes 2 and 5)	-	-	9,676	-
Miscellaneous income (Note 21)	<u>123,480</u>	<u>1</u>	<u>119,373</u>	<u>1</u>
Total nonoperating income and gains	<u>1,355,496</u>	<u>10</u>	<u>1,221,765</u>	<u>8</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	65,041	-	58,597	-
Investment loss recognized under the equity method (Notes 2 and 9)	1,471	-	-	-
Realized loss on long-term investments (Notes 2 and 9)	4,631	-	-	-

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
Loss on physical inventory	\$ 21,816	-	\$ 3,911	-
Exchange loss, net	213,470	2	14,468	-
Provision for loss on inventories (Notes 2 and 6)	26,676	-	-	-
Loss on work stoppages	86,474	1	-	-
Impairment loss (Notes 2, 7, 8, 9 and 10)	257,168	2	37,348	-
Miscellaneous expenses (Note 18)	<u>171,616</u>	<u>1</u>	<u>71,523</u>	<u>1</u>
Total nonoperating expenses and losses	<u>848,363</u>	<u>6</u>	<u>185,847</u>	<u>1</u>
INCOME BEFORE INCOME TAX	30,446	-	1,491,980	10
INCOME BENEFIT (EXPENSE) (Notes 2 and 17)	<u>74,984</u>	<u>1</u>	<u>(223,361)</u>	<u>(2)</u>
NET CONSOLIDATED INCOME	<u>\$ 105,430</u>	<u>1</u>	<u>\$ 1,268,619</u>	<u>8</u>
NET INCOME ATTRIBUTED TO:				
Stockholders of parent company	\$ 105,426	1	\$ 1,268,596	8
Minority interest	<u>4</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>\$ 105,430</u>	<u>1</u>	<u>\$ 1,268,619</u>	<u>8</u>
	2008		2007	
	Before Tax	After Tax	Before Tax	After Tax
EARNINGS PER SHARE				
Basic (New Taiwan dollars; Note 19)	<u>\$ 0.04</u>	<u>\$ 0.18</u>	<u>\$ 2.40</u>	<u>\$ 2.12</u>
Diluted (New Taiwan dollars; Note 19)	<u>\$ 0.04</u>	<u>\$ 0.18</u>		

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

(With Deloitte & Touche audit report dated February 23, 2009)

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2008 AND 2007**

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued		Capital Surplus (Notes 2 and 15)			Retained Earnings (Notes 2, 15, 16 and 17)		Cumulative Translation Adjustments (Note 2)	Unrealized Gain or Loss on Financial Instruments (Notes 2)	Treasury Stock (Notes 2 and 16)	Minority Interest	Total Stockholders' Equity
	Thousand Shares	Amount	Issue of Stock in Excess of Par Value	Gain on Disposal of Properties	From Business Combination	Legal Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2007	598,369	\$5,983,691	\$ 90	\$255	\$376,850	\$1,296,529	\$3,250,499	\$ 25,062	\$1,255,385	\$ -	\$1,244	\$ 12,189,605
Appropriation of the 2006 earnings												
Legal reserve	-	-	-	-	-	139,758	(139,758)	-	-	-	-	-
Cash dividends - NT\$1.7 per share	-	-	-	-	-	-	(1,017,227)	-	-	-	-	(1,017,227)
Remuneration to directors and supervisors	-	-	-	-	-	-	(9,100)	-	-	-	-	(9,100)
Bonus to employees	-	-	-	-	-	-	(10,400)	-	-	-	-	(10,400)
Net consolidated income for the year ended December 31, 2007	-	-	-	-	-	-	1,268,596	-	-	-	23	1,268,619
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	18,543	-	-	18,543
Adjustment recognized on equity-method investments	-	-	-	-	1,048	-	-	596	(26,810)	-	-	(25,166)
Change in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	1,122	-	-	1,122
Adjustment on changes in minority interest	-	-	-	-	-	-	-	-	-	-	(204)	(204)
Change in translation adjustment	-	-	-	-	-	-	-	(42,119)	-	-	-	(42,119)
BALANCE, DECEMBER 31, 2007	598,369	5,983,691	90	255	377,898	1,436,287	3,342,610	(16,461)	1,248,240	-	1,063	12,373,673
Appropriation of the 2007 earnings												
Legal reserve	-	-	-	-	-	126,860	(126,860)	-	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	-	-	(897,554)	-	-	-	-	(897,554)
Remuneration to directors and supervisors	-	-	-	-	-	-	(9,100)	-	-	-	-	(9,100)
Bonus to employees	-	-	-	-	-	-	(9,200)	-	-	-	-	(9,200)
Acquisition of treasury stock 11,364 thousand shares	-	-	-	-	-	-	-	-	-	(110,420)	-	(110,420)
Retirement of treasury stock 7,726 thousand shares	(7,726)	(77,260)	(1)	-	(4,951)	-	(1,928)	-	-	84,140	-	-
Net consolidated income for the year ended December 31, 2008	-	-	-	-	-	-	105,426	-	-	-	4	105,430
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	(948,623)	-	-	(948,623)
Adjustment recognized on equity-method investments	-	-	-	-	5,627	-	-	(51,390)	(131,610)	-	-	(177,373)
Change in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	(16,833)	-	-	(16,833)
Adjustment on changes in minority interest	-	-	-	-	-	-	-	-	-	-	(763)	(763)
Change in translation adjustment	-	-	-	-	-	-	-	129,709	-	-	-	129,709
BALANCE, DECEMBER 31, 2008	<u>590,643</u>	<u>\$5,906,431</u>	<u>\$ 89</u>	<u>\$255</u>	<u>\$378,574</u>	<u>\$1,563,147</u>	<u>\$2,403,394</u>	<u>\$ 61,858</u>	<u>\$ 151,174</u>	<u>\$ (26,280)</u>	<u>\$ 304</u>	<u>\$ 10,438,946</u>

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

(With Deloitte & Touche audit report dated February 23, 2009)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net consolidated income	\$ 105,430	\$ 1,268,619
Adjustment to reconcile net consolidated income to net cash provided by operating activities:		
Depreciation and amortization	842,693	877,009
Provision for doubtful accounts	26,700	17,018
Provision (reversal of provision) for loss on inventories	26,676	(23,228)
Investment loss (income) recognized under the equity method	1,471	(73,907)
Cash dividends received from equity-method investees	68,271	38,429
Realized loss on long-term investment	4,631	-
Gain on disposal of property, plant and equipment	(101,288)	(29,284)
Impairment losses on financial and fixed assets	257,168	37,348
Valuation gain on financial liabilities	-	(9,676)
Net gains on disposal of investments	(710,177)	(454,250)
Provision for pension costs	3,208	18,999
Deferred income taxes	(192,308)	87,748
Net changes in operating assets and liabilities:		
Notes receivable	(3,154)	17,815
Accounts receivable	401,831	(215,783)
Accounts receivables from related parties	3,008	19,347
Other financial assets	(2,989)	22,674
Inventories	397,805	(317,193)
Other current assets	55,941	297,036
Goodwill	2,742	3,271
Notes payable	(2,642)	(30,141)
Accounts payable	51,919	(316,403)
Income tax payable	(15,333)	28,942
Accrued expenses	9,578	(4,373)
Other current liabilities	(67,194)	1,691
Other liabilities	371	(25,200)
Net cash provided by operating activities	<u>1,164,358</u>	<u>1,236,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of available-for-sale financial assets	838,298	589,777
Acquisition of available-for-sale financial assets	-	(1,300)
Proceeds of the disposal of financial assets carried at cost	10,040	44,337
Return of capital on financial assets carried at cost	11,977	1,485
Acquisition of financial assets carried at cost	(158,748)	(466,036)
Return of capital on investments accounted for by the equity method	33,637	39,929
Acquisition of investments accounted for by the equity method	(35,355)	(25,906)
Proceeds from disposal of investments accounted for by the equity method	7,972	-
Acquisition of property, plant and equipment	(1,172,608)	(622,368)
Proceeds of the disposal of property, plant and equipment	276,846	159,553

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Decrease in pledged time deposits	\$ -	\$ 1,910
Increase in deferred charges	(74,671)	(54,613)
Decrease (increase) in refundable deposits	22,487	(11,782)
Decrease in other assets	13,747	969
Acquisition of agricultural land for transfer	<u>-</u>	<u>(21,845)</u>
Net cash used in investing activities	<u>(226,378)</u>	<u>(365,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(252,900)	469,858
Decrease in commercial paper issued	-	(74,782)
Increase in long-term bank loans	419,292	478,750
Repayments of long-term bank loans	(299,928)	(599,889)
Increase (decrease) in guarantee deposits received	403	(1,500)
Cash dividends paid	(897,554)	(1,017,227)
Cash dividends paid to minority interest	-	(315)
Capital return to minority interest	(766)	-
Cash paid for acquisition of treasury stock	(110,420)	-
Cash bonus to employees and remuneration to directors and supervisors	<u>(18,300)</u>	<u>(26,467)</u>
Net cash used in financing activities	<u>(1,160,173)</u>	<u>(771,572)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(222,193)	99,046
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	773,912	662,674
EFFECT OF EXCHANGE RATE CHANGES	<u>88,092</u>	<u>12,192</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 639,811</u>	<u>\$ 773,912</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 68,791	\$ 61,443
Less: Interest capitalized	<u>3,970</u>	<u>1,285</u>
Net interest paid excluding capitalized interest	<u>\$ 64,821</u>	<u>\$ 60,158</u>
Income tax paid	<u>\$ 132,752</u>	<u>\$ 92,984</u>
NONCASH OPERATING AND FINANCING ACTIVITIES		
Accounts receivable reclassified to overdue receivable	\$ 52,339	\$ -
Allowance for uncollectible overdue receivable	<u>(22,939)</u>	<u>-</u>
Net of accounts receivable reclassified to overdue receivable	<u>\$ 29,400</u>	<u>\$ -</u>
Current portion of long-term bank loans	<u>\$ 299,353</u>	<u>\$ 299,928</u>

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NONCASH ITEMS		
Acquisition of property, plant and equipment	\$ 1,143,054	\$ 652,606
Decrease (increase) in payables for equipment purchased	<u>29,554</u>	<u>(30,238)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 1,172,608</u>	<u>\$ 622,368</u>

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

(With Deloitte & Touche audit report dated February 23, 2009)

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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.

To integrate internal resources, lower operating costs and enhance the Company and subsidiaries’ (also referred to as the “Group”) competitiveness, the Company modified on January 1, 2005 the business model by controlling the management of the sewing and dyeing departments of Chao Hsing Textile Co., Ltd. and Nien Hsing International (Bermuda) Ltd.

To simplify the group structure, the Company acquired all the shares of Chu Hsing Garment (Cambodia) Co., Ltd. and Chentex Garment Co., Ltd. from a subsidiary Chu Hsing Garment Co., Ltd. at net asset values in May 2008.

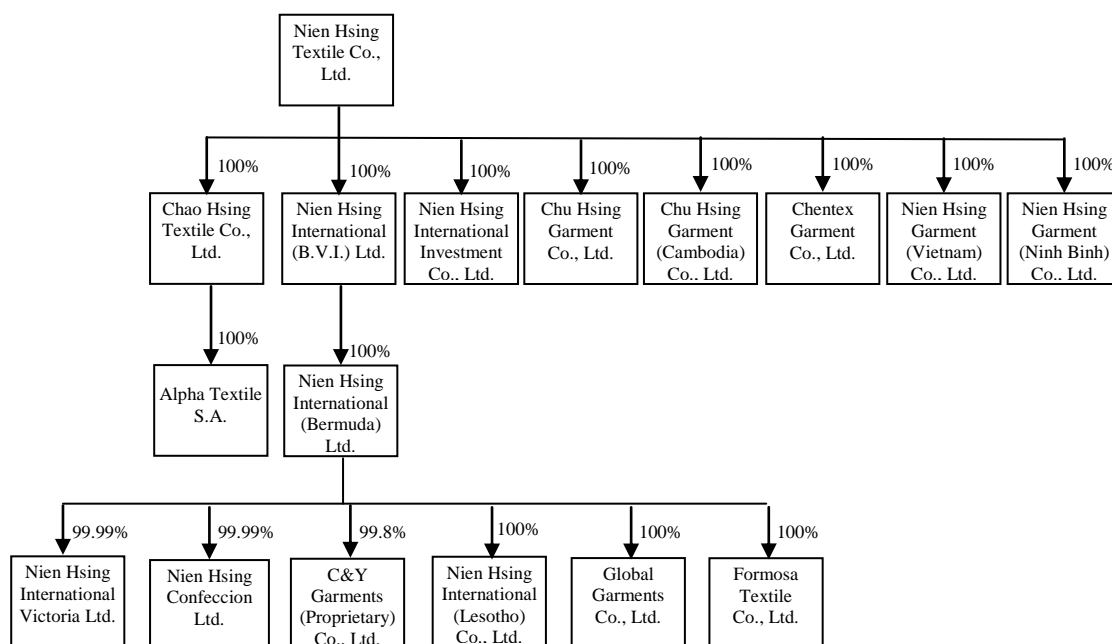
The Company and its subsidiaries had 20,718 and 34,800 employees as of December 31, 2008 and 2007, respectively.

The Company’s subsidiaries were as follows:

- a. Chao Hsing Textile Co., Ltd. - established in 1998. Its main operation is engaging in purchase in the materials of fabrics and clothes.
- b. Nien Hsing International (Managua) S.A. - established in 1993 in Nicaragua. It sews jeans for the Company. To meet the requirements of the tax authorities in Nicaragua, the Company closed the operations of Nien Hsing International (Managua) S.A. in June 2004 and established Nien Hsing Garment (Managua) S.A. to maintain ordinary operations. The Company closed the operations of Nien Hsing Garment (Managua) S.A. on September 30, 2008.
- c. Chentex Garment S.A. - established in 1995 in Nicaragua. It sews jeans for the Company. To meet the requirements of the tax authorities in Nicaragua, the Company closed the operations of Chentex Garment S.A. in June 2005 and established Henry Garment S.A. to maintain ordinary operations. The Company closed the operations of Henry Garment S.A. on July 31, 2008.
- d. Chih Hsing Garment (Managua) S.A. - established in 1997 in Nicaragua. It sews jeans for the Company. To meet the requirements of the tax authorities in Nicaragua, the Company established Richard Garment S.A. in October 2007 to take over the ordinary operation of Chih Hsing Garment (Managua) S.A. Chih Hsing Garment (Managua) S.A. closed and liquidated in January 2008. The Company closed the operations of Richard Garment S.A. on December 31, 2008.
- e. Chih Hsing International S.A. - established in 1996 in Nicaragua. It cultures and sells shrimps. In September 2007, Chih Hsing International S.A. closed and liquidated its operations.
- f. Nien Hsing International (B.V.I.) Ltd. - established in 1996 in the British Virgin Islands. It is a holding company.

- g. Nien Hsing International Investment Co., Ltd. - established in 2002 as an investment company.
- h. Chu Hsing Garment Co., Ltd. - established in 1971, it manufactures and sells fabrics and clothes.
- i. Chu Hsing Garment (Cambodia) Co., Ltd. - established in 1996 in Cambodia, it sews jeans for Chu Hsing Garment Co., Ltd.
- j. Chentex Garment Co., Ltd. - established in 2005 in Cambodia, it sews jeans for Chu Hsing Garment Co., Ltd.
- k. Nien Hsing Garment (Vietnam) Co., Ltd. - established in March 2007 in Vietnam. It sews jeans for the Company.
- l. Nien Hsing Garment (Ninh Binh) Co., Ltd. - established in April 2008 in Vietnam. It is still under construction and will sew apparel for the Company in the future.
- m. Chao Hsing International (Managua) S.A. - established in 1999 in Nicaragua. It sews leisure clothes for the Company. The Company closed the operations of Chao Hsing International (Managua) S.A. on November 30, 2008.
- n. John Garment, S.A. - established in 2000 in Nicaragua. It sews leisure clothes for the Company. The Company closed the operations of John Garment, S.A. on November 30, 2008.
- o. Alpha Textile S.A. - established in 2001 in Nicaragua. It dyes work clothes for the Company.
- p. Nien Hsing International (Bermuda) Ltd. - established in 1997 in Bermuda. It manufactures and sells jeans.
- q. Nien Hsing International Victoria Ltd. - established in 1997 in Mexico. Its operations include manufacturing jeans for Nien Hsing International (Bermuda) Ltd.
- r. Nien Hsing Confeccion Ltd. - established in 1999 in Mexico. It sews jeans for the Company.
- s. C&Y Garments (Proprietary) Co., Ltd. - established in 1990 in Lesotho. It sews jeans for the Company.
- t. Nien Hsing International (Lesotho) Co., Ltd. - established in 2000 in Lesotho. It sews jeans for the Company.
- u. Global Garments Co., Ltd. - established in 2000 in Lesotho. It sews jeans for the Company.
- v. Formosa Textile Co., Ltd. - established in 2000 in Lesotho. It dyes jeans for Nien Hsing International (Bermuda) Ltd.
- w. Rontex Apparel (CAM) Co., Ltd. - established in 2006 in Cambodia, it sews leisure clothes for the Company. It closed and was liquidated on December 31, 2008.
- x. Chu Hsing Garment (Vietnam) Co., Ltd. - established in 1994 in Vietnam. It sews jeans for Chu Hsing Garment Co., Ltd. It closed and was liquidated in January 2008.

The diagram below shows the Company's parent-subsidary structure and holding percentages as of December 31, 2008.



2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China ("ROC"). Under these guidelines and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts; allowance for loss on inventories; depreciation of property, plant and equipment; pension cost; income tax; bonuses to employees; remuneration to directors and supervisors, etc. Actual results may differ from these estimates.

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

Consolidation

The accompanying consolidated financial statements include the accounts of all directly and indirectly majority owned subsidiaries of the Company. All significant intercompany balances and transactions are eliminated upon consolidation.

The consolidated entities for 2008 and 2007 include the Company, Chao Hsing Textile Co., Ltd., Nien Hsing Garment (Managua) S.A. (the Company closed its operations on September 30, 2008), Henry Garment S.A. (the Company closed its operations on July 31, 2008), Richard Garment S.A. (the Company closed its operations on December 31, 2008), Chih Hsing Garment (Managua) S.A. (it closed and was liquidated in January 2008), Nien Hsing International (B.V.I.) Ltd., Nien Hsing International Investment Co., Ltd., Chu Hsing Garment Co., Ltd., Chu Hsing Garment (Cambodia) Co., Ltd., Chentex Garment Co., Ltd., Nien Hsing Garment (Vietnam) Co., Ltd., Nien Hsing Garment (Ninh Binh) Co., Ltd., Chao Hsing International (Managua) S.A. (the Company closed its operations on November 30, 2008), John Garments S.A. (the Company closed its operations on November 30, 2008), Alpha Textile S.A., Nien Hsing

International (Bermuda) Ltd., Nien Hsing International Victoria Ltd., Nien Hsing Confeccion Ltd., C&Y Garments (Proprietary) Co., Ltd., Nien Hsing International (Lesotho) Co., Ltd., Global Garments Co., Ltd., Formosa Textile Co., Ltd., Rontex Apparel (CAM) Co., Ltd. (it closed and was liquidated in December 2008) and Chu Hsing Garment (Vietnam) Co., Ltd. (it closed and was liquidated in January 2008).

The accounts and financial statements of consolidated foreign subsidiaries are prepared in their respective functional currencies. For consolidation purposes, these financial statements are translated into New Taiwan dollars at the following foreign exchange rates: (a) assets and liabilities - prevailing exchange rates on the balance sheet dates, (b) stockholders' equity - historical rates, and (c) profit and loss accounts - weighted-average rates of the year. Translation differences are recognized as cumulative foreign-currency translation adjustments in the stockholders' equity section of the balance sheet.

Current/Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents, consisting of commercial paper and repurchase agreements collateralized by bonds, are highly liquid financial instruments with maturities of three months or less when acquired and with carrying amounts that approximate their fair values.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company and its subsidiaries recognizes a financial asset or a financial liability on its balance sheet when the Company and its subsidiaries become a party to a financial instrument contract. A financial asset is derecognized when the Company or its subsidiaries lose control of its contractual rights to the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately as gain or loss. At each balance sheet date after initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received or receivable or consideration paid or payable is recognized as gain or loss. All regular purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

A derivative that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: publicly traded stocks - at closing prices, and financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

The recognition and derecognition and the value basis of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

Revenue Recognition, Account Receivables and Allowance for Doubtful

Revenue from sales of goods is recognized when the Company and its subsidiaries has transferred to the buyer the significant risks and rewards of ownership of the goods, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Company and its subsidiaries do not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Company and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company and its subsidiaries assess the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables.

Inventories

Inventories are stated at the lower of cost or market value. Inventories are recorded at weighted-average cost on the balance sheet date. Market value represents replacement cost for raw materials, supplies and spare parts and net realizable value for finished goods and work in process. Estimated losses on scrap and slow-moving items are recognized as an allowance for inventory obsolescence.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same as that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Investments Accounted for by the Equity Method

Investments in which the Company and its subsidiaries hold 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

Under the equity method, the acquisition cost is analyzed, and the acquisition cost in excess of the Company's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Such goodwill is not amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired. The excess of the Company's share of the fair value of the net identifiable assets acquired over the cost of acquisition is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, deferred income tax assets or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year.

When the Company subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Company records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

When the Company's share in losses of an equity-method investee equals its investment in that investee plus any advances made to the investee, the Company discontinues applying the equity method. The Company continues to recognize its share in the investee's losses at the percentage of its equity in the investee if the Company commits to provide further financial support to the investee or the losses of the investee are considered to be temporary and sufficient evidence shows imminent return to profitability.

When an indication of impairment is identified in an investment, the carrying amount of the investment is reduced, with the related impairment loss charged to current income. For long term equity investments on which the Company has significant influence but has no controlling interests, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for impairment testing.

Property, Plant and Equipment and Assets Leased to Others

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of those assets. Major additions and improvements to property, plant and equipment are capitalized, while costs of repairs and maintenance are expensed currently.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

Depreciation is computed using the straight-line method over service lives initially estimated as follows (plus one year to represent estimated salvage value): land improvements, 3 to 4 years; buildings 3 to 60 years; machinery and equipment, 3 to 11; and furniture and miscellaneous equipment, 2 to 20 years. Properties that have reached their full residual values but are still being used by the Company and subsidiaries are depreciated over their newly estimated service lives.

The related cost and accumulated depreciation of an item of property, plant and equipment are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the year of disposal.

Pension Costs

Pension cost under a defined benefit plan of the Company and Chu Hsing Garment Co., Ltd. is determined by actuarial valuations. Contributions made under a defined contribution plan of the Company and Chu Hsing Garment Co., Ltd. are recognized as pension cost during the year in which employees render services.

Curtailement or settlement gains or losses on the defined benefit plan are recognized as part of the net pension cost for the year.

The other subsidiaries have no pension plans.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in stockholders' equity.

When the Company's treasury stock is retired, the treasury stock account should be credited, and the capital surplus - issue of stock in excess of par value and capital stock account should be debited proportionately according to the share ratio. An excess of the carrying value of treasury stock over the sum of its par value and premium on stock first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. An excess of the sum of the par value and premium on stock of treasury stock over its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

When treasury stocks are sold, if the selling price is above the book value, the difference should be credited to the capital surplus - from treasury stock transactions account. If the selling price is below the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings.

Income Tax

The Company and its subsidiaries apply the inter-year allocation method to its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures are recognized using the flow-through method.

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

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

Foreign Currency

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in stockholders' equity if the changes in fair value are recognized in stockholders' equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of stockholders' equity.

Hedging Derivative Financial Instruments

Derivatives that qualify as effective hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in profit or loss, or in stockholders' equity, depending on the nature of the hedging relationship.

Hedge Accounting

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item as follows:

- Cash flow hedge:

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in stockholders' equity. The amount recognized in stockholders' equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss. However, if all or a portion of a loss recognized in stockholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified into profit or loss.

3. EFFECTS OF CHANGE IN ACCOUNTING PRINCIPLES

Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 96-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of \$9,150 thousand in net consolidated income and of NT\$0.02 in after income tax basic earnings per share for 2008.

4. CASH AND CASH EQUIVALENTS

	2008	2007
Cash on hand	\$ 14,805	\$ 18,358
Savings and checking accounts	74,030	45,990
Foreign currency savings accounts and checking accounts	540,505	429,694
Time deposits - 2.16%-2.56% interest rate	-	1,910
Foreign currency time deposits - 2008: 1.10%-10.80% interest rate; 2007: 3.75% interest rate	10,471	136,839
Cash equivalents		
Short-term notes and bills with repurchase agreements, 2.00%-2.05% yield rate in 2007	-	141,121
	<u>\$ 639,811</u>	<u>\$ 773,912</u>

5. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

The Company and Nien Hsing International (Bermuda) Co., Ltd. (a subsidiary) did not enter into any forward exchange contracts in 2007. But the Company used forward exchange contracts in 2008 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Company and its subsidiaries is to minimize risks due to changes in fair value or cash flows.

There were no outstanding forward exchange contracts as of December 31, 2008.

Net gains on financial assets held for trading were \$2,003 thousand in 2008 and \$9,676 thousand in 2007.

6. INVENTORIES

	2008	2007
Raw materials	\$ 1,840,427	\$ 1,921,693
Work in process	1,213,273	1,556,103
Finished goods	361,064	388,841
Raw materials in transit	74,463	19,486
Supplies	10,569	11,478
	3,499,796	3,897,601
Less: Allowance for loss	103,246	75,185
	<u>\$ 3,396,550</u>	<u>\$ 3,822,416</u>

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008		2007	
	Current	Noncurrent	Current	Noncurrent
Listed and OTC stocks	\$ 25,591	\$ 250,665	\$ 513,992	\$ 933,267
Overseas listed and OTC stocks	1,433	-	8,720	-
	<u>\$ 27,024</u>	<u>\$ 250,665</u>	<u>\$ 522,712</u>	<u>\$ 933,267</u>

The Company assessed the market value of Roo Hsing Co., Ltd. and recognized an impairment loss of \$67,741 thousand in 2008, which was recorded under nonoperating expenses and losses.

8. FINANCIAL ASSETS CARRIED AT COST

	2008	2007
Domestic emerging market common stocks	\$ 206,717	\$ 99,392
Domestic unquoted common stocks	211,442	455,318
Overseas unquoted common stocks	253,831	211,300
Other funds	<u>594,211</u>	<u>493,162</u>
	<u>\$ 1,266,201</u>	<u>\$ 1,259,172</u>

Chao Hsing Textile Co., Ltd. (a subsidiary) bought 1,480 thousand common shares of Mycenax Biotech Inc. at NT\$17.5 per share from Roo Hsing Co., Ltd. in June 2008, and share transfer completion was in July 2008.

Allen Precision Industries and TopRay Technologies Inc., in which investments were carried at cost, decreased capital to offset a deficit in 2008; thus, the Company and subsidiaries recognized realized losses on long-term investments of \$2,580 thousand and \$2,051 thousand, respectively. In 2008, the Company and Chao Hsing Textile Co., Ltd. (a subsidiary) recognized an impairment loss of \$31,938 thousand on Ultra Chip Inc., in which the investment was carried at cost. They also recognized an investment impairment loss of a total of \$87,361 thousand on Skypola Co., Ltd., Jwave Tech. Inc., Paragon Wireless Inc., DigiMedia Technologies Co., Ltd.

In 2007, the Company and its subsidiaries recognized impairment loss of investees carried at cost of total \$29,130 thousand on Cmax Technology Co., Ltd., Quantier Communication Inc., Commoca Inc. and WE3 Technology Company Limited.

The above investments, which had no quoted prices in an active market and of which fair values cannot be reliably measured, were carried at cost.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	<u>2008</u>		<u>2007</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
China International Investment Co., Ltd.	\$ 198,435	22.42	\$ 355,877	22.42
C&D Capital Corp.	173,329	22.42	152,366	22.42
Grand Paper International (B.V.I.) Ltd.	46,686	37.00	57,202	37.00
Illies International (B.V.I.) Ltd.	-	-	7,984	33.33
Wu Hsing International Co., Ltd.	-	30.00	-	30.00
Top Fashion Industrial Co., Ltd.	<u>-</u>	30.00	<u>-</u>	30.00
	<u>\$ 418,450</u>		<u>\$ 573,429</u>	

Investment income (loss) recognized under the equity method was as follows:

	2008	2007
China International Investment Co., Ltd.	\$ 3,769	\$ 59,339
C&D Capital Corp.	(8,847)	448
Grand Paper International (B.V.I.) Ltd.	3,384	17,597
Illies International (B.V.I.) Ltd.	223	411
Wu Hsing International Co., Ltd.	-	(377)
Top Fashion Industrial Co., Ltd.	-	(3,912)
Crown and Fancy Original Taiwan Co. (C&F)	<u>-</u>	<u>401</u>
	<u>\$ (1,471)</u>	<u>\$ 73,907</u>

The carrying values of the investments accounted for by the equity method were based on audited financial statements.

Nien Hsing International (Bermuda) Co., Ltd. (a subsidiary) participated in common stock issuance of C&D Capital Corp. and invested US\$1,121 thousand in 2008.

In September 2008, Nien Hsing International (Bermuda) Co., Ltd. (a subsidiary) sold off its entire holding in Illies International (B.V.I.) Ltd. at the investment carrying amount of US\$253 thousand.

In May 2008 and May 2007, China International Investment Co., Ltd. decreased its capital at a ratio of 188.1 shares and 178.6 shares for every one thousand shares and thus made a capital return of \$33,637 thousand and \$38,881 thousand to the Company, respectively.

In April 2007, the Company invested \$25,906 thousand in Crown and Fancy Original Taiwan Co. (C&F) and acquired 21.45% ownership. However, the Company did not participate in C&F's capital increase in September 2007. Thus, the Company's equity in C&F decreased to 13.89%, representing a loss of significant influence on C&F. As a result, this investment was reclassified into a financial asset carried at cost. In November 2007, the Company disposed of its ownership of C&F.

The Company and Nien Hsing International (Bermuda) Co., Ltd. (a subsidiary) valued the recoverable amount of their investment in Wu Hsing International Co., Ltd. and Top Industrial Co., Ltd. and determined that there was an investment impairment loss of \$8,218 thousand, which was recorded under nonoperating expenses and losses.

10. PROPERTY, PLANT AND EQUIPMENT

	2008	2007
Accumulated depreciation		
Land improvements	\$ 1,516	\$ 1,516
Buildings and equipment	920,709	824,223
Machinery and equipment	3,488,259	4,123,495
Furniture and miscellaneous equipment	<u>1,106,532</u>	<u>1,351,912</u>
	<u>\$ 5,517,016</u>	<u>\$ 6,301,146</u>

Capitalized interests were \$3,970 thousand and \$1,285 thousand with capitalization rate 2.75% and 2.21% in 2008 and 2007, respectively.

Depreciation expenses were \$761,577 thousand in 2008 and \$818,233 thousand in 2007.

The garment departments in Nicaragua and Mexico had work stoppages; thus, the Company and subsidiaries assessed the recoverable amount of unsold fixed assets and recognized an impairment loss of \$70,128 thousand as of December 31, 2008.

The net carrying values of property, plant and equipment pledged or mortgaged as collaterals for bank loans as of December 31, 2008 and 2007 were \$309,569 thousand and \$318,365 thousand, respectively.

11. OTHER ASSETS - AGRICULTURAL LAND FOR TRANSFER

To strengthen the investment management in Hou Long Zhen and to have sites for plant construction and other purposes, the Company bought three agricultural lots in Hou Long Zhen in Miaoli County for \$21,845 thousand under the name of the chairman of the board, Mr. Chen, Rong Ciou, in the fourth quarter of 2007. These assets were recorded as other assets - agricultural land for transfer. These assets were transferred to Mr. Chen's wife, Ms. Chen, Hong Yun, in the second quarter of 2008. The Company signed a trust deeds, first with Mr. Chen, Rong Ciou and then with Ms. Chen, Hong Yun, under which both of them agreed to follow the Company's written instructions on the use of these assets and to recognize any benefit generated from these assets as belonging to the Company. The lots has been applied for industrial purpose.

12. SHORT-TERM LOANS

	2008	2007
Credit loan from banks, interest rate at 2.380%-2.750% in 2008 and 2.120%-4.889% in 2007	\$ 1,288,964	\$ 1,656,970
Usance letters of credit, interest rate at 2.28%-2.90% in 2008 and 0% in 2007	<u>122,177</u>	<u>7,071</u>
	<u>\$ 1,411,141</u>	<u>\$ 1,664,041</u>

13. LONG-TERM BANK LOANS

	Current	Long-term	Total
<u>December 31, 2008</u>			
Note issuance facilities (b)	<u>\$ 299,353</u>	<u>\$ 598,706</u>	<u>\$ 898,059</u>
<u>December 31, 2007</u>			
Note issuance facilities (a)	\$ 299,928	\$ -	\$ 299,928
Note issuance facilities (b)	<u>-</u>	<u>478,767</u>	<u>478,767</u>
	<u>\$ 299,928</u>	<u>\$ 478,767</u>	<u>\$ 778,695</u>

(a) On April 26, 2005, a three-year circularly drawn syndicated loan agreement of \$900,000 thousand was signed by the Company with ABN-AMRO Bank and two other financial institutions. The credit line will be deducted at \$300,000 thousand semiannually starting from April 1, 2007.

(b) On November 6, 2007, a three-year circularly drawn syndicated loan agreement of \$900,000 thousand was signed by the Company with ABN-AMRO Bank and three other financial institutions. The credit line will be deducted at \$300,000 thousand semiannually starting from November 1, 2009.

As of December 31, 2008, the credit line above (1) had expired and the Company had drawn \$900,000 thousand on the credit line (2). Interest rates were 1.83% and 2.128% to 2.208% as of December 31, 2008 and 2007, respectively.

The agreements on these loan included maintaining the Company's current, interest coverage and net equity ratio at percentages specified in the agreements.

14. PENSION PLAN

The pension plan under the LPA is a defined contribution plan. Based on the LPA, the Company and Chu Hsing Garment Co., Ltd. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were \$18,708 thousand and \$20,134 thousand for the years ended December 31, 2008 and 2007, respectively..

Based on the defined benefit plan under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and Chu Hsing Garment Co., Ltd. contribute amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is deposited in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as the survivor entity) in the committee's name. Such pension costs were \$24,332 thousand and \$34,460 thousand for the years ended December 31, 2008 and 2007, respectively.

The other subsidiaries have no pension plans.

Other information on the defined benefit plan was as follows:

a. Components of net pension cost:

	<u>2008</u>		<u>2007</u>	
	<u>The Company</u>	<u>Subsidiary (Chu Hsing)</u>	<u>The Company</u>	<u>Subsidiary (Chu Hsing)</u>
Service cost	\$ 14,645	\$ 208	\$ 16,601	\$ 240
Interest cost	13,167	694	12,619	755
Projected return on plan assets	(2,307)	(89)	(2,198)	(38)
Amortization	4,963	1,141	5,340	1,141
Curtailment gain	<u>(7,938)</u>	<u>(152)</u>	<u>-</u>	<u>-</u>
Net pension cost	<u>\$ 22,530</u>	<u>\$ 1,802</u>	<u>\$ 32,362</u>	<u>\$ 2,098</u>

- b. Reconciliation of funded status of the plan and accrued pension cost as of December 31, 2008 and 2007:

	<u>2008</u>		<u>2007</u>	
	<u>The Company</u>	<u>Subsidiary (Chu Hsing)</u>	<u>The Company</u>	<u>Subsidiary (Chu Hsing)</u>
Benefit obligation				
Vested benefit obligation	\$ 53,444	\$ -	\$ 60,186	\$ -
Non-vested benefit obligation	<u>263,886</u>	<u>15,613</u>	<u>256,039</u>	<u>15,436</u>
Accumulated benefit obligation	317,330	15,613	316,225	15,436
Additional benefits based on future salaries	<u>92,859</u>	<u>5,529</u>	<u>68,926</u>	<u>4,424</u>
Projected benefit obligation	410,189	21,142	385,151	19,860
Fair value of plan assets	<u>(99,204)</u>	<u>(3,680)</u>	<u>(95,330)</u>	<u>(3,425)</u>
Funded status	310,985	17,462	289,821	16,435
Unrecognized prior service cost	(13,012)	-	(14,691)	-
Unrecognized net transition obligation	(15,987)	(15,387)	(19,374)	(17,120)
Unrecognized pension loss	(75,655)	(1,817)	(52,797)	1,107
Additional liability	<u>11,795</u>	<u>11,675</u>	<u>17,936</u>	<u>11,589</u>
Accrued pension cost	<u>\$ 218,126</u>	<u>\$ 11,933</u>	<u>\$ 220,895</u>	<u>\$ 12,011</u>
Vested benefit	<u>\$ 61,280</u>	<u>\$ -</u>	<u>\$ 65,415</u>	<u>\$ -</u>

- c. Actuarial assumptions as of December 31, 2008 and 2007

	<u>2008</u>		<u>2007</u>	
	<u>The Company</u>	<u>Subsidiary (Chu Hsing)</u>	<u>The Company</u>	<u>Subsidiary (Chu Hsing)</u>
Discount rate used in determining present values	2.5%	2.5%	3.5%	3.5%
Future salary increase rate	2.0%	2.0%	2.0%	2.0%
Expected rate of return on plan assets	2.5%	2.5%	2.5%	2.5%

d. Contributions to the fund	<u>\$ 12,772</u>	<u>\$ 1,966</u>	<u>\$ 13,371</u>	<u>\$ 2,089</u>
e. Payments from the fund	<u>\$ 12,446</u>	<u>\$ 1,820</u>	<u>\$ 24,237</u>	<u>\$ -</u>

15. STOCKHOLDERS' EQUITY

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from shares issued in excess of par, treasury stock transactions and donations may be capitalized within a certain percentage of the Company's paid-in capital. But the capital surplus from long-term investments may not be used for any purpose.

The Company's Articles of Incorporation provide that a 10% legal reserve should be set aside from the annual net income after the reduction of accumulated deficit. The remainder, less special reserve appropriated in accordance with relevant laws or regulations or as requested by the authorities in charge, and prior years' unappropriated earnings may be appropriated as determined in the stockholders' meeting. The remuneration to directors and supervisors, which is based on the textile industry benchmark, should be paid whether or not the Company has a profit. The bonus to employees should be of at least 1% of total appropriations.

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 and/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.

The bonus to employees of \$3,100 thousand and the remuneration to directors and supervisors of \$9,100 thousand were recognized for 2008. The amounts were estimated on the basis of past experience, with operating factors taken into account. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the stockholders' meeting.

A special capital reserve equivalent to the net debit balance of the other components of stockholders' equity (for example, cumulative translation adjustments and unrealized loss on financial instruments, but excluding treasury stock) shall be made from unappropriated earnings pursuant to existing regulations promulgated by the Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

Legal reserve should be appropriated until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit. When the reserve exceeds 50% of the Company's paid-in capital, the excess may be declared as dividends and bonuses if the Company has no unappropriated earnings. The Company Law also prescribes that, when the reserve has reached 50% of the Company's paid-in capital, up to 50% of the reserve may be transferred to capital.

Under the Integrated Income Tax System in the ROC, which took effect on January 1, 1998, noncorporate resident stockholders are allowed a tax credit for the income tax paid or payable by the Company, Chao Hsing Textile Co., Ltd., Chu Hsing Garment Co., Ltd., and Nien Hsing International Investment Co., Ltd. on earnings generated in 1998 and on. Nonresident stockholders are allowed only a tax credit from the 10% income tax on undistributed earnings, which can be used to deduct the withholding income tax from dividends paid.

The distribution of the 2007 and 2006 earnings was approved by the stockholders in their regular meetings on May 27, 2008 and June 15, 2007, respectively. Information on the bonus to employees and remuneration to directors and supervisors is as follows:

	<u>Distribution of Earnings</u>		<u>Dividend (Dollar)</u>	
	2007	2006	2007	2006
Legal reserve	\$ 126,860	\$ 139,758		
Cash dividend	897,554	1,017,227	\$1.50	\$1.70
Remuneration to directors and supervisors	9,100	9,100		
Bonus to employees - paid by cash	9,200	10,400		

Information on the appropriation of earnings can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange (<http://mops.tse.com.tw>).

16. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
<u>Year ended December 31, 2008</u>				
To maintain the Company's credibility and stockholders' interest	-	7,726	7,726	-
For transfer to employees	-	3,638	-	3,638

On August 12, 2008, the Company's board of directors decided that the Company should buy its own stock to maintain its credibility and stockholders' interest. Thus, the Company bought back 7,726 thousand shares for \$84,140 thousand from August 15, 2008 to October 9, 2008 and retired 7,726 thousand treasury shares on December 17, 2008. Capital reduction was on December 18, 2008 and subsequently on December 24, 2008, the treasury stocks were completed the change in capital structure by filing a registration.

On October 16, 2008, the Company's board of directors decided that the Company should buy its own stock from the market for transfer to employees; thus, the Company bought back 3,638 thousand shares for \$26,280 thousand.

On December 17, 2008, the Company's board of directors decided that the Company should again buy its own stock again from the market for transfer to employees. The estimated buyback period is from December 18, 2008 to February 16, 2009, with the estimated quantity at 10,000 thousand shares and the buyback price is between NT\$7.00 and NT\$10.00.

Under the Securities and Exchange Law, the Corporation should not buy back more than 10% of its issued stock. In addition, the Corporation may not spend more than the sum of the balances of the retained earnings, additional paid-in capital from the issue of stock in excess of par value and realized capital surplus to repurchase its issued stock.

The Corporation may not pledge or hypothecate any treasury stock. In addition, the Corporation may not exercise any stockholders' rights on the treasury stock.

17. INCOME TAX

- a. A reconciliation of income tax expense based on income before income tax at the statutory rate and income tax expense (benefit) was as follows:

	2008	2007
Income tax expense at statutory income tax rate	\$ 6,088	\$ 419,734
Tax effect on adjusting items		
Permanent differences	(330,772)	(264,342)
Temporary differences	252,648	(58,361)
Loss carryforwards	9,717	3,560
	35,442	100,591
Loss carryforwards used	(27,542)	(35,447)
Investment tax credits used	(15,888)	(11,055)

(Continued)

	2008	2007
Additional income tax under the AMT	\$ 89,966	\$ 46,812
Additional 10% income tax on unappropriated earnings	<u>22,942</u>	<u>22,110</u>
Current income tax expense	104,920	123,011
Deferred income tax expense		
Temporary differences	(252,648)	55,749
Loss carryforwards	17,825	35,918
Investment tax credits	5,284	(5,284)
Valuation allowance	37,605	1,365
Tax separately levied on interest from short-term bills	1,023	701
Adjustments for prior years' tax	<u>11,007</u>	<u>11,901</u>
Income tax expense (benefit)	<u>\$ (74,984)</u>	<u>\$ 223,361</u> (Concluded)

b. The changes in income tax payable as shown in the balance sheet were as follows:

	2008	2007
<u>Income tax payable</u>		
Beginning balance	\$ 112,613	\$ 83,671
Increase	104,920	123,011
Decrease	(131,634)	(92,283)
Adjustment for prior year	<u>11,381</u>	<u>(1,786)</u>
Ending balance	<u>\$ 97,280</u>	<u>\$ 112,613</u>

c. Deferred income tax assets (liabilities) were as follows:

	2008	2007
Current		
Loss carryforwards	\$ 27,542	\$ 31,274
Provision for loss on inventories	16,138	18,048
Provision for doubtful accounts	15,533	8,431
Unrealized foreign exchange loss (gain)	8,732	(5,677)
Unrealized gross loss	<u>(57)</u>	<u>(299)</u>
	<u>\$ 67,888</u>	<u>\$ 51,777</u>
Noncurrent		
Investment income on oversea investee	\$ (324,418)	\$ (514,742)
Loss carryforwards	55,734	70,004
Provision for pension cost	50,504	49,662
Unrealized loss on investments	49,262	6,979
Investment tax credits	-	5,284
Interest capitalization	<u>279</u>	<u>372</u>
	(168,639)	(382,441)
Less: Valuation allowance	<u>(72,788)</u>	<u>(35,183)</u>
Deferred tax liabilities, net	<u>\$ (241,427)</u>	<u>\$ (417,624)</u>

As of December 31, 2008, the loss carryforwards of Chao Hsing Textile Co., Ltd., Chu Hsing Garment Co., Ltd. and Nien Hsing International Investment Co., Ltd., which can be deducted from future taxable payable, were as follows:

Year Deficit Occurred	<u>Deductible Amount</u>			Expiry Year
	Chao Hsing	Chu Hsing	Nien Hsing International Investment	
2003	\$ 3,194	\$ 538	\$ -	2013
2004	39,580	-	-	2014
2005	-	4,984	-	2015
2006	-	21,880	-	2016
2007	-	3,383	-	2017
2008	-	9,431	286	2018
	<u>\$ 42,774</u>	<u>\$ 40,216</u>	<u>\$ 286</u>	

d. Information on the integrated income tax is as follows:

	<u>December 31</u>	
	2008	2007
Balances of the imputation credit account (ICA) of the Company	<u>\$ 211,454</u>	<u>\$ 185,951</u>

The creditable ratio for distribution of earnings of 2008 and 2007 was 13.73% (estimate) and 8.98%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to stockholders of the Company is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2007 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

e. Unappropriated earnings were as follows:

The unappropriated earnings in 2008 and 2007 included earnings of \$365,055 thousand generated before 1998.

Income tax returns (ITRs) of the Company, Chao Hsing Textile Co., Ltd., Chu Hsing Garment Co., Ltd. and Nien Hsing International Investment Co., Ltd. through 2006 had been examined and cleared by the tax authorities.

Nien Hsing International (B.V.I.) Co. and Nien Hsing International (Bermuda) Ltd. are exempt from income taxes of the British Virgin Islands and Bermuda, respectively, according to the laws of these areas.

Under Mexico's laws, the income tax payable of Nien Hsing International Victoria Ltd. and Nien Hsing Confeccion Ltd. is the taxable income multiplied by tax rate. The taxable income is based on total net assets markup of cost.

Under Managua's laws, Chih Hsing Garment (Managua) S.A., Chao Hsing International (Managua) S.A., John Garment, S.A., Alpha Textile S.A., Nien Hsing Garment (Managua) S.A., Henry Garment S.A. and Richard Garment S.A. are exempt from income taxes for 10 years from 1997, 1999, 2000, 2001, 2004, 2005 and 2007, respectively.

C&Y Garments (Proprietary) Co., Ltd., Nien Hsing International (Lesotho) Co., Ltd., Global Garments Co., Ltd., Formosa Textile Co., Ltd., Rontex Apparel (CAM) Co., Ltd., Chu Hsing Garment (Vietnam) Co., Ltd., Chu Hsing Garment (Cambodia) Co., Ltd., Chentex Garment Co., Ltd. and Nien Hsing Garment (Vietnam) Co., Ltd. authorized local agents to declare tax expense, as required under local requirements.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	2008			
	Operating Cost	Operating Expense	Nonoperating Expense and Loss	Total
Personnel expense				
Salary	\$ 2,203,016	\$ 265,536	\$ -	\$ 2,468,552
Labor and health insurance	25,544	17,912	-	43,456
Pension cost	27,463	13,678	1,899	43,040
Other	<u>101,311</u>	<u>15,914</u>	<u>-</u>	<u>117,225</u>
	<u>\$ 2,357,334</u>	<u>\$ 313,040</u>	<u>\$ 1,899</u>	<u>\$ 2,672,273</u>
Depreciation	<u>\$ 742,633</u>	<u>\$ 18,881</u>	<u>\$ 63</u>	<u>\$ 761,577</u>
Amortization	<u>\$ 70,559</u>	<u>\$ 10,557</u>	<u>\$ -</u>	<u>\$ 81,116</u>
	2007			
	Operating Cost	Operating Expense	Nonoperating Expense and Loss	Total
Personnel expense				
Salary	\$ 3,064,747	\$ 314,944	\$ -	\$ 3,379,691
Labor and health insurance	23,385	19,693	-	43,078
Pension cost	28,834	23,905	1,855	54,594
Other	<u>90,539</u>	<u>14,889</u>	<u>-</u>	<u>105,428</u>
	<u>\$ 3,207,505</u>	<u>\$ 373,431</u>	<u>\$ 1,855</u>	<u>\$ 3,582,791</u>
Depreciation	<u>\$ 794,757</u>	<u>\$ 23,476</u>	<u>\$ -</u>	<u>\$ 818,233</u>
Amortization	<u>\$ 46,620</u>	<u>\$ 12,156</u>	<u>\$ -</u>	<u>\$ 58,776</u>

19. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	<u>Net Income (Numerator)</u>		Shares (Denominator) (Thousands)	<u>Earnings Per Share (Dollars)</u>	
	Income Before Income Tax	Net Income		Income Before Tax	Net Income
<u>2008</u>					
Basic EPS					
Income for the year attributable to common stockholders	\$ 21,496	\$ 105,426	595,465	<u>\$ 0.04</u>	<u>\$ 0.18</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>387</u>		
Diluted EPS					
Income for the year attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 21,496</u>	<u>\$ 105,426</u>	<u>595,852</u>	<u>\$ 0.04</u>	<u>\$ 0.18</u>
<u>2007</u>					
Basic EPS					
Income for the year attributable to common stockholders	<u>\$ 1,434,179</u>	<u>\$ 1,268,596</u>	<u>598,369</u>	<u>\$ 2.40</u>	<u>\$ 2.12</u>

The ARDF issued Interpretation 96-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company may settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

20. FINANCIAL INSTRUMENTS

a. The fair values and carrying values of nonderivative financial instruments are as follows:

Nonderivative Financial Instruments	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Cash and cash equivalents	\$ 639,811	\$ 639,811	\$ 773,912	\$ 773,912
Available-for-sale financial assets - current	27,024	27,024	522,712	522,712
Notes receivable	11,388	11,388	8,234	8,234
Accounts receivable, net	1,584,073	1,584,073	2,041,594	2,041,594
Accounts receivable from related parties	2,526	2,526	5,534	5,534
Other financial assets	58,110	58,110	55,121	55,121
Available-for-sale financial assets - noncurrent	250,665	250,665	933,267	933,267
Financial assets carried at cost - noncurrent	1,266,201	1,061,248	1,259,172	1,067,300
Refundable deposits (shown as part of other assets)	26,021	26,021	48,508	48,508
<u>Financial liabilities</u>				
Short-term bank loans	1,411,141	1,411,141	1,664,041	1,664,041
Notes payable	137,951	137,951	140,593	140,593
Accounts payable	571,337	571,337	519,418	519,418
Accrued expenses	460,506	460,506	450,928	450,928
Bonus payable to directors, supervisors and employees (shown as part of other current liabilities)	12,220	12,220	-	-
Long-term bank loans (including current portion)	898,059	898,059	778,695	778,695
Guarantee deposits received (shown as part of other liabilities)	853	853	450	450
<u>Classification of derivative instruments on the basis of trader's territory</u>				
Domestic				
Hedging derivative assets - current	-	-	684	684
Hedging derivative liabilities - noncurrent	(5,243)	(5,243)	-	-
Foreign				
Hedging derivative assets - noncurrent	-	-	280	280
Hedging derivative liability - noncurrent	(10,626)	(10,626)	-	-

b. Methods and assumptions used to estimate the fair values of financial instruments were as follows:

- 1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash and cash equivalents, receivables, other financial assets, short-term bank loans, payables, accrued expenses and the bonus payable to directors, supervisors and employees.

- 2) Fair values of derivatives and available-for-sale financial assets are based on their quoted prices in an active market. For those financial assets with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
 - 3) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
 - 4) Fair value of long-term bank loans is estimated using the present value of future cash flows discounted by the interest rates the Company and its subsidiaries may obtain for similar loans.
 - 5) The carrying amounts of refundable deposits and guarantee deposits received reflect their fair values.
- c. Fair values of financial assets and liabilities using based on quoted market prices or valuation techniques were as follows:

	Quoted Market Prices		Valuation Techniques	
	December 31		December 31	
	2008	2007	2008	2007
Assets				
Available-for-sale financial assets	\$ 277,689	\$ 1,455,979	\$ -	\$ -
Hedging derivative assets	-	-	-	964
Liabilities				
Hedging derivative liabilities	-	-	15,869	-

- d. Financial liabilities exposed to fair value interest rate risk amounted to \$1,411,141 thousand and \$1,664,041 thousand as of December 31, 2008 and 2007, respectively. Financial liabilities exposed to cash flow interest rate risk amounted to \$898,059 thousand and \$778,695 thousand as of December 31, 2008 and 2007, respectively.
- e. Financial risks

1) Market risk

The derivative financial instrument are mainly used to hedge the exchange rate or interest rate fluctuations of foreign-currency assets and liabilities; therefore, the market risk of derivative will be offset by the foreign exchange risk of these hedged items and the market risk will be immaterial.

2) Credit risk

Credit risk represents the potential impacts to financial asset that the Company and its subsidiaries might encounter of counter-parties or third parties breach the contracts. Factors that affect the impacts include credit risk concentration, components of financial instruments, contract amount and other receivables. Amounts of credit risk exposure were \$277,689 thousand and \$1,456,943 thousand as of December 31, 2008 and 2007, respectively. Contracts with positive fair value at balance sheet date were valued for credit risk.

The maximum credit risk exposure of each financial instruments held by the Company and its subsidiaries is as follow (excluding fair value of the collaterals):

Financial Instruments	2008		2007	
	Carrying Amount	Credit Risk Amount	Carrying Amount	Credit Risk Amount
Available-for-sale financial assets				
Listed and OTC Stocks	\$ 276,256	\$ 276,256	\$ 1,447,259	\$ 1,447,259
Overseas Listed and OTC Stocks	1,433	1,433	8,720	8,720
Hedging derivative instruments	-	-	964	964
	<u>\$ 277,689</u>	<u>\$ 277,689</u>	<u>\$ 1,456,943</u>	<u>\$ 1,456,943</u>

3) Liquidity risk

The Company and its subsidiaries' operating funds are deemed sufficient to meet the cash flow demand, therefore liquidity risk in not considered to be significant.

The financial instruments categorized as financial assets carried at cost and investments accounted for by equity method have no active market, the liquidity risk is expected to be high.

f. Cash flow hedge

Changes in market interest rates affect the future cash flows of the Company because it has loans with floating interest rates. Thus, the Company used interest rate swaps to hedge the risks on cash flows.

Hedged Item	Hedging Instrument	Fair Value as of December 31, 2008	Cash Flow Period	Period in which Profit (Loss) is Recognized in Income Statement
Long-term bank loans with floating interest rate	Interest rate swap	<u>\$(15,869)</u>	2008-2010	2008-2010
			<u>December 31</u>	
			2008	2007
Adjustments to stockholders' equity			<u>\$ (16,833)</u>	<u>\$ 1,122</u>

In addition, the information for Chao Hsing Textile Co., Ltd. (a subsidiary) to deal with derivative financial instruments is as follows:

Chao Hsing Textile Co., Ltd. didn't do the trade of hedging derivative instruments in 2008. Chao Hsing Textile Co., Ltd. used interest rate swap to hedge the risk of adverse changes in interest rates for bank loans in 2007. As of December 31, 2007, Chao Hsing had no derivate contracts.

The counter-parties to the foregoing financial instruments are reputable financial instructions, Chao Hsing believes that the exposure to default by those parties is low. The interest expenditure of the interest rate swap contract was \$7,839 thousand for the year ended December 31, 2007.

21. RELATED-PARTY TRANSACTIONS

- a. The related parties and their relationship with the Company and the consolidated subsidiaries were as follows:

<u>Related Party</u>	<u>Relationship with the Company and Consolidated Subsidiaries</u>
Grand Paper International (B.V.I.) Ltd.	Equity-method investee of Nien Hsing International (Bermuda) Ltd.
Illies International (B.V.I.) Ltd.	Equity-method investee of Nien Hsing International (Bermuda) Ltd.
Roo Hsing Co., Ltd.	Its chairman is brother of the Company's chairman
Wu Hsing International Co., Ltd.	Equity-method investee of the Company
Chen, Rong-Ciou	The Company's chairman
Chen, Hong-Yun	Wife of Chen, Rong-Ciou
Hong Yuan Investment Ltd.	Its chairman is the son of the Company's chairman
Guo Jhong Investment Ltd.	Its chairman is the son of the Company's chairman
Li Fong Investment Ltd.	Its chairman is the son of the Company's chairman

- b. Except as disclosed in Notes 8 and 11 of the consolidated financial statements, the transactions with the foregoing related parties are summarized as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>For the year</u>				
Net sales				
Roo Hsing Co., Ltd.	\$ 14	-	\$ 556	-
Processing income				
Grand Paper International (B.V.I.) Ltd.	\$ 15,749	49	\$ 15,110	78
Roo Hsing Co., Ltd.	680	2	-	-
	<u>\$ 16,429</u>	<u>51</u>	<u>\$ 15,110</u>	<u>78</u>
Rental revenue (shown as nonoperating income and gains - other; based on renewable one-year operating lease contracts)				
Hong Yuan Investment Ltd.	\$ 26	2	\$ -	-
Guo Jhong Investment Ltd.	26	2	-	-
Li Fong Investment Ltd.	26	2	-	-
	<u>\$ 78</u>	<u>6</u>	<u>\$ -</u>	<u>-</u>
Service revenue (shown as nonoperating income and gains - other)				
Wu Hsing International Co., Ltd.	\$ 509	-	\$ 2,455	1
<u>At year-end</u>				
Accounts receivable				
Grand Paper International (B.V.I.) Ltd.	\$ 2,044	81	\$ 5,422	97
Wu Hsing International Co., Ltd.	482	19	112	3
	<u>\$ 2,526</u>	<u>100</u>	<u>\$ 5,534</u>	<u>100</u>

Related-party transactions had no significant differences from third-party transactions.

Account receivables from Grand Paper International (B.V.I.) Ltd. were advances made for their salaries, freight and postages.

c. Compensation of directors, supervisors and management personnel:

	2008	2007
Salaries	\$ 22,468	\$ 23,874
Incentives	9,525	16,714
Operating compensation	<u>5,289</u>	<u>5,122</u>
	<u>\$ 37,282</u>	<u>\$ 45,710</u>

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from the 2007 earnings, which were approved by stockholders in their annual meeting held in 2008. The compensation of directors, supervisors and management personnel for 2007, which was estimated on the basis of the Company's Articles of Incorporation, may differ from the actual appropriations.

22. ASSETS PLEDGED OR MORTGAGED

The assets pledged or mortgaged as collateral for long-term bank loans were as follows:

	2008	2007
Property, plant and equipment, net	<u>\$ 309,569</u>	<u>\$ 318,365</u>

23. COMMITMENTS

Unused letters of credit amounted to \$813,397 thousand as of December 31, 2008.

24. OTHERS

A customer, Company M, underwent bankruptcy procedures. Thus, the Company and its subsidiaries reclassified an account receivable amounting to \$52,339 thousand from Company M to overdue receivable and recognized \$22,939 thousand in 2008 as allowance for uncollectible receivable.

25. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its subsidiaries:
- 1) Financing provided: None
 - 2) Endorsement/guarantee provided: Table 1 (attached)
 - 3) Marketable securities held: Table 2 (attached)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least \$100 million or 20% of the capital stock: Table 3 (attached)

- 5) Acquisition of individual real estates at costs of at least \$100 million or 20% of the capital stock:
None
 - 6) Disposal of individual real estates at prices of at least \$100 million or 20% of the capital stock:
None
 - 7) Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the capital stock: Table 4 (attached)
 - 8) Receivables from related parties amounting to at least \$100 million or 20% of the capital stock:
None
 - 9) Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
 - 10) Derivative transactions: Note 20
- b. Investment in Mainland China
- 1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 6 (attached)
 - 2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: None
 - 3) Endorsements, guarantees or collateral directly or indirectly provided to the investees: None
 - 4) Financings directly or indirectly provided to the investees: None
 - 5) Other transactions that significantly impacted current year's profit or loss or financial position:
None
- c. Intercompany relationships and significant intercompany transactions: Table 7 (attached)

26. SEGMENT INFORMATION

- a. Industry information. The Company and its subsidiaries spin cotton into yarns and weave, dye and manufacture fabrics and clothes, which are operations that refer to only one industry.

b. Geographic information

	America	Africa	Asia	Domestic	Adjustments and Eliminations	Consolidated
<u>2008</u>						
Revenues from customers, excluding the Group	\$ 2,829,015	\$ 15,749	\$ 1,014	\$ 10,777,693	\$ -	\$ 13,623,471
Revenues from the Group	<u>2,586,084</u>	<u>1,577,490</u>	<u>989,216</u>	<u>902,764</u>	<u>(6,055,554)</u>	<u>-</u>
Total revenues	<u>\$ 5,415,099</u>	<u>\$ 1,593,239</u>	<u>\$ 990,230</u>	<u>\$ 11,680,457</u>	<u>\$ (6,055,554)</u>	<u>\$ 13,623,471</u>
Segment operating loss	<u>\$ (74,624)</u>	<u>\$ (1,189)</u>	<u>\$ (62,226)</u>	<u>\$ (273,219)</u>	<u>\$ (65,429)</u>	\$ (476,687)
Equity in investees' net loss						(1,471)
Other nonoperating income, net						1,355,496
Other nonoperating expenses						(781,851)
Interest expense						<u>(65,041)</u>
Income before income tax						<u>\$ 30,446</u>
Identifiable tangible assets	<u>\$ 4,334,177</u>	<u>\$ 1,536,291</u>	<u>\$ 1,412,527</u>	<u>\$ 5,344,836</u>	<u>\$ -</u>	\$ 12,627,831
Long-term equity investments						<u>1,935,316</u>
Total assets						<u>\$ 14,563,147</u>
<u>2007</u>						
Revenues from customers, excluding the Group	\$ 2,837,806	\$ 15,110	\$ 2,592	\$ 12,068,552	\$ -	\$ 14,924,060
Revenues from the Group	<u>3,112,309</u>	<u>1,328,906</u>	<u>660,573</u>	<u>973,951</u>	<u>(6,075,739)</u>	<u>-</u>
Total revenues	<u>\$ 5,950,115</u>	<u>\$ 1,344,016</u>	<u>\$ 663,165</u>	<u>\$ 13,042,503</u>	<u>\$ (6,075,739)</u>	<u>\$ 14,924,060</u>
Segment operating income (loss)	<u>\$ 240,571</u>	<u>\$ (3,041)</u>	<u>\$ (13,543)</u>	<u>\$ 271,036</u>	<u>\$ (38,961)</u>	\$ 456,062
Equity in investees' net gain						73,907
Other nonoperating income, net						1,147,858
Other nonoperating expenses						(127,250)
Interest expense						<u>(58,597)</u>
Income before income tax						<u>\$ 1,491,980</u>
Identifiable tangible assets	<u>\$ 5,281,508</u>	<u>\$ 1,265,459</u>	<u>\$ 801,178</u>	<u>\$ 6,732,744</u>	<u>\$ -</u>	\$ 14,080,889
Long-term equity investments						<u>2,766,148</u>
Total assets						<u>\$ 16,847,037</u>

c. Export sales

Territory	2008	2007
America	\$ 8,949,364	\$ 10,256,724
Asia	1,318,530	1,390,966
Other	<u>454,861</u>	<u>291,706</u>
	<u>\$ 10,722,755</u>	<u>\$ 11,939,396</u>

- d. Major customers. Customers that accounted for at least 10% of the Group's total sales were as follows:

Customers	2008		2007	
	Amounts	%	Amounts	%
A	\$ 2,799,616	21	\$ 3,323,224	22
B	1,593,663	12	771,405	5
C	1,488,474	11	1,378,310	9

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts (Note C)	Maximum Balance for the Period	Ending Balance	Value of Collaterals Property, Plant, or Equipment (Note D)	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable (Note C)
		Name	Nature of Relationship						
0	Nien Hsing Textile Co., Ltd. (the "Company")	Nien Hsing International (Bermuda) Ltd.	(Note B)	\$ 5,219,321	\$ 1,250,673	\$ 1,163,690	\$ -	11	\$ 10,438,642
		Chao Hsing Textile Co., Ltd.	(Note A)	5,219,321	570,000	450,000	-	4	10,438,642
		Nien Hsing International Investment Co., Ltd.	(Note A)	5,219,321	100,000	100,000	-	1	10,438,642
		Chu Hsing Garment Co., Ltd.	(Note A)	5,219,321	1,574,850	1,445,020	-	14	10,438,642

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 100% of the carrying value of its net assets, and maximum guarantee for each party is 50% of the carrying value of the Company's net assets.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Nien Hsing Textile Co., Ltd.	Nien Hsing International (B.V.I.) Ltd.	Subsidiary	Investments accounted for by using equity method	297,470	\$ 6,272,851	100.00	\$ 6,272,851	Note 1
	Chao Hsing Textile Co., Ltd.	Subsidiary	Investments accounted for by using equity method	35,000,000	655,456	100.00	655,456	
	Nien Hsing Garment (Vietnam) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	-	544,209	100.00	544,209	
	Nien Hsing International Investment Co., Ltd.	Subsidiary	Investments accounted for by using equity method	30,000,000	272,536	100.00	274,728	
	Chu Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	14,000	317,349	100.00	317,349	
	China International Investment Co., Ltd.	Equity-method investee	Investments accounted for by using equity method	14,518,157	198,435	22.42	198,435	
	Chu Hsing Garment Co., Ltd.	Subsidiary	Investments accounted for by using equity method	26,000,000	213,428	100.00	213,428	
	Chentex Garment Co., Ltd.	Subsidiary	Investments accounted for by using equity method	4,500	131,536	100.00	131,536	
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	-	288,603	100.00	288,603	
	Wu Hsing International Co., Ltd.	Equity-method investee	Investments accounted for by using equity method	450,000	-	30.00	2,057	
	Simplo Technology Co., Ltd.	-	Available-for-sale financial asset - noncurrent	2,750,713	218,407	1.32	218,407	
	Roo Hsing Co., Ltd.	-	Available-for-sale financial asset - noncurrent	14,662,756	32,258	10.72	32,258	
	Ultra Chip, Inc.	-	Financial assets carried at cost - noncurrent	2,240,262	3,001	2.87	16,821	
	Mycenax Biotech Inc.	-	Financial assets carried at cost - noncurrent	7,000,000	107,100	14.00	49,761	
	UFO Investment Corporation	-	Financial assets carried at cost - noncurrent	3,384,000	33,840	5.00	13,994	
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost - noncurrent	3,000,000	30,000	3.00	25,170	
	Inno Stream Consulting Investment Inc.	-	Financial assets carried at cost - noncurrent	1,203,367	12,034	8.33	12,033	
	Mercury Venture Capital Co., Ltd.	-	Financial assets carried at cost - noncurrent	200,000	2,000	1.67	1,938	

Note 1: The difference between carrying amount and the Company's proportionate share in the investee's equity resulted from gain on sale of investment \$2,192 thousand which was that Nien Hsing International Investment Co., Ltd. sold financial assets carried at cost to Nien Hsing International (Bermuda) Ltd.

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets carried at cost - noncurrent	552,000	\$ 5,520	2.22	\$ 4,644	
	Breeze Digital Technology Corp.	-	Financial assets carried at cost - noncurrent	147,000	-	2.94	159	
Nien Hsing International (B.V.I.) Ltd.	Nien Hsing International (Bermuda) Ltd.	Subsidiary	Investments accounted for by using equity method	293,400	6,268,861	100.00	6,239,983	
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Subsidiary	Investments accounted for by using equity method	68,750	627,503	99.99	627,503	
	Nien Hsing Confeccion Ltd.	Subsidiary	Investments accounted for by using equity method	4,628	(33,426)	99.99	(33,426)	
	C&Y Garments (Proprietary) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	99,800	136,020	99.80	116,145	
	Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	200,000	322,405	100.00	322,405	
	Global Garment (Proprietary) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	100,000	79,455	100.00	79,455	
	Formosa Textile (Proprietary) Co., Ltd.	Subsidiary	Investments accounted for by using equity method	100,000	670,003	100.00	670,003	
	Grand Paper International (B.V.I.) Ltd.	Equity-method investee	Investments accounted for by using equity method	1,110,000	46,686	37.00	46,686	
	C&D Capital Corp.	Equity-method investee	Investments accounted for by using equity method	5,606,201	173,329	22.42	173,329	
	Top Fashion Industrial Co., Ltd.	Equity-method investee	Investments accounted for by using equity method	450,000	-	30.00	-	
	MEMSIC Inc.	-	Available-for-sale financial asset - current	26,500	1,433	0.11	1,433	
	Grand Paper Industrial (B.V.I.) Ltd.	-	Financial assets carried at cost - noncurrent	615,000	29,444	20.50	34,240	
	Prodigy Strategic Investment Fund XXI Segregated Portfolio	-	Financial assets carried at cost - noncurrent	18,308	594,211	-	591,341	
	PTS International, Inc.	-	Financial assets carried at cost - noncurrent	2,500,000	65,560	2.98	3,744	
	CNYES.COM - preferred stock	-	Financial assets carried at cost - noncurrent	10,000,000	-	10.08	1,123	
	Analogix Semiconductor, Inc.	-	Financial assets carried at cost - noncurrent	75,811	3,614	0.17	129	
	VeriSilicon Holdings (Cayman Islands) Co., Ltd.	-	Financial assets carried at cost - noncurrent	193,547	9,848	0.39	2,744	
	GEM Services, Inc.	-	Financial assets carried at cost - noncurrent	319,670	23,461	0.76	14,529	
	WE3 Technology Company Limited	-	Financial assets carried at cost - noncurrent	429	-	0.02	-	
	Paragon Wireless, INC.	-	Financial assets carried at cost - noncurrent	431,542	-	1.06	210	
	Ambow Education Co., Ltd.	-	Financial assets carried at cost - noncurrent	267,855	6,556	0.23	849	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	DigiMedia Technologies Co., Ltd.	-	Financial assets carried at cost - noncurrent	368,532	\$ -	0.54	\$ 12,248	
	Solar Power Inc.	-	Financial assets carried at cost - noncurrent	53,165	1,743	0.14	578	
	Thousand Luck Limited	-	Financial assets carried at cost - noncurrent	200,000	6,556	1.33	818	
	Tong Yang Holding Corporation	-	Financial assets carried at cost - noncurrent	558,321	36,676	0.84	18,615	
	Saybot LLC	-	Financial assets carried at cost - noncurrent	113,733	5,729	0.72	1,499	
	Mstar Semiconductor Inc.	-	Financial assets carried at cost - noncurrent	1,137,192	32,172	0.44	44,842	
	Digital Knowledge World Co., Ltd.	-	Financial assets carried at cost - noncurrent	357,140	2,459	0.36	3,061	
	WISDOM-ORGCHEM, INC.	-	Financial assets carried at cost - noncurrent	157,783	11,224	1.03	12,354	
	Tzero Technologies, Inc.	-	Financial assets carried at cost - noncurrent	174,872	6,967	0.34	6,967	
	Summit Micrielectronics. Inc.	-	Financial assets carried at cost - noncurrent	123,000	10,080	0.17	10,080	
	Silergy Corp.	-	Financial assets carried at cost - noncurrent	240,031	3,934	1.07	1,633	
Chao Hsing Textile Co., Ltd.	Alpha Textile S.A.	Subsidiary	Investments accounted for by using equity method	1,000	211,295	100.00	211,295	
	Chipbond Technology Corporation	-	Available-for-sale financial asset - current	34,793	297	0.01	297	
	Ultra Chip, Inc.	-	Financial assets carried at cost - noncurrent	972,944	1,304	1.25	7,305	
	Mycenaz Biotech Inc.	-	Financial assets carried at cost - noncurrent	1,480,000	25,900	2.96	10,520	
Nien Hsing International Investment Co., Ltd.	Taiflex Scientific Co., Ltd.	-	Available-for-sale financial asset - current	426,530	5,225	0.26	5,225	
	Flexium Interconnect, Inc.	-	Available-for-sale financial asset - current	1,483,860	14,839	1.24	14,839	
	Chipbond Technology Corporation	-	Available-for-sale financial asset - current	380,469	3,245	0.12	3,245	
	Egalax_Empia Technology Inc.	-	Available-for-sale financial asset - current	88,814	1,985	0.20	1,985	
	International United Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	190,500	-	0.76	-	
	Imagic Technologies Co., Ltd.	-	Financial assets carried at cost - noncurrent	3,400	-	0.01	-	
	Igiant Optics Co., Ltd.	-	Financial assets carried at cost - noncurrent	24,000	-	0.11	-	
	TopRay Technologies, Inc.	-	Financial assets carried at cost - noncurrent	415,269	4,609	0.94	4,253	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Exploit Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	1,019,333	\$ 17,055	1.67	\$ 10,874	
	Calitech Co., Ltd.	-	Financial assets carried at cost - noncurrent	592,832	7,205	2.43	7,742	
	Entire Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	1,221,439	28,410	1.62	35,276	
	Cmox Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,145,000	4,290	5.36	4,980	
	Leader Visual-Audio Productions Co.	-	Financial assets carried at cost - noncurrent	880,000	14,784	2.93	9,560	
	Skypola Optronics Co., Ltd.	-	Financial assets carried at cost - noncurrent	5,554,000	-	3.09	7,590	
	Commoca Inc.	-	Financial assets carried at cost - noncurrent	40,300	-	0.21	-	
	Princedom Precision Corporation	-	Financial assets carried at cost - noncurrent	263,444	3,390	1.21	2,590	
	Apaq Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	268,700	3,214	0.55	2,521	
	Moai Electronics Corporation	-	Financial assets carried at cost - noncurrent	208,269	4,000	1.16	1,962	
	Jwave Tech. Inc.	-	Financial assets carried at cost - noncurrent	396,000	-	3.30	1,121	
	Koatech Technology Corp.	-	Financial assets carried at cost - noncurrent	2,529,000	25,690	7.16	15,325	
	Young Fast Optoelectronics Co., Ltd.	-	Financial assets carried at cost - noncurrent	381,315	23,947	0.36	11,638	
	Brighton-Best International Inc.	-	Financial assets carried at cost - noncurrent	1,817,000	18,170	0.61	19,645	
	Monterey International Corp.	-	Financial assets carried at cost - noncurrent	204,986	4,295	0.27	2,609	
	Allpha Optical Co., Ltd.	-	Financial assets carried at cost - noncurrent	601,000	6,780	2.01	5,760	
	Visco Vision Inc.	-	Financial assets carried at cost - noncurrent	225,000	2,362	0.51	1,194	
	Amazing Microelectronic Corp.	-	Financial assets carried at cost - noncurrent	244,000	10,500	0.84	3,262	
	Land Mark Optoelectronics Corporation	-	Financial assets carried at cost - noncurrent	708,322	15,719	2.33	7,796	
	Helio Optoelectronics Corporation	-	Financial assets carried at cost - noncurrent	152,000	3,040	1.07	1,601	

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

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-Party	Nature of Relationship	Beginning Balance		Acquisition		Adjustments	Disposal				Ending Balance	
					Shares	Amount	Shares	Amount		Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Nien Hsing Textile Co., Ltd.	Kinsus Interconnect Technology Corp.	Available-for-sale financial assets - current	-	-	4,174,251	\$ 425,773	-	\$ -	\$ (358,559) (Note B)	4,174,251	\$ 344,039	\$ 67,214	\$ 276,825	-	\$ -
	Simplo Technology Co., Ltd.	Available-for-sale financial assets - noncurrent	-	-	5,341,649	868,018	250,064 (Note A)	-	(624,814) (Note B)	2,841,000	416,697	24,797	391,900	2,750,713	218,407
	Nien Hsing Garment (Vietnam) Co., Ltd.	Investments accounted for by using equity method	-	-	-	203,026	-	383,008	(41,825) (Note C)	-	-	-	-	-	544,209
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Investments accounted for by using equity method	-	-	-	-	-	276,184	12,419 (Note C)	-	-	-	-	-	288,603
	Chu Hsing Garment (Cambodia) Co., Ltd.	Investments accounted for by using equity method	Chu Hsing Garment Co., Ltd.	Subsidiary	-	-	14,000	288,801	28,548 (Note C)	-	-	-	-	14,000	317,349
	Chentex Garment Co., Ltd.	Investments accounted for by using equity method	Chu Hsing Garment Co., Ltd.	Subsidiary	-	-	4,500	118,267	13,269 (Note C)	-	-	-	-	4,500	131,536
Chu Hsing Garment Co., Ltd.	Chu Hsing Garment (Cambodia) Co., Ltd.	Investments accounted for by using equity method	Nien Hsing Textile Co., Ltd.	Parent company	14,000	305,680	-	-	(16,879) (Note C)	14,000	288,801	288,801	-	-	-
	Chentex Garment Co., Ltd.	Investments accounted for by using equity method	Nien Hsing Textile Co., Ltd.	Parent company	4,500	129,229	-	-	(10,962) (Note C)	4,500	118,267	118,267	-	-	-

Notes:

A: The amount resulted from provision of stock dividends.

B: The amount resulted from unrealized gain or loss on available-for-sale financial assets.

C: The amount resulted from exchange rate fluctuations and investment gain(loss) recognized under equity method.

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 CAPITAL STOCK
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction/Item Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale/ Processing Expense	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Nien Hsing Textile Co., Ltd.	Chao Hsing Textile Co., Ltd.	Subsidiary	Purchase	\$ 652,989	14	Note B	-	Note B	\$ (66,750)	(10)	Note C
	Nien Hsing International (Bermuda) Ltd.	Subsidiary	Purchase	451,202	10	Note B	-	Note B	(47,674)	(7)	Note C
	Richard Garment (Managua) S.A.	Subsidiary	Processing expense	356,663	4	Note A	Note A	Note A	-	-	Note C
	Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary	Processing expense	291,618	3	Note A	Note A	Note A	(13,437)	(2)	Note C
	Global Garments (Proprietary) Co., Ltd.	Subsidiary	Processing expense	235,511	3	Note A	Note A	Note A	(3,306)	-	Note C
	Nien Hsing Garment (Managua) S.A.	Subsidiary	Processing expense	228,262	3	Note A	Note A	Note A	-	-	Note C
	Nien Hsing Garment (Vietnam) Co., Ltd.	Subsidiary	Processing expense	225,777	3	Note A	Note A	Note A	-	-	Note C
	C&Y Garments (Proprietary) Co., Ltd.	Subsidiary	Processing expense	216,120	2	Note A	Note A	Note A	(2,538)	-	Note C
	Henry Garment, S.A.	Subsidiary	Processing expense	172,132	2	Note A	Note A	Note A	-	-	Note C
	Alpha Textile S.A.	Subsidiary	Processing expense	170,904	2	Note A	Note A	Note A	-	-	Note C
	John Garments S.A.	Subsidiary	Processing expense	162,986	2	Note A	Note A	Note A	-	-	Note C
	Nien Hsing Confeccion Ltd.	Subsidiary	Processing expense	138,031	2	Note A	Note A	Note A	-	-	Note C
	Chao Hsing International (Managua) S.A.	Subsidiary	Processing expense	112,404	1	Note A	Note A	Note A	-	-	Note C
	Chao Hsing Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Sales	(652,989)	(100)	Note B	-	Note B	66,750	48
Chu Hsing Garment Co., Ltd.	Chu Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Processing expense	439,772	24	Note A	Note A	Note A	(72,080)	(38)	Note C
	Chentex Garment Co., Ltd.	Subsidiary	Processing expense	181,493	10	Note A	Note A	Note A	-	-	Note C
	Rontex Apparel (Cambodia) Co., Ltd.	Subsidiary	Processing expense	104,793	6	Note A	Note A	Note A	-	-	Note C
Nien Hsing International (Bermuda) Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Sales	(451,202)	(14)	Note B	-	Note B	47,674	8	Note C
	Nien Hsing International Victoria Ltd.	Subsidiary	Processing expense	616,697	20	Note A	Note A	Note A	(14,591)	(34)	Note C
	Formosa Textile Co., Ltd.	Subsidiary	Processing expense	315,684	10	Note A	Note A	Note A	-	-	Note C
Nien Hsing Garment (Managua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(228,262)	(100)	Note A	Note A	Note A	-	-	Note C
Henry Garment, S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(172,132)	(99)	Note A	Note A	Note A	-	-	Note C
Richard Garment S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(356,663)	(100)	Note A	Note A	Note A	-	-	Note C
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(225,777)	(100)	Note A	Note A	Note A	-	-	Note C
Chao Hsing International (Managua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(112,404)	(100)	Note A	Note A	Note A	-	-	Note C
John Garments S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(162,986)	(100)	Note A	Note A	Note A	-	-	Note C
Alpha Textile S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(170,904)	(100)	Note A	Note A	Note A	-	-	Note C
Nien Hsing Confeccion Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(138,031)	(100)	Note A	Note A	Note A	-	-	Note C
C&Y Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(216,120)	(98)	Note A	Note A	Note A	2,538	29	Note C
Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(291,618)	(99)	Note A	Note A	Note A	13,437	79	Note C
Global Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(235,511)	(99)	Note A	Note A	Note A	3,306	8	Note C

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction/Item Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale/ Processing Expense	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Chu Hsing Garment (Camodia) Co., Ltd.	Chu Hsing Garment Co., Ltd.	Same as parent company	Processing income	\$ (439,772)	(100)	Note A	Note A	Note A	\$ 72,080	88	Note C
Chentex Garment Co., Ltd.	Chu Hsing Garment Co., Ltd.	Same as parent company	Processing income	(181,493)	(84)	Note A	Note A	Note A	-	-	Note C
Rontex Apparel (Cambodia) Co., Ltd.	Chu Hsing Garment Co., Ltd.	Same as parent company	Processing income	(104,793)	(97)	Note A	Note A	Note A	-	-	Note C
Nien Hsing International Victoria Ltd.	Nien Hsing International (Bermuda) Ltd.	Parent company	Processing income	(616,697)	(100)	Note A	Note A	Note A	14,591	29	Note C
Formosa Textile Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	Parent company	Processing income	(315,684)	(100)	Note A	Note A	Note A	-	-	Note C

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

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Accumulated Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2008	Dec. 31, 2007	Shares	Percentage of Ownership	Carrying Value (Note A)			
Nien Hsing Textile Co., Ltd.	Nien Hsing International (B.V.I.) Co.	Citco Building, Wickhams Cay Road Town Tortola	Investment holding company	\$ 4,782,458	\$ 4,782,458	297,470	100.00	\$ 6,272,851	\$ (137,887)	\$ (137,887)	Subsidiary
	Chao Hsing Textile Co., Ltd.	13F, No. 306 Niehu Rd., Sec. 1, Niehu Taipei, Taiwan 114, R.O.C.	Purchases material of fabrics and clothes	1,080,262	1,530,262	35,000,000	100.00	655,456	29,315	29,315	Subsidiary
	Nien Hsing International Investment Co., Ltd.	1F, 200, Jhongjheng First Road, Toufen, Township, Maoli County, Shin Hwa Li	Business investments	155,256	300,000	30,000,000	100.00	272,536	(15,639)	(15,639)	Subsidiary
	China International Investment Co., Ltd.	28F, No. 97 Dunhua S. Rd., Sec. 2, Da-an Taipei, Taiwan 106, R.O.C.	Business Investment	119,982	153,619	14,518,157	22.42	198,435	16,807	3,769	Equity-method investee
	Chu Hsing Garment Co., Ltd.	13F, No. 306 Niehu Rd., Sec. 1, Niehu Taipei, Taiwan 114, R.O.C.	Manufactures and sells jeans	341,360	341,360	26,000,000	100.00	213,428	(43,423)	(10,118)	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	214,113	-	100.00	544,209	(67,018)	(67,018)	Subsidiary
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Ninh Phuc Industrial Zone, Ninh Binh City, Thai Binh Province, Vietnam	Manufactures jeans	276,184	-	-	100.00	288,603	2,061	2,061	Subsidiary
	Chu Hsing Garment (Cambodia) Co., Ltd.	Phum Khotor Khum Prek Leap, Rnsey Keo District Phnom Penh Cambodia	Manufactures leisure clothing	288,801	-	14,000	100.00	317,349	8,555	5,787	Subsidiary
	Chentex Garment Co., Ltd.	Phum Kbal Dornrey Sangkat Kakab, Dongkor District Phnom Penh Kingdom of Cambodia	Manufactures leisure clothing	118,267	-	4,500	100.00	131,536	4,042	3,879	Subsidiary
	Nien Hsing Garment (Managua) S.A.	Zona Franca Industrial Las Mercedes Km. 12-½ Carretera Norte, Modulos 7, Y, 8 Managua, Nicaragua	Manufactures jeans	-	50,558	-	-	-	16,686	16,686	Subsidiary
	Henry Garment, S.A.	Zona Franca Industrial Las Mercedes, Km.12-½ Carretera Norte, Modulos 30 Y 31 Managua, Nicaragua	Manufactures jeans	-	66,560	-	-	-	18,895	18,895	Subsidiary
	Richard Garment (Managua) S.A.	Zona Franca Industrial Las Mercedes Km. 12-½ Carretera Norte, Modulos 32, 33, 34 Managua, Nicaragua	Manufactures jeans	-	64,790	-	-	-	38,370	38,370	Subsidiary
	Wu Hsing International Co., Ltd.	12F, No. 192 Ruiguang Rd., Niehu Taipei, Taiwan 114, R.O.C.	Purchases and sells raw material, supplies and jeans	4,500	4,500	450,000	30.00	-	-	-	Equity-method investee
	Chih Hsing Garment (Managua) S.A.	Zona Franca Industrial Las Mercedes Km. 12-½ Carretera Norte, Modulos 32, 33, 34 Managua, Nicaragua	Manufactures jeans	-	301,310	-	-	-	-	-	Subsidiary
Nien Hsing International (B.V.I.) Co.	Nien Hsing International (Bermuda) Ltd.	Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda	Manufactures and markets jeans	4,782,458	4,782,458	293,400	100.00	6,268,861	(135,000)	(137,778)	Subsidiary
Chao Hsing Textile Co., Ltd.	Chao Hsing International (Managua) S.A.	La Zona Franca Industrial De Exportacion "Saratoga", Km. 15 De La Carretera Nueva A Leon, Municipio De Mateare, Managua, Nicaragua.	Manufactures leisure clothing	-	320,200	-	-	-	(48,066)	(48,066)	Subsidiary
	John Garment S.A.	La Zona Franca Industrial De Exportacion "Saratoga", Km. 15 De La Carretera Nueva A Leon, Municipio De Mateare, Managua, Nicaragua.	Manufactures leisure clothing	-	225,137	-	-	-	(30,760)	(30,760)	Subsidiary
	Alpha Textile S.A.	Zona France Industrial De Exportacion De Mateare Km 15 1/2 Carretera Nueva A Leon, Municipio De Mateare, Managua, Nicaragua	Dyes leisure clothing	236,216	236,216	1,000	100.00	211,295	(17,655)	(17,655)	Subsidiary
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Carretera Soto La Marina, Km5y Libramiento Naciones Unidas 8y5, Parque Industrial Nuevo Santander Ciudad Victoria Tamalipas Mexico	Manufactures denims	636,161	922,500	68,750	99.99	627,503	(22,394)	(22,394)	Subsidiary
	Nien Hsing Confeccion Ltd.	Carretera Soto La Marina, Km5y Libramiento Naciones Unidas 8y6, Parque Industrial Nuevo Santander Ciudad Victoria Tamalipas Mexico	Manufactures jeans	30,021	30,021	4,628	99.99	(33,426)	(36,487)	(36,487)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Accumulated Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2008	Dec. 31, 2007	Shares	Percentage of Ownership	Carrying Value (Note A)			
	C&Y Garments (Proprietary) Co., Ltd.	Private Bag A438 Maseru 100 Lesotho	Manufactures jeans	\$ 163,327	\$ 163,327	99,800	99.80	\$ 136,020	\$ 1,905	\$ 1,905	Subsidiary
	Nien Hsing International (Lesotho) Co., Ltd.	Thetsane 7d, Building Private Bag A438, Maseru 100 Lesotho	Manufactures jeans	240,541	240,541	200,000	100.00	322,405	(36,641)	(36,641)	Subsidiary
	Global Garments Co., Ltd.	Private Bag A438 Maseru 100 Lesotho	Manufactures jeans	20,646	20,646	100,000	100.00	79,455	(5,732)	(5,732)	Subsidiary
	Formosa Textile Co., Ltd.	Private Bag A438 Maseru 100 Lesotho	Manufactures jeans and denims	635,624	635,624	100,000	100.00	670,003	304	304	Subsidiary
	Rontex Apparel (Cambodia) Co., Ltd.	Phum Prey Tea, Sangkat Chamchao, Khan Dangkor, Phnom Penh City	Manufactures jeans	-	32,566	-	-	-	(9,392)	(9,392)	Subsidiary
	Illies International (B.V.I.) Ltd.	Private Bag A438 Maseru 100 Lesotho	Freight transportation	-	15,973	-	-	-	686	223	Equity-method investee
	Grand Paper International (B.V.I.) Ltd.	Private Bag A438 Maseru 100 Lesotho	Manufactures and sells cartons	37,713	37,713	1,110,000	37.00	46,686	9,147	3,384	Equity-method investee
	C&D Capital Corp.	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	Business Investment	181,932	147,690	5,606,201	22.42	173,329	39,586	(8,847)	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
Chu Hsing Garment Co., Ltd.	Chu Hsing Garment (Cambodia) Co., Ltd.	Phum Khotor Khum Prek Leap Rusey Keo District Phnom Penh Cambodia	Manufactures leisure clothing	-	318,800	-	-	-	8,555	2,768	Subsidiary
	Chentex Garment Co., Ltd.	Phum Kbal Domrey Sangkat Kakab Dongkor District Phnom Penh Kingdom of Cambodia	Manufactures leisure clothing	-	125,215	-	-	-	4,042	163	Subsidiary
	Chu Hsing Garment (Vietnam) Co., Ltd.	Highway 22 Tan Tien Hamlet Tan Thong Hoi Village Cu Chi District Hochiminh City Vietnam	Manufactures leisure clothing	-	39,427	-	-	-	-	-	Subsidiary

Notes:

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

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2008	% Ownership of Direct and Indirect Investment	Investment Gain (Loss)	Carrying Value as of Dec. 31, 2008	Accumulated Inward Remittance of Earnings as of Dec. 31, 2008
					Outflow	Inflow					
C.N.YES (Shanghai) Ltd.	Information processing and electronic information supply	\$ 33,040	Indirect: Trough an investment company registered in a third region	\$ 2,540	\$ -	\$ -	\$ 2,540	10.08%	\$ -	\$ -	\$ -
Tainjin Mitsubishi Belting Co., Ltd.	Develop, manufacture, and sell rubber belts for mechanical	-	Indirect: Trough an investment company registered in a third region	648	-	-	648	-	-	-	-
Fuzhou Tong Yang Plastics Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	565,075	Indirect: Trough an investment company registered in a third region	5,757	-	-	5,757	0.84%	-	-	-
Nanjing Tong Yang Plastics Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	-	Indirect: Trough an investment company registered in a third region	2,245	-	-	2,245	-	-	-	-
Chongqing Dajiang Yuchang Plastics Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	419,770	Indirect: Trough an investment company registered in a third region	3,293	-	-	3,293	0.46%	-	-	-
NBC (PAN YU NASA) Co., Ltd.	Manufacture and sell industrial chemicals	168,367	Indirect: Trough an investment company registered in a third region	111	-	-	111	0.34%	-	-	-
CHANG CHUN DUN YANG NBC Co., Ltd.	Manufacture and sell industrial chemicals	48,435	Indirect: Trough an investment company registered in a third region	276	-	-	276	0.34%	-	-	-
TJ Tung Yang Chemical Co., Ltd.	Manufacture and sell industrial chemicals	39,336	Indirect: Trough an investment company registered in a third region	221	-	-	221	0.34%	-	-	-
Chang Chun Fawer Tong Yang Plastic Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	871,830	Indirect: Trough an investment company registered in a third region	6,342	-	-	6,342	0.43%	-	-	-
Harbin Hafei Tong Yang Plastics Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	322,900	Indirect: Trough an investment company registered in a third region	2,303	-	-	2,303	0.21%	-	-	-
Wuhan Tung Yang Chemical Co., Ltd.	Manufacture and sell industrial chemicals	48,435	Indirect: Trough an investment company registered in a third region	276	-	-	276	0.34%	-	-	-
Wuhu Youth Tong Yang Auto Plastic Parts Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	387,481	Indirect: Trough an investment company registered in a third region	2,763	-	-	2,763	0.42%	-	-	-
NBC (NAN JING) Co., Ltd.	Manufacture and sell industrial chemicals	96,870	Indirect: Trough an investment company registered in a third region	276	-	-	276	0.34%	-	-	-
Chongqing Daijian Tong Yang Plastics Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	419,770	Indirect: Trough an investment company registered in a third region	921	-	-	921	0.21%	-	-	-
Nanjing KaiYang Auto Plastic Parts Co., Ltd.	Manufacture and sale of plastic vehicle parts	645,800	Indirect: Trough an investment company registered in a third region	3,869	-	-	3,869	0.59%	-	-	-
Nagase Plastics Design and Die (Tianjin) Co., Ltd.	Manufacture and sell parts for automobiles and motorcycle	11,624	Indirect: Trough an investment company registered in a third region	28	-	-	28	0.14%	-	-	-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$31,869	\$29,329	None

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

2008

Number	Transacting Company	Counter-Party	Flow of Transactions (Note A)	Status			Ratio to Consolidated Operating Revenue or Asset
				Account	Amount (Note E)	Condition	
0	Nien Hsing Textile Co., Ltd.	Chu Hsing Garment Co., Ltd.	1	Sales revenue	\$ 99,401	Note B	0.73
		Chu Hsing Garment Co., Ltd.	1	Service revenue	1,236	Note B	0.01
		Chu Hsing Garment Co., Ltd.	1	Rent revenue	3,072	Note D	0.02
		Chu Hsing Garment Co., Ltd.	1	Receivable from related parties	12,147	Note B	0.08
		Nien Hsing International Investment Co., Ltd.	1	Rent revenue	25	Note D	-
		Nien Hsing International Investment Co., Ltd.	1	Receivable from related parties	13	Note B	-
		Nien Hsing Confeccion Ltd.	1	Receivable from related parties	28,469	Note B	0.20
		Richard Garment (Managua) S.A.	1	Receivable from related parties	23,733	Note B	0.16
		Nien Hsing Garment (Vietnam) Co., Ltd.	1	Receivable from related parties	57,174	Note B	0.39
		Nien Hsing Garment (Ninh Binh) Co., Ltd.	1	Receivable from related parties	37,387	Note B	0.26
		Alpha Textile S.A.	1	Receivable from related parties	60,144	Note B	0.41
1	Chao Hsing Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Sales revenue	652,989	Note B	4.79
		Nien Hsing Textile Co., Ltd.	2	Rent revenue	52,652	Note D	0.39
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	66,750	Note B	0.46
		C&Y Garments (Proprietary) Co., Ltd.	3	Commission revenue	35,758	Note D	0.26
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	43,332	Note B	0.30
		Nien Hsing International (Lesotho) Co., Ltd.	3	Commission revenue	59,069	Note D	0.43
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	13,778	Note B	0.09
		Global Garment Co., Ltd.	3	Commission revenue	55,547	Note D	0.41
		Global Garment Co., Ltd.	3	Receivable from related parties	16,429	Note B	0.11
2	Nien Hsing Garment (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	228,262	Note C	1.68
		Chao Hsing Garment (Managua) S.A.	3	Processing income	1,045	Note C	0.01
3	Henry Garment S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	172,132	Note C	1.26
		Richard Garment (Managua) S.A.	3	Processing income	1,271	Note C	0.01
		Chao Hsing Garment (Managua) S.A.	3	Processing income	1,183	Note C	0.01
4	Richard Garment (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	356,663	Note C	2.62
		Chao Hsing International (Managua) S.A.	3	Processing income	968	Note C	0.01
5	Nien Hsing International (B.V.I.) Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Receivable from related parties	3,982	Note B	0.03
6	Chu Hsing Garment Co., Ltd.	Chentex Garment Co., Ltd.	3	Receivable from related parties	4,349	Note B	0.03

(Continued)

Number	Transacting Company	Counter-Party	Flow of Transactions (Note A)	Status			
				Account	Amount (Note E)	Condition	Ratio to Consolidated Operating Revenue or Asset
7	Chu Hsing Garment (Cambodia) Co., Ltd.	Chu Hsing Garment Co., Ltd.	3	Processing income	\$ 439,772	Note C	3.23
		Chu Hsing Garment Co., Ltd.	3	Receivable from related parties	72,080	Note B	0.49
		Chentex Garment Co., Ltd.	3	Processing income	771	Note C	0.01
		Chentex Garment Co., Ltd.	3	Receivable from related parties	9,228	Note B	0.06
		Nien Hsing Garment (Vietnam) Co., Ltd.	3	Receivable from related parties	219	Note B	-
		Rontex Apparel (CAM) Co., Ltd.	3	Processing income	1,078	Note C	0.01
8	Chentex Garment Co., Ltd.	Chu Hsing Garment Co., Ltd.	3	Processing income	181,493	Note C	1.33
		Chu Hsing Garment (Cambodia) Co., Ltd.	3	Processing income	5,690	Note C	0.04
		Nien Hsing Garment (Vietnam) Co., Ltd.	3	Receivable from related parties	63	Note B	-
		Rontex Apparel (CAM) Co., Ltd.	3	Processing income	29,753	Note C	0.22
9	Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Garment (Ninh Binh) Co., Ltd.	3	Receivable from related parties	1,747	Note B	0.01
		Nien Hsing Textile Co., Ltd.	2	Processing income	225,777	Note C	1.66
10	Chao Hsing International (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	112,404	Note C	0.83
11	John Garment S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	162,986	Note C	1.20
12	Alpha Textile S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	170,904	Note C	1.25
13	Nien Hsing International (Bermuda) Ltd.	Nien Hsing Textile Co., Ltd.	2	Sales revenue	451,202	Note B	3.31
		Nien Hsing Textile Co., Ltd.	2	Rent revenue	38,924	Note D	0.29
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	47,674	Note B	0.33
		Nien Hsing Textile Co., Ltd.	2	Processing income	3,295	Note B	0.02
		Chu Hsing Garment Co., Ltd.	3	Receivable from related parties	2,302	Note B	0.02
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	22,295	Note B	0.15
		Chao Hsing Textile Co., Ltd.	3	Receivable from related parties	4	Note B	-
		Global Garment Co., Ltd.	3	Receivable from related parties	65,560	Note B	0.45
		Formosa Textile Co., Ltd.	3	Receivable from related parties	98,336	Note B	0.68
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	10,508	Note B	0.07
14	Nien Hsing International Victoria Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Processing income	616,697	Note C	4.53
		Nien Hsing International (Bermuda) Ltd.	3	Receivable from related parties	14,591	Note B	0.10
		Nien Hsing Confeccion Ltd.	3	Receivable from related parties	15,586	Note B	0.11
15	Nien Hsing Confeccion Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	138,031	Note C	1.01
16	C&Y Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	216,120	Note C	1.59
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	2,538	Note B	0.02
		Global Garment (Proprietary) Co., Ltd.	3	Processing income	2,821	Note C	0.02
		Global Garment (Proprietary) Co., Ltd.	3	Receivable from related parties	24,316	Note B	0.17
		Nien Hsing International (Lesotho) Co., Ltd.	3	Processing income	581	Note C	-

(Continued)

Number	Transacting Company	Counter-Party	Flow of Transactions (Note A)	Status			
				Account	Amount (Note E)	Condition	Ratio to Consolidated Operating Revenue or Asset
17	Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	\$ 291,618	Note C	2.14
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	13,437	Note B	0.09
		Global Garment Co., Ltd.	3	Processing income	1,522	Note C	0.01
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	488	Note B	-
		C&Y Garments (Proprietary) Co., Ltd.	3	Processing income	157	Note C	-
18	Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	235,511	Note C	1.73
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	3,306	Note B	0.02
		C&Y Garments (Proprietary) Co., Ltd.	3	Processing income	214	Note C	-
		Nien Hsing International (Lesotho) Co., Ltd.	3	Processing income	2,252	Note C	0.02
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	223	Note B	-
19	Formosa Textile Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Processing income	315,684	Note C	2.32
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	440	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	183	Note B	-
		Global Garment Co., Ltd.	3	Receivable from related parties	5,924	Note B	0.04
20	Rontex Apparel (CAM) Co., Ltd.	Chu Hsing Garment Co., Ltd.	3	Processing income	104,793	Note C	0.77
		Chentex Garment Co., Ltd.	3	Processing income	3,096	Note C	0.02

(Continued)

Number	Transacting Company	Counter-Party	Flow of Transactions (Note A)	Status			
				Account	Amount (Note E)	Condition	Ratio to Consolidated Operating Revenue or Asset
0	Nien Hsing Textile Co., Ltd.	Chu Hsing Garment Co., Ltd.	1	Sales revenue	\$ 108,214	Note B	0.73
		Nien Hsing International (Bermuda) Ltd.	1	Sales revenue	14	Note B	-
		Chu Hsing Garment Co., Ltd.	1	Service revenue	1,794	Note B	0.01
		Chu Hsing Garment Co., Ltd.	1	Rent revenue	3,101	Note D	0.02
		Nien Hsing International Investment Co., Ltd.	1	Rent revenue	25	Note D	-
		Nien Hsing Garment (Vietnam) Co., Ltd.	1	Receivable from related parties	67,839	Note B	0.40
		Alpha Textile S.A.	1	Receivable from related parties	17,726	Note B	0.11
		Chu Hsing Garment Co., Ltd.	1	Receivable from related parties	17,145	Note B	0.10
1	Chao Hsing Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Sales revenue	705,666	Note B	4.73
		Nien Hsing Textile Co., Ltd.	2	Rent revenue	56,874	Note D	0.38
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	164,705	Note B	0.98
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	2,240	Note B	0.01
		C&Y Garments (Proprietary) Co., Ltd.	3	Commission revenue	28,479	Note D	0.19
		Global Garment Co., Ltd.	3	Receivable from related parties	3,508	Note B	0.02
		Global Garment Co., Ltd.	3	Commission revenue	54,813	Note D	0.37
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	8,520	Note B	0.05
Nien Hsing International (Lesotho) Co., Ltd.	3	Commission revenue	73,847	Note D	0.49		
2	Nien Hsing Garment (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	341,470	Note C	2.29
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	55,061	Note B	0.33
		Nien Hsing Garment (Vietnam) Co., Ltd.	3	Receivable from related parties	390	Note B	-
		Chih Hsing Garment (Managua) S.A.	3	Processing income	10,956	Note C	0.07
3	Henry Garment S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	354,449	Note C	2.38
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	36,548	Note B	0.22
		Nien Hsing Garment (Managua) S.A.	3	Receivable from related parties	359	Note B	-
		Chao Hsing Garment (Managua) S.A.	3	Receivable from related parties	9	Note B	-
		John Garment S.A.	3	Receivable from related parties	13	Note B	-
4	Chih Hsing Garment (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	302,841	Note C	2.03
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	312,305	Note B	1.85
		Richard Garment (Managua) S.A.	3	Receivable from related parties	70,565	Note B	0.42
		Nien Hsing Garment (Managua) S.A.	3	Processing income	6,198	Note C	0.04
5	Richard Garment (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	59,823	Note C	0.40
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	65,380	Note B	0.39
		Nien Hsing Garment (Managua) S.A.	3	Receivable from related parties	207	Note B	-
		Henry Garment S.A.	3	Receivable from related parties	145	Note B	-
		Nien Hsing Garment (Vietnam) Co., Ltd.	3	Receivable from related parties	780	Note B	-
		Chao Hsing International (Managua) S.A.	3	Receivable from related parties	9	Note B	-
		John Garment S.A.	3	Receivable from related parties	29	Note B	-
6	Chao Hsing International (Managua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	355,922	Note C	2.38
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	154,293	Note B	0.92
		John Garment S.A.	3	Receivable from related parties	2,394	Note B	0.01

(Continued)

Number	Transacting Company	Counter-Party	Flow of Transactions (Note A)	Status			
				Account	Amount (Note E)	Condition	Ratio to Consolidated Operating Revenue or Asset
7	John Garment S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	\$ 359,343	Note C	2.41
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	114,191	Note B	0.68
		Chao Hsing International (Managua) S.A.	3	Processing income	4,912	Note C	0.03
		Alpha Textile S.A.	3	Receivable from related parties	4	Note B	-
8	Alpha Textile S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	226,000	Note C	1.51
9	Nien Hsing International (Bermuda) Ltd.	Nien Hsing Textile Co., Ltd.	2	Sales revenue	409,586	Note B	2.74
		Nien Hsing Textile Co., Ltd.	2	Rent revenue	61,056	Note D	0.41
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	143,430	Note B	0.85
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	206	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	21	Note B	-
		Global Garment Co., Ltd.	3	Receivable from related parties	20	Note B	-
		Formosa Textile Co., Ltd.	3	Receivable from related parties	105,730	Note B	0.63
		Chu Hsing Garment Co., Ltd.	3	Receivable from related parties	2,281	Note B	0.01
10	Nien Hsing International Victoria Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Processing income	504,411	Note C	3.38
		Nien Hsing International (Bermuda) Ltd.	3	Receivable from related parties	408,347	Note B	2.42
		Nien Hsing Confeccion Ltd.	3	Other income	19,203	Note B	0.13
		Nien Hsing Confeccion Ltd.	3	Receivable from related parties	31,149	Note B	0.18
11	Nien Hsing Confeccion Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	165,624	Note C	1.11
		Nien Hsing Textile Co., Ltd.	3	Receivable from related parties	20,783	Note B	0.12
12	C&Y Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	293,415	Note C	1.97
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	34,545	Note B	0.21
		Global Garment (Proprietary) Co., Ltd.	3	Processing income	2,404	Note B	0.02
		Global Garment (Proprietary) Co., Ltd.	3	Receivable from related parties	1,874	Note B	0.01
		Nien Hsing International (Lesotho) Co., Ltd.	3	Processing income	301	Note B	-
13	Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	369,876	Note C	2.48
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	100,171	Note B	0.59
		C&Y Garments (Proprietary) Co., Ltd.	3	Processing income	133	Note C	-
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	1,919	Note B	0.01
		Global Garment Co., Ltd.	3	Rent revenue	8,089	Note D	0.05
		Global Garment Co., Ltd.	3	Receivable from related parties	48,613	Note B	0.29
14	Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	313,510	Note C	2.10
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	40,373	Note B	0.24
		C&Y Garments (Proprietary) Co., Ltd.	3	Processing income	5,251	Note C	0.04
		Nien Hsing International (Lesotho) Co., Ltd.	3	Processing income	276	Note C	-
15	Formosa Textile Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Processing income	345,094	Note C	2.31
		C&Y Garments (Proprietary) Co., Ltd.	3	Receivable from related parties	57	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	278	Note B	-
		Global Garment Co., Ltd.	3	Receivable from related parties	3,742	Note B	0.02

(Continued)

Number	Transacting Company	Counter-Party	Flow of Transactions (Note A)	Status			
				Account	Amount (Note E)	Condition	Ratio to Consolidated Operating Revenue or Asset
16	Rontex Apparel (CAM) Co., Ltd.	Nien Hsing Textile Co., Ltd. Nien Hsing Textile Co., Ltd.	2	Processing income	\$ 121,419	Note C	0.81
			2	Receivable from related parties	18,578	Note B	0.11
17	Chu Hsing Garment Co., Ltd.	Nien Hsing Textile Co., Ltd. Chu Hsing Garment (Vietnam) Co., Ltd. Chentex Garment Co., Ltd.	2	Sales revenue	3,335	Note B	0.02
			3	Receivable from related parties	20,396	Note B	0.12
			3	Receivable from related parties	26,844	Note B	0.16
18	Chu Hsing Garment (Cambodia) Co., Ltd.	Chu Hsing Garment Co., Ltd. Chu Hsing Garment Co., Ltd. Chentex Garment Co., Ltd. Rontex Apparel (CAM) Co., Ltd. Rontex Apparel (CAM) Co., Ltd. Nien Hsing Garment (Vietnam) Co., Ltd.	3	Processing income	309,399	Note C	2.07
			3	Receivable from related parties	33,340	Note B	0.20
			3	Processing income	4,727	Note C	0.03
			3	Processing income	1,254	Note C	0.01
			3	Receivable from related parties	8,728	Note B	0.05
			3	Receivable from related parties	13	Note B	-
19	Chentex Garment Co., Ltd.	Chu Hsing Garment Co., Ltd. Chu Hsing Garment (Cambodia) Co., Ltd. Chu Hsing Garment (Cambodia) Co., Ltd. Rontex Apparel (CAM) Co., Ltd. Rontex Apparel (CAM) Co., Ltd.	3	Processing income	203,218	Note C	1.36
			3	Processing income	8,098	Note C	0.05
			3	Receivable from related parties	1,622	Note B	0.01
			3	Processing income	10,378	Note C	0.07
			3	Receivable from related parties	10,407	Note B	0.06
20	Chu Hsing Garment (Vietnam) Co., Ltd.	Chu Hsing Garment Co., Ltd.	3	Processing income	1,572	Note C	0.01
21	Nien Hsing International (B.V.I.) Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Receivable from related parties	4,058	Note B	0.02

Note A: Flow of transaction:

1. From parent company to subsidiary
2. From subsidiary to parent company
3. Between subsidiaries

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

Note C: Processing income 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)