Nien Hsing Textile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2013 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

NIEN HSING TEXTILE CO., LTD.

By

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CHAO-GUO, CHEN
Chairman

March 21, 2014

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. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Nien Hsing Textile Co., Ltd. as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 21, 2014

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

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 1,140,488	8	$ 1,537,138	12	$ 809,727	6
Available-for-sale financial assets - current (Notes 4 and 7)	51,615	-	50,632	1	650,157	5
Notes receivable (Notes 4, 5 and 10)	7,239	-	7,493	-	16,895	-
Trade receivables, net (Notes 4, 5 and 10)	2,225,990	15	1,887,724	14	2,065,482	14
Other receivables (Note 10)	75,877	-	47,820	-	60,020	-
Inventories (Notes 4, 5 and 11)	3,581,207	25	3,057,700	23	3,824,357	26
Prepayments (Note 16)	222,078	2	158,937	1	149,166	1
Other current assets (Note 16)	86,202	1	99,235	1	56,112	-
Total current assets	7,390,696	51	6,846,679	52	7,631,916	52
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4 and 7)	730,075	5	-	-	-	-
Financial assets carried at cost - non-current (Notes 4 and 8)	1,321,329	9	1,009,510	8	1,037,269	7
Bond investments with no active market - non-current (Notes 4 and 9)	384,600	3	410,614	3	540,639	4
Investments accounted for using equity method (Notes 4 and 12)	326,497	2	325,892	3	359,266	3
Property, plant and equipment (Notes 4, 5, 13 and 32)	3,692,053	26	3,984,783	30	4,406,240	30
Investment properties (Notes 4 and 14)	99,405	1	99,553	1	128,508	1
Technical know-how (Notes 4 and 15)	35,450	-	43,053	-	44,846	-
Deferred tax assets (Notes 4, 5 and 24)	287,291	2	289,597	2	270,475	2
Prepayments for equipment (Note 16)	55,948	1	65,284	1	86,811	1
Long-term prepayments for lease (Note 16)	43,061	-	32,628	-	33,166	-
Refundable deposits (Note 16)	23,202	-	19,629	-	20,005	-
Total non-current assets	6,998,911	49	6,280,543	48	6,927,225	48
TOTAL	$ 14,389,607	100	$ 13,127,222	100	$ 14,559,141	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	$ 1,493,642	10	$ 439,850	3	$ 702,091	5
Notes payable (Note 18)	152,214	1	120,172	1	87,710	-
Trade payables (Note 18)	594,934	4	515,129	4	379,267	3
Payable to related parties (Note 31)	39,630	-	27,642	-	11,695	-
Other payables (Note 19)	615,643	4	556,893	4	682,619	5
Current tax liabilities (Notes 4 and 24)	122,297	1	83,198	1	163,160	1
Provisions of onerous contracts (Notes 4 and 20)	6,848	-	-	-	92,352	1
Current portion of long-term bank loans (Notes 17 and 32)	210,000	2	330,000	3	107,987	1
Other current liabilities (Note 19)	55,734	1	65,549	-	55,147	-
Total current liabilities	3,290,942	23	2,138,433	16	2,282,028	16
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 17 and 32)	-	-	300,000	3	630,000	4
Deferred tax liabilities (Notes 4 and 24)	295,846	2	275,031	2	273,072	2
Accrued pension liabilities (Notes 4, 5 and 21)	363,394	2	390,052	3	342,180	2
Guarantee deposits received (Note 19)	1,954	-	1,999	-	2,036	-
Total non-current liabilities	661,194	4	967,082	8	1,247,288	8
Total liabilities	3,952,136	27	3,105,515	24	3,529,316	24
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock	4,000,000	28	4,331,250	33	4,812,500	33
Capital surplus	393,116	3	391,922	3	391,795	3
Retain earnings						
Legal reserve	1,991,658	14	1,915,701	15	1,840,105	13
Special reserve	661,811	4	-	-	-	-
Unappropriated earnings	2,970,439	21	3,461,969	26	3,258,217	22
Total retain earnings	5,623,908	39	5,377,670	41	5,098,322	35
Other equity	321,324	2	(175,258)	(2)	625,395	4
Total equity attributable to owners of the Company	10,338,348	72	9,925,584	75	10,928,012	75
NON-CONTROLLING INTERESTS	99,123	1	96,123	1	101,813	1
Total equity	10,437,471	73	10,021,707	76	11,029,825	76
TOTAL	$ 14,389,607	100	$ 13,127,222	100	$ 14,559,141	100

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 31)				
Sales	$ 13,865,218	100	$ 13,167,093	100
Less: Sales returns and allowances	33,853	-	23,643	-
Net sales	13,831,365	100	13,143,450	100
Processing income	46,142	-	25,710	-
Total operating revenues	13,877,507	100	13,169,160	100
OPERATING COSTS (Notes 11, 20 and 23)				
Cost of goods sold	12,272,275	89	12,222,998	93
Processing cost	48,802	-	28,954	-
Total operating costs	12,321,077	89	12,251,952	93
GROSS PROFIT	1,556,430	11	917,208	7
OPERATING EXPENSES (Note 23)				
Selling	545,215	4	504,371	4
Administrative	206,951	2	240,155	2
Research and development	61,223	-	71,881	-
Total operating expenses	813,389	6	816,407	6
OPERATING INCOME	743,041	5	100,801	1
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Other income	178,392	1	306,677	2
Other gains and losses	16,089	-	511,400	4
Finance costs	(16,561)	-	(13,572)	-
Share of profit of associates	11,772	-	14,722	-
Total non-operating income and expenses	189,692	1	819,227	6
PROFIT BEFORE INCOME TAX	932,733	6	920,028	7
INCOME TAX EXPENSE (Notes 4 and 24)	(144,220)	(1)	(119,573)	(1)
NET PROFIT FOR THE YEAR	788,513	5	800,455	6

(Continued)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 21, 22 and 24)				
Exchange differences on translating foreign operations	(50,601)	-	(260,724)	(2)
Unrealized gain (loss) on available-for-sale financial assets	539,036	4	(576,272)	(4)
Actuarial gain and loss arising from defined benefit plans	18,158	-	(49,981)	-
Share of other comprehensive income of associates	1,675	-	(13,767)	-
Other comprehensive income	-	-	127	-
Income tax relating to components of other comprehensive income	6,339	-	54,547	-
Other comprehensive income for the year, net of income tax	514,607	4	(846,070)	(6)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,303,120	9	$ (45,615)	-
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 797,029	6	$ 803,792	6
Non-controlling interests	(8,516)	-	(3,337)	-
	$ 788,513	6	$ 800,455	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 1,308,683	9	$ (38,218)	-
Non-controlling interests	(5,563)	-	(7,397)	-
	$ 1,303,120	9	$ (45,615)	-
EARNINGS PER SHARE (Note 25)				
Basic	$ 1.89		$ 1.74	
Diluted	$ 1.89		$ 1.73	

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Capital Stock Issued and Outstanding (Note 22)			Retained Earnings (Notes 22, 24 and 27)			Other Equity				
	Thousand Share	Amount	Capital Surplus (Notes 22 and 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 22)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 22, 26 and 27)	Total	Non-controlling Interests (Notes 22, 26 and 27)	Total Equity
BALANCE AT JANUARY 1, 2012	481,250	$ 4,812,500	$ 391,795	$ 1,840,105	$ -	$ 3,258,217	$ -	$ 625,395	$ 10,928,012	$ 101,813	$ 11,029,825
Appropriation of 2011 earnings											
Legal reserve	-	-	-	75,596	-	(75,596)	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.00 per share	-	-	-	-	-	(481,250)	-	-	(481,250)	-	(481,250)
	-	-	-	75,596	-	(556,846)	-	-	(481,250)	-	(481,250)
Capital reduction	(48,125)	(481,250)	-	-	-	-	-	-	(481,250)	-	(481,250)
Additional acquisition or partial disposal of interests in subsidiaries	-	-	-	-	-	(1,710)	-	-	(1,710)	1,710	-
Reduction of non-controlling interests	-	-	-	-	-	-	-	-	-	(3)	(3)
Net profit (loss) for the year ended December 31, 2012	-	-	-	-	-	803,792	-	-	803,792	(3,337)	800,455
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	127	-	-	(41,484)	(224,833)	(575,820)	(842,010)	(4,060)	(846,070)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	127	-	-	762,308	(224,833)	(575,820)	(38,218)	(7,397)	(45,615)
BALANCE AT DECEMBER 31, 2012	433,125	4,331,250	391,922	1,915,701	-	3,461,969	(224,833)	49,575	9,925,584	96,123	10,021,707
Appropriation of 2012 earnings											
Legal reserve	-	-	-	75,957	-	(75,957)	-	-	-	-	-
Special reserve	-	-	-	-	661,811	(661,811)	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.30 per share	-	-	-	-	-	(563,063)	-	-	(563,063)	-	(563,063)
	-	-	-	75,957	661,811	(1,300,831)	-	-	(563,063)	-	(563,063)
Capital reduction	(33,125)	(331,250)	-	-	-	-	-	-	(331,250)	-	(331,250)
Additional acquisition or partial disposal of interests in subsidiaries	-	-	1,194	-	-	(2,800)	-	-	(1,606)	1,606	-
Reduction of non-controlling interests	-	-	-	-	-	-	-	-	-	6,957	6,957
Net profit (loss) for the year ended December 31, 2013	-	-	-	-	-	797,029	-	-	797,029	(8,516)	788,513
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	15,072	(46,021)	542,603	511,654	2,953	514,607
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	812,101	(46,021)	542,603	1,308,683	(5,563)	1,303,120
BALANCE AT DECEMBER 31, 2013	400,000	$ 4,000,000	$ 393,116	$ 1,991,658	$ 661,811	$ 2,970,439	$ (270,854)	$ 592,178	$ 10,338,348	$ 99,123	$ 10,437,471

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 932,733	$ 920,028
Adjustments for:		
Depreciation expenses	719,604	739,992
Amortization expenses	11,171	788
Impairment loss recognized (reversal of impairment loss) on trade receivables	7,304	(6,367)
Finance costs	16,561	13,572
Interest income	(32,450)	(36,927)
Dividend income	(4,194)	(5,200)
Share of profit of associates	(11,772)	(14,722)
(Gain) loss on disposal of property, plant and equipment	(361)	372
Gain on disposal of investment properties	-	(24,585)
Net gains on disposal of investments	(67,844)	(736,376)
Impairment loss recognized on financial assets	36,687	5,779
Reversal of write-down of inventories	(80,591)	(100,408)
Others	-	114,882
Net changes in operating assets and liabilities		
Decrease in notes receivable	254	8,599
(Increase) decrease in trade receivables	(345,570)	187,815
(Increase) decrease in other receivables	(5,304)	2,342
(Increase) decrease in inventories	(478,316)	759,475
Increase in prepayments	(63,141)	(9,771)
(Increase) decrease in other current assets	48,433	(43,396)
Increase in notes payable	32,042	32,488
Increase in trade payables	79,805	135,926
Increase in trade payables to related parties	11,988	15,947
Increase (decrease) in other payables	61,366	(123,022)
Increase (decrease) in provisions of onerous contracts	6,848	(92,352)
Increase (decrease) in other current liabilities	(9,815)	11,657
Decrease in accrued pension liabilities	(8,500)	(2,109)
Cash generated from operations	856,938	1,754,427
Income tax paid	(75,661)	(162,465)
Net cash generated from operating activities	781,277	1,591,962
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	60,106	739,070
Proceeds on sale of bond investments with no active market	-	77,814
Redemption of bond investments with no active market	29,465	29,649
Purchase of financial assets measured at cost	(657,650)	(23,707)
Proceeds on sale of financial assets measured at cost	121,622	32,827
Return of capital on financial assets carried at cost	2,872	2,006
Net cash outflow on disposal of subsidiaries	-	(1,109)
Return of capital on investments accounted for by the equity method	-	16,688
Acquisition of property, plant and equipment	(188,088)	(360,887)

(Continued)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
Proceeds from disposal of property, plant and equipment	7,035	4,195
Decrease (increase) in refundable deposits	(3,573)	376
Proceeds from disposal of investment properties	-	50,262
Increase in prepayments for equipment	(289,189)	(103,473)
Increase in long-term prepayments for lease	(13,879)	(1,688)
Interest received	45,130	54,350
Dividend received	17,036	22,841
Net cash generated from (used in) investing activities	(869,113)	539,214
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,053,792	(262,241)
Repayments of long-term borrowings	(420,000)	(107,987)
Refund of guarantee deposits received	(45)	(37)
Cash dividends paid	(563,063)	(481,250)
Capital reduction	(331,250)	(481,250)
Additional acquisition of interests in subsidiaries	(19,107)	-
Interests paid	(16,363)	(13,716)
Increase in non-controlling interests	26,064	-
Net cash used in financing activities	(269,972)	(1,346,481)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(38,842)	(57,284)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(396,650)	727,411
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE YEAR	1,537,138	809,727
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR	$ 1,140,488	$ 1,537,138

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 21, 2014.

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

a. New, amended and revised standards and interpretations (the "New IFRSs") in issue but not yet effective

The Company and entities controlled by the Company (the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	Note 3
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	Note 3
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

Except for the following, the initial application of the above New IFRSs has not had any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

The mandatory effective date of IFRS 9, which was previously set at January 1, 2015, was removed and will be reconsidered once the standard is complete with a new impairment model and after finalization of any limited amendments to classification and measurement.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

5) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

6) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

7) New issued IFRIC 21 "Levies"

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

8) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-Based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for 'performance condition' and 'service condition'. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

9) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

c. The impact of the application of New IFRSs in issue but not yet effective on the Group’s consolidated financial statements is as follows:

As of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of the above New IFRSs will have on the Group's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC.

The Group's consolidated financial statements for the years ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 38 for the impact of IFRS conversion on the Group's consolidated financial statements.

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 38.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

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

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

The accounting policies of subsidiaries are in line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2) Subsidiary included in consolidated financial statements

The consolidated entities as of December 31, 2013, December 31, 2012 and January 1, 2012 are listed below. There was no subsidiary excluded from consolidated financial statements.

			% of Ownership			
Investor	**Investee**	**Main Business**	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**	**Remark**
The Company	Smar Tech Jeans Process Co., Ltd.	Garment washing industry for the company	-	-	55%	Disposed of in September 2012
The Company	Chao Hsing Textile Co., Ltd.	Buys materials for fabrics and clothes production	-	-	100%	Completed the liquidation procedure in March 2012
The Company	Nien Hsing International (B.V.I.) Co., Ltd.	Holding company	100%	100%	100%	
The Company	Nien Hsing International Investment Co., Ltd.	Investment company	100%	100%	100%	
The Company	Chu Hsing Garment Co., Ltd.	Manufacturing and sell fabrics and clothes	-	100%	100%	Completed the liquidation procedure in May 2013
The Company	Chu Hsing Garment (Cambodia) Co., Ltd.	Sews jeans for the company	100%	100%	100%	
The Company	Chih Hsing Garment (Cambodia) Co., Ltd.	Sews jeans for the company	100%	100%	100%	
The Company	Nien Hsing Garment (Vietnam) Co., Ltd.	Sews jeans for the company	100%	100%	100%	
The Company	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Sews jeans for the company	100%	100%	100%	

The Company	Alpha Textile (Nicaragua) S.A.	Dyes work clothes for the company	100%	100%	100%	
Nien Hsing International (B.V.I.) Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	Holding company	100%	100%	100%	
Nien Hsing International (B.V.I.) Co., Ltd.	Nien Hsing International (Samoa) Ltd.	Holding company	100%	100%	100%	
Nien Hsing International (B.V.I.) Co., Ltd.	Phoenix Development & Marketing Co., Ltd.	Sells jeans, holding company	100%	100%	100%	
Nien Hsing International (B.V.I.) Co., Ltd.	C Square Investment Co., Ltd.	Holding company	70.24%	75.26%	67%	
Nien Hsing International (B.V.I.) Co., Ltd.	Foster Capital Management Inc.	Leasing	100%	77.5%	77.5%	
Nien Hsing International (B.V.I.) Co., Ltd.	Nien Hsing Development (Samoa) Co., Ltd.	Holding company	100%	100%	-	Established in September 2012
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Manufacturing of denims for Phoenix Development & Marketing Co., Ltd.	99.99%	99.99%	99.99%	
Nien Hsing International (Bermuda) Ltd.	Nien Hsing Confeccion Ltd.	Sews jeans for the company	99.99%	99.99%	99.99%	
Nien Hsing International (Samoa) Ltd.	C&Y Garments (Proprietary) Co., Ltd.	Sews jeans for the company	99.8%	99.8%	99.8%	
Nien Hsing International (Samoa) Ltd.	Nien Hsing International (Lesotho) Ltd.	Sews jeans for the company	100%	100%	100%	
Nien Hsing International (Samoa) Ltd.	Global Garments Co., Ltd.	Sews jeans for the company	100%	100%	100%	
Nien Hsing International (Samoa) Ltd.	Formosa Textile Co., Ltd.	Manufacturing of denims for the company	100%	100%	100%	
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	Garment washing industry for C Square Investment Co., Ltd.	100%	100%	100%	

e. Foreign currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

f. Inventories

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

g. Investment in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

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

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

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

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

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

h. Property, plant, and equipment

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

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

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Investment properties

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

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

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

k. Impairment of tangible and intangible assets other than goodwill

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

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

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

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

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

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

ii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities of the Group are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

n. Revenue recognition

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

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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

c) The amount of revenue can be measured reliably;

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

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

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

2) Dividend and interest income

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

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

o. Leasing

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

p. Borrowing costs

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

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

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

As of December 31, 2013, December 31, 2012, and January 1, 2012, the carrying amount of deferred tax assets in relation to unused tax losses was $287,291 thousand, $289,597 thousand, and $270,475 thousand, respectively.

b. Estimated impairment of trade receivables

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of trade receivable was $2,225,990 thousand, $1,887,724 thousand and $2,065,482 thousand, respectively after deducting the allowance for impairment loss $129,527 thousand, $127,156 thousand and $137,975 thousand, respectively.

c. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of inventories was $3,620,529 thousand, $3,057,700 thousand, and $3,824,357 thousand, respectively.

d. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carry amount of accrued pension liabilities was $ 363,394 thousand, $390,052 thousand and $342,180 thousand, respectively.

e. Useful lives of property, plant and equipment

As described in Note 4 (h.), the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. The estimated useful lives of property, plant and equipment refer to Note 13.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 19,359	$ 13,850	$ 14,916
Checking accounts and demand deposits	756,909	1,149,861	409,884
Cash equivalent			
Time deposits with original maturities less than three months	129,497	63,801	30,666
Short-term bills	234,723	309,626	354,261
	$ 1,140,488	$ 1,537,138	$ 809,727

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

	December 31, 2013	December 31, 2012	January 1, 2012
Bank balance	0.000%-4.310%	0.000%-4.500%	0.000%-6.000%
Short-term bills	0.650%	0.800%	0.725%-0.800%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Domestic investments			
Listed shares	$ 51,615	$ 50,460	$ 648,032
Overseas investments			
Listed shares	-	172	2,125
	$ 51,615	$ 50,632	$ 650,157
Non-current			
Domestic investments			
Listed shares	$ 730,075	$ -	$ -

The Group sold available-for-sale financial assets for $60,106 thousand in 2013 and $739,070 thousand in 2012, thus recognizing gains on disposal of investment of $43,805 thousand in 2013 and $715,956 thousand in 2012.

The Group reclassified financial assets measured at cost - noncurrent to available-for-sale financial assets - current and available-for-sale financial assets - non-current with carrying amount of $35,997 thousand and $172,320 thousand, respectively, in 2013.

8. FINANCIAL ASSETS CARRIED AT COST - NON CURRENT

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unlisted common shares	$ 166,593	$ 329,843	$ 316,776
Private-placement domestic shares	-	35,997	35,997
Overseas unlisted common shares	695,895	111,333	131,402
Other funds	458,841	532,337	553,094
	$ 1,321,329	$ 1,009,510	$ 1,037,269
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 1,321,329	$ 1,009,510	$ 1,037,269

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

On January 31,2013, the Group acquired 2.32% of the ordinary shares of PHM Asia Holding Corporation; total investment amount was US$20,000 thousand.

The Group disposed of certain financial assets measured at cost with carrying amounts of $124,931 thousand and $17,431 thousand during 2013 and 2012, respectively, recognizing disposal gain of $24,039 thousand and $15,396 thousand respectively.

The recoverable amounts of the investments in UFO Investment Corporation and Inno Stream Consulting Investment Inc. were estimated to be less than the carrying amounts. Thus, the Group recognized an impairment loss of $31,622 thousand and $5,065 thousand in 2013. The recoverable amounts of the investments in TopRay Technologies, Inc. and Princedom Precision Corporation were estimated to be less than the carrying amounts. Thus, the Group recognized an impairment loss of $4,609 thousand and $1,170 thousand in 2012.

9. BOND INVESTMENTS WITH NO ACTIVE MARKET - NON CURRENT

	December 31, 2013	December 31, 2012	January 1, 2012
RABOBANK NEDERLAND	$ 354,700	$ 352,514	$ 449,859
TWIN DRAGON MARKETING, INC.	29,900	58,100	90,780
	$ 384,600	$ 410,614	$ 540,639

a. The Group has invested in subordinated capital securities since November 2009. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of these securities were US$10,000 thousand, US$10,000 and US$12,000 thousand, respectively. These securities, which were issued by RABOBANK NEDERLAND (the "Issuer") in June 2009 at a total amount of US$1,500,000 thousand, have no maturity date and bear annual interest at a coupon rate of 11%, payable semiannually until June 2019. From June 30, 2019, the subordinated capital securities will bear interest at a coupon rate of three-month U.S. dollars LIBOR plus 10.8675% and will be redeemable (at the option of the Issuer) on June 30, 2019, or on each interest payment date thereafter, at an amount equal to the par value. In 2012, the Group sold the securities with par value $72,790 thousand and recognized $5,024 thousand as gain on disposal.

b. In March 2009, under the approval of its board of directors, the Group bought 5,000 preferred shares issued by TWIN DRAGON MARKETING, INC. ("TWIN DRAGON"). The preferred stockholders are entitled to quarterly dividends at US$2.50 per share and have full voting rights, with 10 preferred shares having the equivalent voting right of one common share. The preferred shares are not convertible into common shares. TWIN DRAGON redeemed 1,000 shares of its preferred stock from Phoenix Development & Marketing Co., Ltd. at par value in 2013 and 2012. TWIN DRAGON had redeemed 4,000 shares at par value as of December 31, 2013.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable - operating	$ 7,239	$ 7,493	$ 16,895
Trade receivables			
Trade receivables	$ 2,355,517	$ 2,014,880	$ 2,203,457
Less: Allowance for impairment loss	(129,527)	(127,156)	(137,975)
	$ 2,225,990	$ 1,887,724	$ 2,065,482
Other receivables			
Payment on behalf of others	$ 25,294	$ 25,482	$ 17,609
Interest	6,671	11,265	20,075
Others	43,912	11,073	22,336
	$ 75,877	$ 47,820	$ 60,020

a. Trade receivables

The average credit period for sales of goods was 30 days to 60 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. An allowance for impairment loss was determined by reference to the aging of receivable, credit rating of customers, economic condition and other factors. The recoverability of trade receivables are evaluated regularly.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for the balances.

The aging of receivables that were past due but not impaired was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 60 days	$ -	$ 2,286	$ 10,634
61-90 days	-	16,700	7,869
More than 90 days	-	35,490	30,723
	$ -	$ 54,476	$ 49,226

The above aging schedule was based on the invoice date.

Movement in the allowance for impairment loss recognized on trade receivables were as follow:

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 127,156	$ 137,975
Add: Impairment losses recognized on receivables	7,304	-
Less: Amounts written off as uncollectible	(4,386)	(312)
Less: Impairment losses reversed	-	(6,367)
Effect of exchange rate changes	(547)	(4,140)
Balance at December 31	$ 129,527	$ 127,156

The Group recognized allowance for impairment loss on trade receivables, including those that were individually impaired, amounting to $5,322 thousand, $4,135 thousand, and $4,135 thousand as of December 31, 2013 and 2012, and January 1, 2012, respectively. The Group did not hold any collateral over the receivables.

Ages of impaired trade receivables were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 60 days	$ 1,910,482	$ 1,205,162	$ 1,237,043
61-90 days	341,202	218,812	254,219
More than 90 days	103,833	95,891	143,624
	$ 2,355,517	$ 1,519,865	$ 1,634,886

The above aging of trade receivables was presented based on the invoice date.

b. Notes receivable and other receivables

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

11. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Finished goods	$ 445,653	$ 426,707	$ 374,685
Work in progress	1,257,529	1,235,162	1,153,732
Raw materials	1,784,273	1,348,321	2,100,515
Raw materials in transit	93,752	47,510	195,425
	$ 3,581,207	$ 3,057,700	$ 3,824,357

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 was $12,272,275 thousand and $12,222,998 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2013 and 2012 included reversal of inventory write-downs of $80,591 thousand and $100,408 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	December 31, 2013	December 31, 2012	January 1, 2012
Unlisted companies			
C&D Capital II Corp.	$ 134,897	$ 130,721	$ 136,070
C&D Capital Corp.	98,898	95,260	111,588
Grand Paper International (B.V.I.) Ltd.	52,524	60,046	61,177
China International Investment Co., Ltd.	40,178	39,865	50,431
Wu Hsing International Co., Ltd.	-	-	-
Top Fashion Industrial Co., Ltd.	-	-	-
	$ 326,497	$ 325,892	$ 359,266

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
C&D Capital II Corp.	28.74%	28.74%	28.74%
C&D Capital Corp.	22.42%	22.42%	22.42%
Grand Paper International (B.V.I.) Ltd.	37.00%	37.00%	37.00%
China International Investment Co., Ltd.	22.42%	22.42%	22.42%
Wu Hsing International Co., Ltd.	30.00%	30.00%	30.00%
Top Fashion Industrial Co., Ltd.	30.00%	30.00%	30.00%

In January 2012 C&D Capital Corp. decreased its capital at a ratio of 85 shares, for every one thousand shares and thus made capital returns of US$311 thousand to the Group.

In May 2012 China International Investment Co., Ltd. decreased its capital at a ratio of 184 shares, for every one thousand shares and thus made capital returns of $7,376 thousand to the Company.

The summarized financial information in respect of the Group's associates is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 1,246,634	$ 1,235,380	$ 1,383,680
Total liabilities	$ 15,049	$ 15,666	$ 22,385

	For the Year Ended December 31	
	2013	2012
Revenue	$ 292,099	$ 265,393
Profit for the year	$ 29,027	$ 39,573
Other comprehensive income	$ 8,420	$ 1,482

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

13. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2013	December 31, 2012	January 1, 2012
Carrying amount			
Land and land improvements	$ 465,296	$ 412,284	$ 414,094
Buildings	1,900,035	1,967,801	1,965,525
Machinery and equipment	967,549	1,191,772	1,487,994
Transportation equipment	32,200	24,697	23,960
Office equipment	10,113	12,557	14,482
Miscellaneous equipment	284,364	266,486	300,667
Construction in process	32,496	109,186	199,518
	$ 3,692,053	$ 3,984,783	$ 4,406,240

Movement in the property, plant and equipment of 2013 and 2012 refer to Table 8.

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

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

Refer to Note 32 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings granted to the Group.

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 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, Mrs. Chen, Hong Yun, in the second quarter of 2008. The Company signed trust deeds, first with Mr. Chen, Rong Ciou and then with Mrs. 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.

14. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2012	$ 157,512
Transferred to property, plant and equipment	(8,300)
Transferred from property, plant and equipment	5,342
Disposals	(48,763)
Balance at December 31, 2012	$ 105,791
Accumulated depreciation	
Balance at January 1, 2012	$ (29,004)
Disposals	23,086
Transferred to property, plant and equipment	890
Transferred from property, plant and equipment	(393)
Depreciation expense	(817)
Balance at December 31, 2012	$ (6,238)
Carrying amounts at January 1, 2012	$ 128,508
Carrying amounts at December 31, 2012	$ 99,553
Cost	
Balance at January 1, 2013	$ 105,791
Transferred from property, plant and equipment	679
Balance at December 31, 2013	$ 106,470
Accumulated depreciation	
Balance at January 1, 2013	$ (6,238)
Transferred from property, plant and equipment	(75)
Depreciation expense	(752)
Balance at December 31, 2013	$ (7,065)
Carrying amounts at December 31, 2013	$ 99,405

The investment properties (except for land) held by the Group were depreciated over their estimated useful life of 50 years, using the straight-line method.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the fair value of the investment properties was $305,652 thousand, $234,557 thousand and $240,663 thousand, respectively. The management of the Group used the valuation arrived at based on reference market evidence of transaction prices for similar properties.

15. OTHER INTANGIBLE ASSETS

	Technical know-how
Cost	
Balance at January 1, 2012	$ 44,846
Effect of foreign currency exchange differences	(1,793)
Balance at December 31, 2012	$ 43,053
Accumulated amortization	
Balance at January 1, 2012	$ -
Amortization expense	-
Balance at December 31, 2012	$ -
Carrying amounts at January 1, 2012	$ 44,846
Carrying amounts at December 31, 2012	$ 43,053
Cost	
Balance at January 1, 2013	$ 43,053
Effect of foreign currency exchange differences	1,260
Balance at December 31, 2013	$ 44,313
Accumulated amortization	
Balance at January 1, 2013	$ -
Amortization expense	(8,797)
Effect of foreign currency exchange differences	(66)
Balance at December 31, 2013	$ (8,863)
Carrying amounts at December 31, 2013	$ 35,450

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

16. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Prepayments	$ 222,078	$ 158,937	$ 149,166
Refundable deposits	23,202	19,629	20,005
Prepayments for equipment	55,948	65,284	86,811
Long-term prepayments for lease	43,061	32,628	33,166
Others	86,202	99,235	56,112
	$ 430,491	$ 375,713	$ 345,260

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Current	$ 308,280	$ 258,172	$ 205,278
Non-current	122,211	117,541	139,982
	$ 430,491	$ 375,713	$ 345,260

(Concluded)

17. BORROWINGS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings			
Usance letters of credit	$ 7,692	$ 34,350	$ 124,361
Unsecured borrowings			
Line of credit borrowings	1,485,950	405,500	577,730
	$ 1,493,642	$ 439,850	$ 702,091
The range of interest rate			
Secured borrowings			
Usance letters of credit	1.78%-1.80%	0.86%-1.35%	0.92%-1.38%
Unsecured borrowings			
Line of credit borrowings	1.05%-1.75%	0.86%-1.01%	1.02%-2.06%

b. Long-term borrowings

	Current	Long-term	Total
December 31, 2013			
Loan issuance facilities	$ 210,000	$ -	$ 210,000
December 31, 2012			
Loan issuance facilities	$ 330,000	$ 300,000	$ 630,000

(Continued)

	Current	Long-term	Total
January 1, 2012			
Loan issuance facilities	$ -	$ 630,000	$ 630,000
Loan: Repayment period - February 2009 to February 2012; annual interest rate - 1.65%; repayment amount - one third of principal in the third year and every six months thereafter.	51,987	-	51,987
Loan: Repayment period - May 2009 to May 2012; annual interest rate - 1.69%; repayment amount - one fifth of principal in May 2010 and every six months thereafter.	30,000	-	30,000
Loan: Repayment period - May 2009 to May 2012; annual interest rate - 1.69%; repayment amount - one fifth of principal in May 2010 and every six months thereafter.	26,000	-	26,000
	$ 107,987	$ 630,000	$ 737,987

(Concluded)

On September 13, 2010, a three-year syndicated revolving credit line agreement of $900,000 thousand was signed by the Company with E.SUN Bank and three other financial institutions. The drawdown on the credit line is at $300,000 thousand semiannually starting from March 2013 and maturity is in March 2014.

As of December 31, 2013, the Company had drawn down $810,000 thousand on a credit line of $900,000 thousand on the syndicated loan. Interest rates were 1.263%, 1.316% and 1.261% as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

Under the syndicated loan agreements, the Company should maintain net equity, current and interest coverage ratios at percentages specified in the agreements.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes payable	$ 152,214	$ 120,172	$ 87,710
Trade payables	$ 594,934	$ 515,129	$ 379,267

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

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

19. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Other payables			
Salaries or bonus	$ 391,226	$ 307,913	$ 326,412
Payable for annual leave	15,399	15,991	14,069
Bonus to employees	10,669	6,020	9,226
Remuneration to directors and supervisors	6,825	6,554	9,100
Others	191,524	220,415	323,812
	$ 615,643	$ 556,893	$ 682,619
Other liabilities			
Guarantee deposits received	$ 1,954	$ 1,999	$ 2,036
Others	55,734	65,549	55,147
	$ 57,688	$ 67,548	$ 57,183
Current			
Other payables	$ 615,643	$ 556,893	$ 682,619
Other liabilities	55,734	65,549	55,147
	$ 671,377	$ 622,442	$ 737,766
Non-current			
Guarantee deposits received	$ 1,954	$ 1,999	$ 2,036

20. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Onerous contracts	$ 6,848	$ -	$ 92,352

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and Smar Tech Jeans Process Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company of the Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contributes amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The overseas subsidiaries were not required to set up pension plans. Consequently, employee pension plans were not established in the overseas subsidiaries.In addtion, some subsidiaries do not have full-time employees, including Chao Hsing Textile Co., Ltd., Chu Hsing Garment Co., Ltd, and Nien Hsing International Investment Co., Ltd.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Discount rates	1.75%	1.50%	1.75%
Expected return on plan assets	1.75%	1.75%	2.00%
Expected rates of salary increase	2.00%	2.00%	2.00%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2013	**2012**
Current service cost	$ 9,975	$ 9,874
Interest cost	7,033	7,672
Expected return on plan assets	(1,306)	(1,814)
Past service cost	1,118	1,131
Losses/(gains) arising from curtailment or settlement	(2,488)	(1,395)
	$ 14,332	$ 15,468
An analysis by function		
Operating cost	$ 10,178	$ 10,658
Marketing expenses	1,880	3,432
Administration expenses	2,049	1,138
Research and development expenses	225	240
	$ 14,332	$ 15,468

For the years ended December 31, 2013 and 2012, the Company recognized actuarial gain $15,072 thousand and actuarial loss $41,484 thousand, respectively, in other comprehensive income. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2013 and 2012 was $26,412 thousand and $41,484 thousand, respectively.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 443,587	$ 475,586	$ 442,630
Fair value of plan assets	(72,976)	(77,146)	(90,833)
Deficit	370,611	398,440	351,797
Past service cost not yet recognized	(7,217)	(8,388)	(9,617)
Net liability arising from defined benefit obligation	$ 363,394	$ 390,052	$ 342,180

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 475,586	$ 442,630
Current service cost	9,975	9,874
Interest cost	7,033	7,671
Actuarial losses/(gains)	(18,492)	48,988
Losses/(gains) on curtailments	(3,259)	(5,535)
Benefits paid	(27,256)	(28,042)
Closing defined benefit obligation	$ 443,587	$ 475,586

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 77,146	$ 90,833
Expected return on plan assets	1,306	1,814
Actuarial losses/(gains)	(334)	(993)
Contributions from the employer	13,447	12,906
Benefits paid	(18,589)	(27,414)
Closing fair value of plan assets	$ 72,976	$ 77,146

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31, 2013	December 31, 2012	January 1, 2012
Deposit in financial institutions	22.86%	24.51%	22.76%

Construction loan by public utilities and government	-	-	0.20%
Stocks and beneficiary certificate	8.41%	9.17%	10.15%
Short-term bills	4.10%	9.88%	8.12%
Bonds, financial bonds and bonds payable	9.37%	10.45%	11.49%
Overseas investment	34.31%	27.47%	24.23%
Others	20.95%	18.52%	23.05%

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Present value of defined benefit obligation	$ 443,587	$ 475,586	$ 442,630
Fair value of plan assets	$ (72,976)	$ (77,146)	$ (90,833)
Deficit	$ 370,611	$ 398,440	$ 351,797
Experience adjustments on plan liabilities	$ 18,492	$ (48,988)	$ -
Experience adjustments on plan assets	$ (334)	$ (993)	$ -

The Group expects to make a contribution of $13,785 thousand and $12,411 thousand, respectively to the defined benefit plans during the annual period beginning after 2013 and 2012.

22. EQUITY

a. Share capital

Ordinary shares

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Numbers of shares authorized (in thousands)	600,000	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	400,000	433,125	481,250
Shares issued	$ 4,000,000	$ 4,331,250	$ 4,812,500

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

The stockholders' meeting approved the reduction of cash capital and the reduction amount of $481,250 thousand on June 15, 2012. After the reduction of cash capital, the balance of capital stock was $4,331,250 thousand. This capital reduction was approved by the relevant authorities. The board of directors approved August 14, 2012 as the date of the capital reduction.

In their meeting on June 13, 2013, the stockholders also approved the reduction of cash capital by $331,250 thousand. After the reduction of cash capital, the balance of capital stock was $4,000,000 thousand. This capital reduction was approved by the relevant authorities. The board of directors approved August 13, 2013 as the date of the capital reduction.

b. Capital surplus

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Share premium	$ 89	$ 89	$ 89

Treasury share transactions	5,952	5,952	5,952
Gain on disposal of property, plant and equipment	255	255	255
Consolidation excess	380,471	380,471	380,344
Others	6,349	5,155	5,155
	$ 393,116	$ 391,922	$ 391,795

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, consolidation excess, treasury share transactions, and excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).The capital surplus from investments accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

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.

For the years ended December 31, 2013 and 2012, the bonus to employees was $8,500 thousand and $6,000 thousand, respectively, and the remuneration to directors and supervisors was $6,825 thousand and $6,554 thousand, respectively. These estimates were based on past experience, with operating factors taken into account and recognized on a quarterly basis. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and adjusted in the year the consolidated financial statements are authorized for issue. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value, which is the closing price (after considering the effect of cash and stock dividends), of the shares of the day preceding the stockholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1.

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

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

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 13, 2013 and June 15, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 75,957	$ 75,596	$ -	$ -
Special reserve	661,811	-	-	-
Cash dividends	563,063	481,250	1.30	1.00

Bonuses to employees and remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meetings on June 13, 2013 and June 15, 2012, respectively, were as follows:

	For the Year Ended December 31	
	2012	**2011**
	Cash Dividends	**Cash Dividends**
Bonus to employees	$ 6,000	$ 5,000
Remuneration of directors and supervisors	6,554	9,100

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"),, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

The appropriations of earnings for 2013 had been proposed by the Company's board of directors on March 21, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 79,703	$ -
Cash dividends	800,000	2.00

In their meeting on March 21, 2014, the board of directors also approved the reversal of special reserve in the amount of $661,811 thousand.

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 17, 2014.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following first-time adoption of IFRSs

The Company had a decrease in retained earnings that resulted from all IFRSs adjustments; therefore, no special reserve was appropriated.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ (224,833)	$ -
Exchange differences arising on translating the foreign operations	(53,554)	(256,664)
Share of exchange difference of associates accounted for using the equity method	(1,892)	(14,219)
Income tax related to gains arising on translating the net assets of foreign operations	9,425	46,050
Balance at December 31	$ (270,854)	$ (224,833)

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

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

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 49,575	$ 625,395
Unrealized gain arising on revaluation of available-for-sale financial assets	582,841	139,684
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(43,805)	(715,456)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	3,567	452
Balance at December 31	$ 592,178	$ 49,575

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

f. Non-controlling interests

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 96,123	$ 101,813
Attributable to non-controlling interests:		
Share of profit for the year	(8,516)	(3,337)
Exchange difference arising on translation of foreign entities	2,953	(4,060)
Additional acquisition or partial disposal of interests in subsidiaries	1,606	1,710
Non-controlling interest arising from acquisition of subsidiaries	6,957	(3)
Balance at December 31	$ 99,123	$ 96,123

23. NET PROFIT

Net profit:

a. Other income

	For the Year Ended December 31	
	2013	2012
Rental income (see Note 31)		
Operating lease rental income	$ 21,206	$ 21,018
Interest income		
Bank deposits	7,562	7,763
Bond investments with no active market-non-current	24,888	29,161
Refund of customs duties	1,505	151,604
Others	123,231	97,128
	$ 178,392	$ 306,677

b. Other gains and losses

	For the Year Ended December 31	
	2013	2012
Gain on disposal of property, plant and equipment and investment property	$ 361	$ 24,213
Gain on disposal of financial assets	67,844	736,376
Net foreign exchange gains/(losses)	60,342	(66,884)
Impairment loss recognized on financial assets	(36,687)	(5,779)
Others (see Note 34)	(75,711)	(176,526)
	$ 16,089	$ 511,400

c. Finance costs

	For the Year Ended December 31	
	2013	2012
Interest on bank loans	$ 16,561	$ 13,572

d. Depreciation and amortization

	For the Year Ended December 31	
	2013	2012
Property, plant and equipment	$ 718,852	$ 739,175
Investment property	752	817
Long-term prepayments for lease	2,374	788
Intangible assets	8,797	-
	$ 730,775	$ 740,780
An analysis of deprecation by function		
Operating costs	$ 703,481	$ 720,968
Operating expenses	16,123	19,024
	$ 719,604	$ 739,992
An analysis of amortization by function		
Operating costs	$ 11,171	$ 788
Operating expenses	-	-
	$ 11,171	$ 788

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2013	2012
Direct operating expenses from investment properties that generated rental income	$ 1,322	$ 1,335
Direct operating expenses from investment properties that did not generate rental income	25	16,757
	$ 1,347	$ 18,092

f. Employee benefits expense

	For the Year Ended December 31	
	2013	2012
Short-term benefits	$ 2,921,246	$ 2,603,988
Post-employment benefits (see Note 22)		
Defined contribution plans	21,847	19,967
Defined benefit plans	14,332	15,468
Total employee benefits expense	$ 2,957,425	$ 2,639,423
An analysis of employee benefits expense by function		
Operating costs	$ 2,617,585	$ 2,279,140
Operating expenses	339,840	360,283
	$ 2,957,425	$ 2,639,423

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 123,145	$ 84,356
In respect of prior periods	(8,385)	(2,167)
Deferred tax		
In respect of the current year	29,460	37,384
Income tax expense recognized in profit or loss	$ 144,220	$ 119,573

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

	For the Year Ended December 31	
	2013	2012
Profit before tax	$ 932,733	$ 920,028
Income tax expense calculated at the statutory rate	161,831	152,760
Nondeductible expenses in determining taxable income	(9,226)	(111,965)
Additional income tax under the Alternative Minimum Tax Act	-	61,033
Additional income tax on unappropriated earnings	-	19,912
Adjustments for prior years' tax	(8,385)	(2,167)
Income tax expense recognized in profit	$ 144,220	$ 119,573

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

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2013	2012
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ (9,425)	$ (46,050)
Actuarial gains and losses on defined benefit plan	3,086	(8,497)
	$ (6,339)	$ (54,547)

c. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax liabilities			

Income tax payable	$ 122,297	$ 83,198	$ 163,160

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Temporary differences				
Exchange difference on foreign operations	$ 175,040	$ -	$ 9,425	$ 184,465
Provisions for pension cost	59,751	(1,445)	-	58,306
Allowance for loss of write-down of inventories	34,876	(13,954)	-	20,922
Allowance for impairment loss of trade receivables	6,709	2,395	-	9,104
Defined benefit obligation	8,497	-	(3,086)	5,411
Provisions for warranty	3,841	411	-	4,252
Others	883	2,784	-	3,667
Provisions for onerous contracts	-	1,164	-	1,164
	$ 289,597	$ (8,645)	$ 6,339	$ 287,291

Deferred Tax Liabilities	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Temporary differences				
Share of earnings of subsidiaries	$ (275,031)	$ (20,815)	$ -	$ (295,846)

For the year ended December 31, 2012

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Temporary differences				
Exchange difference on foreign operations	$ 128,990	$ -	$ 46,050	$ 175,040
Provisions for pension cost	59,783	(32)	-	59,751
Allowance for loss of write-down of inventories	50,806	(15,930)	-	34,876
Allowance for impairment loss of trade receivables	5,957	752	-	6,709
Defined benefit obligation	-	-	8,497	8,497
Provisions for warranty	3,841	-	-	3,841

(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Provisions for onerous contracts	$ 15,699	$ (15,699)	$ -	$ -
Others	3,699	(2,816)	-	883
Other unrealized gain/loss	1,700	(1,700)	-	-
	$ 270,475	$ (35,425)	$ 54,547	$ 289,597

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of earnings of subsidiaries	$ (273,072)	$ (1,959)	$ -	$ (275,031)

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

	December 31, 2013	December 31, 2012	January 1, 2012
Loss carryforwards			
Expire in 2019	$ 42,391	$ 42,391	$ 60,518
Expire in 2020	10,086	10,086	10,086
Expire in 2021	-	-	935
Expire in 2022	-	194	-
Expire in 2023	1,722	-	-
	$ 54,199	$ 52,671	$ 71,539
Deductible temporary differences			
Unrealized investment loss	$ 6,470	$ 9,397	$ 7,017

f. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 360,545	$ 363,345	$ 365,055
Unappropriated earnings generated on and after January 1, 1998	2,609,894	3,098,624	2,893,162
	$ 2,970,439	$ 3,461,969	$ 3,258,217
Imputation credits accounts	$ 371,372	$ 538,153	$ 468,681

The creditable ratio for distribution of earnings of 2013 and 2012 was 17.79% (expected ratio) and 18.62%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

g. Income tax assessments

Income tax returns of the Company and Nien Hsing International Investment Co., Ltd. through 2011 and of Chu Hsing Garment Co., Ltd. up until dissolution and liquidation had been examined by the tax authorities. The Company filed administrative appeals for the reexamination of the overseas dividend revenues shown in the 2009 return, the difference between the Company's declared amount and the amount based on the tax authorities' examination was recognized in the 2011.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2013	**2012**
Basic earnings per share	$ 1.89	$ 1.74
Diluted earnings per share	$ 1.89	$ 1.73

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

Net Profit for the Year

	For the Year Ended December 31	
	2013	**2012**
Earnings used in the computation of basic and diluted earnings per share	$ 797,029	$ 803,792

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

	For the Year Ended December 31	
	2013	**2012**
Weighted average number of ordinary shares in computation of basic earnings per share	420,703	463,203
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	423	467

Weighted average number of ordinary shares used in the computation of diluted earnings per share	421,126	463,670

If the Group offered to settle bonuses paid to employees in cash or shares, the Group assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. DISPOSAL OF SUBSIDIARIES

The Group disposed Smar Tech Jeans Process Co., Ltd, which carried out its entire jeans washing operations. The disposal was completed on September 2012, on which dates control of Smar Tech Jeans Process Co., Ltd passed to the acquirer.

a. Analysis of asset and liabilities on the date control was lost

	September 2012
Current assets	
Cash and cash equivalents	$ 1,112
Trade receivables	1,265
Inventories	545
Other current assets	273
Non-current assets	
Property, plant and equipment	3,597
Current liabilities	
Notes and trade payables	(90)
Payables to related parties	(5,086)
Non-current liabilities	
Other payables	(355)
Other current liabilities	(1,255)
Net assets disposed of	$ 6

b. Gain on disposal of subsidiary

	For the Year Ended December 31, 2012
Consideration received	$ 3
Net assets disposed of	(6)
Non-controlling interests	3
Gain on disposal	$ -

c. Net cash outflow on disposal of subsidiary

	For the Year Ended December 31, 2012
Consideration received in cash and cash equivalents	$ 3
Less: Cash and cash equivalent balances disposed of	(1,112)

	$ (1,109)

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On January 10 and July 10, 2012, the Group acquired by cash payment ordinary shares issue of C Square Investment Co., Ltd, increasing its continuing interest from 67% to 72.86% and 75.26%, respectively, due to non-proportional investment.

	C Square Investment Co., Ltd.
Cash consideration received (paid)	$ (89,975)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	88,265
Differences arising from equity transaction	$ (1,710)

	C Square Investment Co., Ltd.
Line items adjusted for equity transaction	
Retained earnings	$ (1,710)

On January 15, 2013, the Group acquired an additional 22.5% of its interest in Foster Capital Management Inc., increasing its continuing interest from 77.5 % to 100%.

On January 15, 2013, the Group acquired by cash payment ordinary shares issue of C Square Investment Co., Ltd, decreasing its continuing interest from 75.26 % to 70.24%, due to non-proportional investment.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Foster Capital Management Inc.	C Square Investment Co., Ltd.
Cash consideration paid	$ (19,107)	$ (2,896)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	16,307	4,090
Differences arising from equity transaction	$ (2,800)	$ 1,194

	Foster Capital Management Inc.	C Square Investment Co., Ltd.	Total
Line items adjusted for equity transaction			
Capital surplus - difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	$ -	$ 1,194	$ 1,194
Retained earnings	(2,800)	-	(2,800)

$ (2,800)	$ 1,194	$ (1,606)

28. OPERATING LEASE ARRANGEMENTS

The Group as Lessor

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

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 169	$ 139	$ 247
Later than 1 year and not later than 5 years	4,537	7,739	10,942
Later than 5 years	526	617	-
	$ 5,232	$ 8,495	$ 11,189

29. CAPITAL MANAGEMENT

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

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

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

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

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1		
	December 31, 2013	December 31, 2012	January 1, 2012
Available-for-sale financial assets			
Securities listed in ROC			
Equity securities	$ 781,690	$ 50,460	$ 648,032
Securities listed in other countries			
Equity securities	-	172	2,125
	$ 781,690	$ 50,632	$ 650,157

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

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Loans and receivables (1)	$ 3,857,396	$ 3,910,418	$ 3,512,768
Available-for-sale financial assets (2)	2,103,019	1,060,142	1,687,426
Financial liabilities			
Amortized cost (3)	3,108,017	2,291,685	2,603,405

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

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

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposing to foreign currency risk at the end of the reporting period are set out in Note 35.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the Currency USD and Currency PESO.

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

	USD		**PESO**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2013	**2012**	**2013**	**2012**
Profit (loss)	$ 86,790	$ 68,848	$ (3,301)	$ (6,730)

b) Interest rate risk

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

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

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value interest rate risk			
Financial assets	$ 384,600	$ 410,614	$ 540,639
Cash flow interest rate risk			
Financial assets	1,121,129	1,523,288	794,811
Financial liabilities	1,703,642	1,069,850	1,440,078

Sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2013 and 2012 would decrease/increase by $1,456 thousand and increase/decrease $1,134 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2013 and 2012 would increase/decrease by $7,817 thousand and $506 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group's concentration of credit risk of 78.78%, 78.68% and 83.33% in total trade receivables as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, was related to the Group's ten largest customers within the property construction business segment.

3) Liquidity risk

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

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

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Except for those disclosed in Note13, the details of transactions between the Group and other related parties are disclosed below.

a. Business transactions

	For the Year Ended December 31	
Related Parties Types	**2013**	**2012**
Processing income		
Associates	$ 24,477	$ 23,835
Rental revenue		
Other related parties	79	101
Service revenue		
Other related parties	-	1,357

The trade payables to related parties include the payment on behalf of others and receipts under custody derived from the operation of related parties. The processing income is negotiated based on the required operating cost. The terms for settling the receivables from or payables to related parties were based on the Group's operating requirement.

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

b. Payables to related parties

Related Parties Types	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ 39,630	$ 27,642	$ 11,695

c. Compensation of key management personnel

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 50,855	$ 46,482
Post-employment benefits	1,345	1,638
	$ 52,200	$ 48,120

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as loan issuance facilities:

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	$ 266,656	$ 275,239	$ 283,821

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2013, December 31, 2012 and January 1, 2012, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $1,176,990 thousand, $946,222 thousand and $1,950,103 thousand, respectively.

34. SIGNIFICANT LOSSES FROM DISASTERS

A cotton warehouse of a subsidiary located in Mexico had a fire on December 25, 2012, damaging a part of its building, equipment, and inventories. The loss was $114,755 thousand, consisting of $107,045 thousand in inventories and $7,710 thousand in property, plant, and equipment. Nien Hsing International Victoria Ltd. has fire insurance. However, as of March 21, 2014, obtaining the insurance proceeds for the loss was still uncertain. Thus, Phoenix Development & Marketing Co., Ltd. and Nien Hsing International Victoria Ltd. recognized fire losses of $107,045 thousand and $7,710 thousand, respectively under nonoperating expenses and losses. Compensation revenue will be recognized in the following years when the insurance claim proceeds can be estimated reasonably.

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

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

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,943	10.4217 (USD:ZAR)	$ 58,095
USD	89,416	29.90 (USD:NTD)	2,673,548
USD	5,350	25.3318 (USD:NIC)	159,971
USD	5,508	21,036 (USD:VND)	164,679
PESO	133	0.0765 (PESO:USD)	304
			$ 3,056,597
Financial liabilities			
Monetary items			
USD	5,644	10.4217 (USD:ZAR)	$ 168,748
USD	38,013	29.90 (USD:NTD)	1,136,588
USD	161	25.3318 (USD:NIC)	4,802
USD	346	21,036 (USD:VND)	10,355
PESO	28,980	0.0765 (PESO:USD)	66,320
			$ 1,386,813

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,787	8.4917 (USD:ZAR)	$ 168,116
USD	77,912	29.05 (USD:NTD)	2,263,348
USD	4,792	24.126 (USD:NIC)	139,212
USD	4,919	20,828 (USD:VND)	142,890
PESO	132	0.077 (PESO:USD)	296
			$ 2,713,862
Financial liabilities			
Monetary items			
USD	3,187	8.4917 (USD:ZAR)	$ 92,569
USD	42,635	29.05 (USD:NTD)	1,238,545
USD	189	24.126 (USD:NIC)	5,495
PESO	60,312	0.077 (PESO:USD)	134,901
			$ 1,471,510

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,066	8.1695 (USD:ZAR)	$ 32,242
USD	75,112	30.26 (USD:NTD)	2,272,891
USD	2,504	22.9767 (USD:NIC)	75,763
USD	306	13.9787 (USD:PESO)	9,252
USD	5,067	20,828 (USD:VND)	153,313
			$ 2,543,461
Financial liabilities			
Monetary items			
USD	2,904	8.1695 (USD:ZAR)	$ 87,880
USD	32,890	30.26 (USD:NTD)	995,254
USD	184	22.9767 (USD:NIC)	5,569
USD	31	20,828 (USD:VND)	950
PESO	57,625	0.0715 (PESO:USD)	124,742
			$ 1,214,395

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

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

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (Table 3)

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table7)

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Textile
b. Garment

a. Segment revenues and results

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

	Segment Revenue		Segment Profit	
	Year Ended December 31		Year Ended December 31	
	2013	2012	2013	2012
Textile segment			$ 178,660	$ (386,135)
From outside customers	$ 4,810,426	$ 4,771,888		
From intersegment sales	1,435,591	1,787,186		

(Continued)

	Segment Revenue		Segment Profit	
	Year Ended December 31		Year Ended December 31	
	2013	2012	2013	2012
Garment segment			$ 706,422	$ 648,701
From outside customers	$ 9,045,416	$ 8,395,503		
From intersegment sales	-	-		
Other segment			4,597	4,345
From outside customers	21,665	1,769		
From intersegment sales	-	-		
Elimination	(1,435,591)	(1,787,186)	-	-
Total revenues	$ 13,877,507	$ 13,169,160	889,679	266,911
Unallocated amount				
Administrative cost			(129,316)	(144,813)
Other shared expense			(17,322)	(21,297)
Operating income			743,041	100,801
Other income			178,392	306,677
Other gain and loss			16,089	511,400
Financial cost			(16,561)	(13,572)
Share of profit of associates accounted for using the equity method			11,772	14,722
Income before income tax			$ 932,733	$ 920,028

(Concluded)

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

b. Segment assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Segment assets			
Textile segment	$ 5,425,117	$ 5,061,428	$ 6,772,255
Garment segment	5,119,541	4,861,904	5,742,656
Other shared assets	3,844,949	3,203,890	2,044,230
Consolidated total assets	$ 14,389,607	$ 13,127,222	$ 14,559,141

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

c. Other segment information

	For the Year Ended December 31	
	2013	2012
Depreciation and amortisation		
Textile segment	$ 440,367	$ 502,230
Garment segment	220,742	224,004
Other segment	58,495	13,758
	$ 719,604	$ 739,992

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

d. Revenue from major products and services

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

	Year Ended December 31	
	2013	2012
Fabrics	$ 4,810,426	$ 4,771,888
Garments	9,045,416	8,395,503
Others	21,665	1,769
	$ 13,877,507	$ 13,169,160

e. Geographical information

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

	Revenue from External Customers		Non-current Assets		
	Year Ended December 31		December 31, 2013	December 31, 2012	January 1, 2012
	2013	2012			
Taiwan	$ 11,410,288	$ 10,639,859	$ 1,070,680	$ 1,123,255	$ 1,229,910
America	11,729,501	1,882,597	590,323	587,635	732,946
Africa	716,053	644,935	944,834	1,169,893	1,484,423
Other areas in Asia	21,665	1,769	1,343,282	1,364,147	1,272,297
	$ 13,877,507	$ 13,169,160	$ 3,949,119	$ 4,244,930	$ 4,719,576

Non-current assets exclude non-current assets classified as held for sale, and exclude financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

f. Information on major customers

Single customers contributed 10% or more to the Group's revenue for 2013 and 2012 were as follows:

	2013	2012
	Sales Amount	Sales Amount
Custom A (Note 1)	$ 4,743,773	$ 3,860,291
Custom B (Note 2)	1,492,938	1,588,003
Custom C (Note 1)	1,023,544	1,355,323
	$ 7,260,255	$ 6,803,617

Note 1: Revenues from Garment segment
Note 2: Revenues from Textile segment

38. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

After transition to IFRSs, the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Items	Amount	Presentation Difference	Recognitions and Measurement Difference	Amount	Items	Notes
Deferred income tax asserts - current	$ 82,261	$ (82,261)	$ -	$ -	-	a)
Other current assets	7,631,916	-	-	7,631,916	Other current assets	
Total current assets	7,714,177			7,631,916	Total current assets	
Long- term investments	1,937,174	-	-	1,937,174	Long- term investments	
Property, plant, and equipment	4,545,745	181,531	(321,036)	4,406,240	Property, plant, and equipment	b) e)
Intangible assets	44,846	-	-	44,846	Intangible assets	
Leased assets, net	229,706	(101,198)	-	128,508	Investment properties	b)
Idle assets	43,173	(43,173)	-	-	-	b)
Refundable deposits	20,005	-	-	20,005	Refundable deposits	
Deferred charges, net	135,292	(135,292)	-	-	-	b)
Prepayments for equipment	-	86,811	-	86,811	Prepayments for equipment	b)
Long-term prepayments	-	33,166	-	33,166	Long- term prepayments	b)
Deferred income tax assets - noncurrent	-	124,057	146,418	270,475	Deferred income tax assets	a) c) d) e)
Others	21,845	(21,845)	-	-	-	b)
Total other assets	450,021			538,965	Total other assets	
Total asset	$ 14,691,963			$ 14,559,141	Total asset	
Accrued expenses	$ 554,860	-	14,069	$ 568,929	Accrued expenses	c)
Other current liabilities	1,713,099	-	-	1,713,099	Other current liabilities	
Total current liabilities	2,267,959			2,282,028	Total current liabilities	
Long-term bank loans	630,000	-	-	630,000	Long-term borrowings	
Accrued pension cost	253,735	-	88,445	342,180	Accrued pension liabilities	d)
Guarantee deposits received	2,036	-	-	2,036	Guarantee deposits received	
Deferred income tax liabilities - noncurrent	231,276	41,796	-	273,072	Deferred income tax liabilities	a)
Total other liabilities	487,047			617,288	Total other liabilities	
Total liabilities	3,385,006			3,529,316	Total liabilities	
Capital stock	4,812,500	$ -	-	$ 4,812,500	Capital stock	
Capital surplus	386,640	-	5,155	391,795	Capital surplus	e)
Retained earnings	5,813,186	-	(714,864)	5,098,322	Retained earnings	c) d) e)
Cumulative translation adjustments	(432,597)	-	432,597	-	Exchange differences on translating foreign operations	e)
Unrealized gain on financial instruments	625,395	-	-	625,395	Unrealized gain on financial instruments	
Equity attributable to stockholders of the Company	11,205,124			10,928,012	Equity attributable to stockholders of the Company	
Minority interests	101,833	-	(20)	101,813	Non-controlling interests	e)
Total stockholders' equity	11,306,957			11,029,825	Total equity	
Total liabilities and shareholders' equity	$ 14,691,963			$ 14,559,141	Total liabilities and shareholders' equity	

2) Reconciliation of the consolidated balance sheet as of December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Items	**Amount**	**Recognitions and Presentation Difference**	**Recognitions and Measurement Difference**	**Amount**	**Items**	**Notes**
Deferred income tax assets - current	$ 46,868	$ (46,868)	$ -	$ -	-	a)
Other current assets	6,846,679	-	-	6,846,679	Other current assets	
Total current assets	6,893,547		-	6,846,679	Total current assets	
Long- term investments	1,746,016	-	-	1,746,016	Long- term investments	
Property, plant, and equipment	4,073,903	185,841	(274,961)	3,984,783	Property, plant, and equipment	b) e)
Intangible assets	67,154	-	(24,101)	43,053	Intangible assets	d)
Leased assets, net	203,931	(104,378)	-	99,553	Investment properties	b)
Idle assets	17,397	(17,397)	-	-	-	b)
Refundable deposit	19,629	-	-	19,629	Refundable deposit	
Prepayments for equipment	-	65,284	-	65,284	Prepayments for equipment	b)
Long- term prepayments	-	32,628	-	32,628	Long- term prepayments	b)
Deferred charges, net	140,133	(140,133)	-	-	-	b)
Deferred income tax assets - noncurrent	-	89,459	200,138	289,597	Deferred income tax assets	a) c) d) e)
Others	21,845	(21,845)	-	-	-	b)
Total other assets	402,935			506,691	Total other assets	
Total assets	$ 13,183,555			$ 13,127,222	Total assets	
Accrued expenses	$ 477,549	-	15,991	$ 493,540	Accrued expenses	c)
Other current liabilities	1,644,893	-	-	1,644,893	Other current liabilities	
Total current liabilities	2,122,442			2,138,433	Total current liabilities	
Long-term bank loans	300,000	-	-	300,000	Long-term borrowings	
Accrued pension cost	284,616	-	105,436	390,052	Accrued pension liabilities	d)
Guarantee deposits received	1,999	-	-	1,999	Guarantee deposits received	
Deferred income tax liabilities - noncurrent	232,352	42,591	88	275,031	Deferred income tax liabilities	a) e)
Total other liabilities	518,967			667,082	Total other liabilities	
Total liabilities	2,941,409			3,105,515	Total liabilities	
Capital stock	4,331,250	-	-	4,331,250	Capital stock	
Capital surplus	386,767	-	5,155	391,922	Capital surplus	e)
Retained earnings	6,089,795	-	(712,125)	5,377,670	Retained earnings	c) d) e)
Cumulative translation adjustments	(709,285)	-	484,452	(224,833)	Exchange differences on translating foreign operations	e)
Net loss not recognized as pension cost	(2,101)	-	2,101	-	-	d)
Unrealized gain on financial instruments	49,575	-	-	49,575	Unrealized gain on financial instruments	
Equity attributable to stockholders of the Company	10,146,001			9,925,584	Equity attributable to stockholders of the Company	
Minority interests	96,145		(22)	96,123	Non-controlling interests	e)
Total stockholders' equity	10,242,146			10,021,707	Total equity	
Total liabilities and shareholders' equity	$ 13,183,555			$ 13,127,222	Total liabilities and shareholders' equity	

3) Reconciliation of the consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP Items	ROC GAAP Amount	Effect of Transition to IFRSs: Presentation Difference	Effect of Transition to IFRSs: Recognitions and Measurement Difference	IFRSs Amount	IFRSs Items	Notes
Operating revenues	$ 13,169,160	$ -	$ -	$ 13,169,160	Operating revenues	
Operating costs	(12,300,723)	-	48,771	(12,251,952)	Operating costs	e)
Gross profit	868,437			917,208	Gross profit	
Operating expenses	(821,273)	-	4,866	(816,407)	Operating expenses	c) d)
Operating income	47,164			100,801	Operating income	
Nonoperating income and gains					Nonoperating income and gains	
Interest income	36,961	-	(34)	36,927	Interest income	e)
Others	1,051,428	-	-	1,051,428	Others	
Total nonoperating expenses and losses	1,088,389			1,088,355	Total nonoperating expenses and losses	
Nonoperating expenses and losses					Nonoperating expenses and losses	
Exchange loss, net	(57,913)	-	(8,971)	(66,884)	Exchange loss, net	e)
Others	(202,795)	-	551	(202,244)	Others	e)
Total nonoperating expenses and losses	(260,708)			(269,128)	Total nonoperating expenses and losses	
Income before income tax	874,845			920,028	Profit before income tax	
Income tax expense	(118,657)	-	(916)	(119,573)	Income tax expense	c) d) e)
Net consolidated income	$ 756,188			800,455	Net profit for the year	
				(274,943)	Exchange differences on translating foreign operations	
				(49,981)	Actuarial loss on defined benefit plans	
				(575,820)	Unrealized loss on available-for-sale financial assets	
				127	Other adjustments of other comprehensive income	
				54,547	Income tax relating to the components of other comprehensive income	
				(846,073)	Other comprehensive income for the period, net of income tax	
				$ (45,615)	Total comprehensive income for the period	

4) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

Business combinations

The Group elected not to apply IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations remains the same compared with the one under ROC GAAP as of December 31, 2011.

The exemption of not elected to apply IFRS 3 "Business Combinations" also applied to investments in associates acquired in the past.

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

Cumulative translation differences

The Group elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

5) Notes on the reconciliation of the significant differences

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

a) Deferred income tax asset/liability

Under ROC GAAP, valuation allowances are recognized to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs deferred tax assets are recognized only to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences can be used; thus, there is no need for a valuation allowance account.

In addition, under ROC GAAP, a deferred tax asset and liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as current or noncurrent on the basis of the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset and liability is classified as noncurrent.

Furthermore, under ROC GAAP, deferred current income tax liabilities and assets that belong to the same taxable entity should be offset and reported on net basis and the same for deferred non-current income tax liabilities and assets. Under IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and they are levied by the same tax authority on the same taxable entity (or different taxable entities that intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period.)

The Group's adjustments as of December 31, 2012 were a reclassification of $46,868 thousand from current deferred tax assets to noncurrent deferred tax assets that increased noncurrent deferred tax assets and noncurrent deferred tax liabilities by $42,591 thousand each. The Group's adjustments as of December 31, 2011 were a reclassification of $82,261 thousand from current deferred tax assets to noncurrent deferred tax assets that increased noncurrent deferred tax assets and noncurrent deferred tax liabilities by $41,796 thousand each.

b) Property, plant, and equipment and investment property

Under ROC GAAP, the Group's properties held to earn rentals are considered as having long-term use for operating purposes and are thus classified as property, plant and equipment. Under IFRSs, the properties held for the earning of rentals, for capital appreciation or for both purposes are classified under property, plant and equipment or investment properties in accordance with their nature.

For both leased assets and idle assets, the Group reclassified $99,553 thousand and $128,508 thousand as of December 31, 2012 and 2011, respectively, to investment assets.

In addition, part of leased assets originally classified as other assets cannot be sold independently and the area is considered immaterial; thus, under IFRSs, these assets do not qualify as investment property and were thus reclassified to property, plant, and equipment. On IFRS transition, the Group reclassified $121,775 thousand and $144,371 thousand of properties as of December 31, 2012 and 2011, respectively, from leased assets to property, plant, and equipment.

Under ROC GAAP, deferred charges are classified under other assets. Under IFRSs, deferred charges are classified as property, plant and equipment or long-term prepayments in accordance with their nature. Thus, the Group reclassified $140,133 thousand in deferred charges as of December 31, 2012 to property, plant and equipment amounting to $107,505 thousand and long-term prepayments amounting to $32,628 thousand. The Group also reclassified $135,292 thousand in deferred charges as of December 31, 2011 to property, plant and equipment amounting to $102,126 thousand and long-term prepayments amounting to $33,166 thousand.

Under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, farmland registered under the name of an entity that was not part of the Group was classified under other assets. Under IFRSs, this farmland should be classified as property, plant and equipment in accordance with its nature. Thus, the Group reclassified farmland amounting to $21,845 thousand as of December 31, 2012 and 2011 to property, plant and equipment.

Under ROC GAAP, the prepayments for purchasing equipment are classified under property, plant and equipment; under IFRSs, the prepayments for purchasing equipment are classified as prepayments for equipment. Thus, the Group reclassified $65,284 thousand and $86,811 thousand of the prepayments for purchasing equipment as of December 31,2012 and 2011, respectively,from property, plant and equipment to prepayments for equipment.

c) Employees benefits - short-term accumulative compensated absences

Short-term accumulative compensated absences are not specifically addressed under ROC GAAP and are usually recognized as salary expense when employees actually take their vacation leaves. Under IFRSs, accumulative compensated absences are recognized as salary expense as employees render services that increase their entitlement to future compensated absences.

Thus, as of December 31, 2012, the Group accrued payables of $15,991 thousand and increased deferred tax assets by $2,718 thousand. As of December 31, 2011, the Group accrued payables of $14,069 thousand and increased deferred tax assets by $2,392 thousand. For the year ended December 31, 2012, the Group increased salary expenses by $1,922 thousand and decreased income tax expenses by $326 thousand.

d) Employees benefits - defined benefit plan

Under ROC GAAP, unrecognized net transition obligation from the first-time adoption of SFAS No. 18 - “Accounting for Pensions” should be amortized over the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits using the straight-line method and these obligations should be included in net pension cost. Under IFRSs, the Group is not subject to the transition requirements of IAS 19. Thus, unrecognized net transition obligation should be recognized immediately in retained earnings.

Under ROC GAAP, actuarial gains and losses are recognized under corridor approach. If the accumulated unrecognized actuarial gains and losses exceed 10% of the greater of the defined benefit obligation or the fair value of plan assets, the excess is amortized over the expected average remaining service life of the employees who are still in service and expected to receive pension benefits. Under IFRSs, actuarial gains and losses should be recognized immediately as other comprehensive income and as retained earnings in the statement of changes in equity and should not be reclassified to gains or losses in the subsequent period.

In addition, under ROC GAAP, minimum pension liability is the present value of the defined benefit obligation in excess of the fair value of the plan assets at the balance sheet date. If the accrued pension liability is less than the minimum pension liability, entity should make up for this deficit. Under IFRS, there is no provision or requirement on minimum pension liabilities.

As of December 31, 2012 and 2011, the Group performed the actuarial valuation under IAS No. 19 "Employee Benefits" and thus recognized accrued pension liabilities of $105,436 thousand and $88,445 thousand, respectively, and deferred tax assets of $22,379 thousand and $15,036 thousand, respectively, under IFRS 1. In addition, deferred pension cost and net loss not recognized as pension cost as of December 31, 2012 decreased by $24,101 thousand and $2,101 thousand, respectively. For 2012, pension cost decreased by $6,788 thousand; income tax expense increased by $1,154 thousand; and actuarial valuation loss under the defined benefit plan increased by $49,981 thousand ($41,484 thousand, after tax.)

e) Foreign operation's functional currency

Under ROC GAAP, many factors are simultaneously considered in determining functional currency. Under IAS 21 - "The Effects of Changes in Foreign Exchange Rates," the factors for identifying functional currency are classified into primary and secondary on the basis of management's weighing of the relative importance of all factors to determine functional currency.

Thus, under IAS No. 21 "The Effects of Changes in Foreign Exchange Rates," the Group recalculated the impact of exchange rate changes and elected to reset the net exchange difference on foreign operations to zero, and recognized this difference in retained earnings on the IFRS transition date. For the adjustments as of January 1, 2012, the Group increased deferred tax assets by $128,990 thousand; decreased property, plant, and equipment by $321,036 thousand; increased cumulative translation adjustments by $432,597 thousand; increased additional paid-in capital by $5,155 thousand; decreased noncontrolling interests by $20 thousand; and decreased retained earnings by $629,778 thousand. For the adjustments as of December 31, 2012, the Group increased deferred tax assets by $175,041 thousand; increased deferred tax liabilities by $88 thousand; decreased property, plant, and equipment by $274,961 thousand; increased cumulative translation adjustments by $484,452 thousand; increased additional paid-in capital by $5,155 thousand; decreased noncontrolling interests by $22 thousand; and decreased retained earnings by $589,593 thousand. For the adjustments for 2012, the Group decreased operating costs by $48,771 thousand; decreased interest revenue by $34 thousand; increased foreign exchange loss by $8,971 thousand; decreased miscellaneous expenses by $551 thousand; increased income tax expenses by $88 thousand; and decreased the noncontrolling interests' loss on exchange rate changes by $44 thousand.

6) Explanation of material adjustments to the statement of cash flows.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $54,350 thousand and $22,841 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note C)	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Nien Hsing Textile Co., Ltd.	Phoenix Development & Marketing Co., Ltd.	(Note B)	$ 3,101,504	$ 2,399,540	$ 867,100	$ 454,224	$-	8	$ 5,169,174	Y	N	N
	(the "Company")	Nien Hsing International Investment Co., Ltd.	(Note A)	3,101,504	150,000	150,000	123,000	-	1	5,169,174	Y	N	N

Notes:

A. Subsidiary.

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
Nien Hsing Textile Co., Ltd.	Simplo Technology Co., Ltd.	-	Available-for-sale financial asset - current	145,617	$ 19,211	0.05	$ 19,211	
	Roo Hsing Co., Ltd.	-	Available-for-sale financial asset - current	2,265,277	32,394	2.87	32,394	
	Mycenax Biotech Inc.	-	Available-for-sale financial asset - noncurrent	8,262,000	583,297	7.49	583,297	
	UFO Investment Corporation	-	Financial assets carried at cost - noncurrent	3,384,000	2,218	5.00	2,218	
	Leadray Energy Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,532,619	37,721	8.17	21,394	
	Inno Stream Consulting Investment Inc.	-	Financial assets carried at cost - noncurrent	515,878	94	8.33	94	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets carried at cost - noncurrent	419,520	4,196	2.22	4,538	
	Ultra Chip, Inc.	-	Financial assets carried at cost - noncurrent	486,011	877	0.55	5,188	
	Breeze Digital Technology Corp.	-	Financial assets carried at cost - noncurrent	147,000	-	2.94	127	
Nien Hsing International (B.V.I.) Ltd.	RABOBANK NEDERLAND	-	Bond investments with no active market - noncurrent	10,000	354,700	-	354,700	
Phoenix Development & Marketing Co., Ltd.	Twin Dragon Marketing, Inc.	-	Bond investments with no active market - noncurrent	1,000	29,900	-	29,900	
	Prodigy Strategic Investment Fund XXI Segregated Portfolio	-	Financial assets carried at cost - noncurrent	15,506	458,841	-	471,754	
	PTS International, Inc.	-	Financial assets carried at cost - noncurrent	2,500,000	59,800	2.87	-	
	Analogix Semiconductor, Inc.	-	Financial assets carried at cost - noncurrent	75,811	3,296	0.15	474	
	VeriSilicon Holdings (Cayman Islands) Co., Ltd.	-	Financial assets carried at cost - noncurrent	193,547	8,983	0.27	-	
	GEM Services, Inc.	-	Financial assets carried at cost - noncurrent	319,670	-	0.83	-	
	Paragon Wireless, Inc.	-	Financial assets carried at cost - noncurrent	431,542	-	0.97	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2013 Shares	Carrying Value	Percentage of Ownership	Fair Value	Note
Phoenix Development & Marketing Co., Ltd.	DigiMedia Technologies Co., Ltd.	-	Financial assets carried at cost - noncurrent	368,532	$ -	0.54	$ -	
	Solar Power Inc.	-	Financial assets carried at cost - noncurrent	53,165	1,589	0.03	106	
	Thousand Luck Limited	-	Financial assets carried at cost - noncurrent	200,000	-	1.33	-	
	Tong Yang Holding Corporation	-	Financial assets carried at cost - noncurrent	279,160	16,760	0.37	17,170	
	ALO7 Limited	-	Financial assets carried at cost - noncurrent	113,733	5,226	0.48	557	
	Digital Knowledge World Co., Ltd.	-	Financial assets carried at cost - noncurrent	357,140	2,242	0.26	1,290	
	PHM Asia Holding Corporation	-	Financial assets carried at cost - noncurrent	1,160,092	597,999	2.32	117,306	
Nien Hsing International Investment Co., Ltd.	Mycenax Bigtech Inc.	-	Avalible-for-sale financial assets-noncurrent	2,079,200	146,778	1.89	146,778	
	Imagic Technologies Co., Ltd.	-	Financial assets carried at cost - noncurrent	3,400	-	0.01	-	
	Igiant Optics Co., Ltd.	-	Financial assets carried at cost - noncurrent	4,800	-	0.01	-	
	TopRay Technologies, Inc.	-	Financial assets carried at cost - noncurrent	167,895	-	0.06	-	
	Commoca Inc.	-	Financial assets carried at cost - noncurrent	40,300	-	0.21	-	
	Princedom Precision Corporation	-	Financial assets carried at cost - noncurrent	166,334	2,004	1.21	1,254	
	Apaq Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	325,244	3,920	0.51	4,102	
	Moai Electronics Corporation	-	Financial assets carried at cost - noncurrent	208,269	4,000	0.82	1,416	
	Koatech Technology Corp.	-	Financial assets carried at cost - noncurrent	809,280	8,221	1.59	4,903	
	Brighton-Best International Inc.	-	Financial assets carried at cost - noncurrent	2,225,825	22,565	0.37	14,835	
	Alpha Optical Co., Ltd.	-	Financial assets carried at cost - noncurrent	664,000	7,410	1.11	4,384	
	Amazing Microelectronic Corp.	-	Financial assets carried at cost - noncurrent	462,781	12,619	0.83	7,189	
	Helio Optoelectronics Corporation	-	Financial assets carried at cost - noncurrent	254,648	4,814	1.08	2,704	
	Wisdom-Orgchem Inc.	-	Financial assets carried at cost - noncurrent	609,840	10,613	1.04	11,753	
	Leadray Energy Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,910,578	45,321	9.39	24,586	

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Adjustments	Disposal				Ending Balance	
					Shares	Amount	Shares	Amount		Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Phoenix Development & Marketing Co., Ltd.	PHM Asia Holding Corporation	Financial assets carried at cost - noncurrent	-	-	-	$ -	1,160,092	$ 590,700	$ 7,299 (Note A)	-	$ -	$ -	$ -	1,160,092	$ 597,999

Note A: Effect of exchange rate

TABLE 4

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction/Item Details (Note D)				Abnormal Transaction		Notes/Trade Payables or Receivables (Note D)		Note
			Purchase/Sale/ Processing Expense (Note C)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Subsidiary	Sale	$ (691,576)	(6)	Note B	-	Note B	$ 163,679	8	
	Formosa Textile Co., Ltd.	Subsidiary	Processing expense	433,982	9	Note A	Note A	Note A	-	-	
	Nien Hsing Garment (Vietnam) Co., Ltd	Subsidiary	Processing expense	703,175	14	Note A	Note A	Note A	(127,033)	(12)	
	Nien Hsing (Ninh Binh) Garment Co., Ltd.	Subsidiary	Processing expense	618,439	12	Note A	Note A	Note A	(18,833)	(2)	
	Chu Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Processing expense	664,118	13	Note A	Note A	Note A	(140,119)	(13)	
	Alpha Textile (Nicaragua) S.A.	Subsidiary	Processing expense	197,697	4	Note A	Note A	Note A	(144,890)	(13)	
	Chih Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Processing expense	142,662	3	Note A	Note A	Note A	(686)	-	
	C&Y Garments	Subsidiary	Processing expense	320,051	6	Note A	Note A	Note A	-	-	
	Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary	Processing expense	338,715	7	Note A	Note A	Note A	-	-	
	Global Garments (Proprietary) Co., Ltd.	Subsidiary	Processing expense	313,538	6	Note A	Note A	Note A	(2,100)	-	
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(703,175)	(100)	Note A	Note A	Note A	127,033	100	
Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(664,118)	(99)	Note A	Note A	Note A	140,119	99	
	C Square Garment Co., Ltd.	parent company	Processing expense	153,593	26	Note A	Note A	Note A	(13,490)	(98)	
Nien Hsing (Ninh Binh) Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(618,439)	(99)	Note A	Note A	Note A	18,833	100	
Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Purchase	691,576	100	Note B	-	Note B	(163,679)	(100)	
	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(433,982)	(100)	Note A	Note A	Note A	-	-	
Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(197,697)	(100)	Note A	Note A	Note A	144,890	100	
C&Y Garments	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(320,051)	(99)	Note A	Note A	Note A	-	-	
Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(338,715)	(99)	Note A	Note A	Note A	-	-	
Global Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(313,538)	(99)	Note A	Note A	Note A	2,100	71	
Phoenix Development & Marketing Co., Ltd.	Nien Hsing International Victoria Ltd.	With same parent company	Processing expense	609,776	100	Note A	Note A	Note A	(66,320)	(84)	
Nien Hsing International Victoria Ltd.	Phoenix Development & Marketing Co., Ltd.	With same parent company	Processing income	(609,776)	(100)	Note A	Note A	Note A	66,320	100	
C Square Garment Co., Ltd.	Chu Hsing Garment (Cambodia) Co., Ltd.	With same parent company	Processing income	(153,593)	(72)	Note A	Note A	Note A	13,490	28	
Chih Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(142,662)	(88)	Note A	Note A	Note A	686	72	

Notes:

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

B. Payments were made in cash upon demand.

C. Processing expense was calculated as a ratio to manufacturing expense.

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

TABLE 5

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance (Notes A and B)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Parent company	$ 163,679	Note A	$ -	-	$ 38,103	$ -
Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	140,119	Note A	-	-	95,722	-
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	127,033	Note A	-	-	126,921	-
Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	144,890	Note A	-	-	19,239	-

Notes:

A: Payments were made upon request.

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

No	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
0	Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	1	Sales revenue	$ 691,576	Note B	4.98
		Formosa Textile Co., Ltd.	1	Receivable from related parties	163,679	Note B	1.14
		Phoenix Development & Marketing Co., Ltd.	1	Service revenue	13,059	Note D	0.53
		Phoenix Development & Marketing Co., Ltd.	1	Receivable from related parties	11,613	Note B	0.08
		Nien Hsing International Investment Co., Ltd.	1	Rent revenue	25	Note D	0.00
		Nien Hsing International Investment Co., Ltd.	1	Receivable from related parties	65	Note B	0.00
		Nien Hsing International (Lesotho) Co., Ltd.	1	Receivable from related parties	7,644	Note B	0.05
		Nien Hsing International (Samoa) Ltd.	1	Receivable from related parties	6,270	Note B	0.04
		C&Y Garments	1	Receivable from related parties	4,328	Note B	0.03
		C Square Garment Co., Ltd.	1	Receivable from related parties	79,828	Note B	0.55
		C Square Investmentt Co., Ltd.	1	Receivable from related parties	2,444	Note B	0.02
	Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	664,118	Note C	4.79
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	140,119	Note B	0.97
		Chih Hsing Garment (Cambodia) Co., Ltd.	3	Processing income	4,297	Note C	0.03
		Chih Hsing Garment (Cambodia) Co., Ltd.	3	Receivable from related parties	599	Note B	0.00
	Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	703,175	Note C	5.07
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	127,033	Note B	0.88
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	618,439	Note C	4.46
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	18,833	Note B	0.13
		Nien Hsing Garment (Vietnam) Co., Ltd.	3	Processing income	548	Note C	0.00
	Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	2	Processing income	197,697	Note C	1.42
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	144,890	Note B	1.01
	Nien Hsing International (Bermuda) Ltd.	Phoenix Development & Marketing Co., Ltd.	3	Rent revenue	63,714	Note D	0.46
	Nien Hsing International Victoria Ltd.	Phoenix Development & Marketing Co., Ltd.	3	Processing income	609,776	Note C	4.39
		Phoenix Development & Marketing Co., Ltd.	3	Receivable from related parties	66,320	Note B	0.46
		Nien Hsing Confeccion Ltd.	3	Receivable from related parties	15,198	Note B	0.11
	Nien Hsing International (Samoa) Ltd.	Nien Hsing Textile Co., Ltd.	2	Rent revenue	209,795	Note D	1.51
	C&Y Garments	Nien Hsing Textile Co., Ltd.	2	Processing income	320,051	Note C	2.31
		Nien Hsing International (Lesotho) Co., Ltd.	3	Processing income	206	Note C	0.00
		Global Garment Co., Ltd.	3	Processing income	1,026	Note C	0.01

No	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
	Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	338,715	Note C	2.44
		C&Y Garments	3	Receivable from related parties	433	Note B	0.00
		Global Garment Co., Ltd.	3	Processing income	52	Note C	0.00
		Global Garment Co., Ltd.	3	Receivable from related parties	8	Note B	0.00
	Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	313,538	Note C	2.26
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	2,100	Note B	0.01
		Nien Hsing International (Lesotho) Co., Ltd.	3	Processing income	2,070	Note C	0.01
		C&Y Garments	3	Processing income	2,047	Note C	0.01
		C&Y Garments	3	Receivable from related parties	68	Note B	0.00
	Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	433,982	Note C	3.13
		C&Y Garments	3	Receivable from related parties	282	Note B	0.00
		Nien Hsing International (Lesotho) Co., Ltd.	3	Receivable from related parties	368	Note B	0.00
		Global Garment Co., Ltd.	3	Receivable from related parties	839	Note B	0.01
		Nien Hsing International (Samoa) Co., Ltd.	3	Receivable from related parties	6,902	Note B	0.05
	Phoenix Development & Marketing Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	3	Receivable from related parties	27,894	Note B	0.19
		C Square Garment Co., Ltd.	3	Receivable from related parties	26,466	Note B	0.18
	C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	3	Receivable from related parties	24	Note B	0.00
	C Square Garment Co., Ltd.	Chih Hsing Garment (Cambodia) Co., Ltd.	3	Processing income	38,736	Note C	0.28
		Chih Hsing Garment (Cambodia) Co., Ltd.	3	Receivable from related parties	21,983	Note B	0.15
		Chu Hsing Garment (Cambodia) Co., Ltd.	3	Processing income	153,593	Note C	1.11
		Chu Hsing Garment (Cambodia) Co., Ltd.	3	Receivable from related parties	13,490	Note B	0.09
	Chih Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	2	Processing income	142,661	Note C	1.03
		Nien Hsing Textile Co., Ltd.	2	Receivable from related parties	686	Note B	0.00
		Chu Hsing Garment (Cambodia) Co., Ltd.	3	Processing income	20,197	Note C	0.15
	Foster Capital Management Inc.	Chih Hsing Garment (Cambodia) Co., Ltd.	3	Receivable from related parties	276	Note B	0.00
		C Square Garment Co., Ltd.	3	Receivable from related parties	1,329	Note B	0.01

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

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Relationship of Investee to Investor)
				December 31, 2013	December 31, 2012	Shares	Percentage of ownership %	Carrying Value			
Nien Hsing Textile Co., Ltd. (the "Company")	Nien Hsing International (B.V.I.) Co., Ltd.	Citco Building, Wickhams Cay Road Town Tortola	Investment holding company	$ 2,934,493	$ 3,351,921	180,350	100.00	$ 4,387,257	$ 168,463	$ 171,584	Subsidiary (Note A)
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Ninh Phuc Industrial Zone, Ninh Binh City, Ninh Binh Province, Vietnam	Manufactures jeans	714,092	714,092	-	100.00	323,511	(66,767)	(66,767)	Subsidiary
	Nien Hsing Garment (Vietnam) Co., Ltd.	Rd. TRAN THI DUNG, Phuc khanh Industrial Park, Thai Binh City, Thai Binh Province. Viet Nam	Manufactures jeans	597,121	597,121	-	100.00	346,165	(12,005)	(12,005)	Subsidiary
	Alpha Textile (Nicaragua) S.A.	Km 15 1/2 Carretera Nueva a L'eon, Los Brasiles, Managua	Dyes leisure clothing	380,294	380,294	1,000	100.00	346,604	7,288	7,288	Subsidiary
	Chu Hsing Garment (Cambodia) Co., Ltd.	Road 6A; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom of Cambodia	Manufactures jeans	288,801	288,801	14,000	100.00	356,814	26,168	26,168	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd.	Road 6A; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom of Cambodia	Manufactures jeans	133,641	131,158	4,500	100.00	123,039	(3,837)	(3,837)	Subsidiary
	Nien Hsing International Investment Co., Ltd.	12F-2, No. 308, Neihu Rd., Sec. 1, Neihu Dist., Taipei City, Taiwan 114, R.O.C.	Business investments	20,000	20,000	2,000,000	100.00	147,044	(4,168)	(4,168)	Subsidiary
	China International Investment Co., Ltd.	25F, No. 97 Dunhua S. Rd., Sec. 2, Da-an Taipei, Taiwan 106, R.O.C.	Business Investment	5,208	5,208	3,274,021	22.42	40,178	1,393	313	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	-	86,360	-	100.00	-	(50)	(50)	Subsidiary (Note B)
	Wu Hsing International Co., Ltd.	No. 97, Ln. 297, Yuanguan Rd., Nuannuan Dist., Keelung City 205, Taiwan, R.O.C.	Purchases and sells raw material, supplies and jeans	4,500	4,500	450,000	30.00	-	-	-	Equity-method investee
Nien Hsing International (B.V.I.) Co.	Nien Hsing International (Bermuda) Ltd.	Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda	Investment holding company	538,101	538,101	29,400	100.00	616,129	5,708	5,708	Subsidiary
	Nien Hsing International (Samoa) Ltd.	Level 2. Lotemau Centre, Vaea Street, Apia, Samoa	Investment holding company	1,294,422	1,294,422	40,300,000	100.00	1,148,199	15,481	15,481	Subsidiary
	Phoenix Development & Marketing Co., Ltd.	Level 2. Lotemau Centre, Vaea Street, Apia, Samoa	Sells denims and makes business investments	1,442,492	1,442,492	45,000,000	100.00	1,859,567	129,814	129,814	Subsidiary
	Nien Hsing Development (Samoa) Co., Ltd.	Offshore Chambers, P.O. BOX 217, Apia, Samoa	Investment holding company	9,847	9,847	330,000	100.00	9,483	(28)	(28)	Subsidiary
	Foster Capital Management Inc.	Level 2. Lotemau Centre, Vaea Street, Apia, Samoa	Business rental	134,723	62,174	4,300,000	100.00	129,959	1,532	1,532	Subsidiary
	C Square Investment Co., Ltd.	Level 2. Lotemau Centre, Vaea Street, Apia, Samoa	Investment holding company; also garment washing industry	286,269	283,373	9,117,964	70.24	231,699	(32,710)	(22,975)	Subsidiary
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	ROAD 6A; PHUM KHTOR; SANGKAT PREK LEAP; RUSSEY KEO DISTRICT; PHNOM PENH; KINGDOM OF CAMBODIA	Garment washing industry	331,323	289,085	11,200,000	100.00	296,321	(23,813)	(23,813)	Subsidiary
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Libramiento Naciones Unidas Km. 20, Esquina Con Carretera a Soto La Marina Km. 5.5 S/N Parque Industrial Nuevo Santander Cd. Victoria. Tamaulipas. Mexico. 87130	Manufactures denims	636,161	636,161	47,410	99.99	487,508	6,350	6,350	Subsidiary
	Nien Hsing Confeccion Ltd.	Libramiento Naciones Unidas Km. 20, Esquina Con Carretera a Soto La Marina Km. 5.5 S/N Parque Industrial Nuevo Santander Cd. Victoria. Tamaulipas. Mexico. 87130	Manufactures jeans	30,021	30,021	26	99.99	(13,807)	(28)	(28)	Subsidiary
Nien Hsing International (Samoa) Ltd.	C&Y Garments	Site No. 7D Thetsane Industrial Area Maseru 100. Lesotho	Manufactures jeans	105,226	105,226	99,800	99.80	94,845	23,925	23,877	Subsidiary
	Nien Hsing International (Lesotho) Co., Ltd.	Site No. 009 Thetsane Industrial Area Maseru 100. Lesotho	Manufactures jeans	10,562	10,562	200,000	100.00	128,755	12,720	12,720	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Relationship of Investee to Investor)
				December 31, 2013	December 31, 2012	Shares	Percentage of ownership %	Carrying Value			
Nien Hsing International (Samoa) Ltd.	Global Garments Co., Ltd.	Site No. 12293-827 Thetsane Industrial Area. Maseru 100, Lesotho	Manufactures jeans	$ 150,535	$ 150,535	100,000	100.00	$ 163,245	$ 9,319	$ 9,319	Subsidiary
	Formosa Textile Co., Ltd.	827 Thetsane Industrial Area, Maseru 100. Lesotho	Manufactures denims	280,856	280,856	100,000	100.00	308,400	(30,337)	(30,337)	Subsidiary
Phoenix Development & Marketing Co., Ltd.	Grand Paper International Ltd..	Private Bag A438 Maseru 100 Lesotho	Manufactures and sells cartons	37,713	37,713	1,110,000	37.00	52,524	35,660	13,194	Equity-method investee
	C&D Capital Corp.	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	Business investment	103,057	103,057	3,347,882	22.42	98,898	(9,295)	(9,295)	Equity-method investee
	C&D Capital II Corp.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Business investment	144,117	144,117	4,500,000	28.74	137,897	1,269	350	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

Notes:

A: Because of the adjustment of a transaction between subsidiaries, the Company recognized a difference between net income of the investee and investment gain.

B: Chu Hsing Garment Co., Ltd. was in liquidation in May of 2013.

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

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous equipment	Construction in Process	Total
Cost									
Balance at January 1, 2012	$ 414,094	$ 1,516	$ 2,973,268	$ 5,551,597	$ 68,227	$ 60,576	$ 1,543,631	$ 199,518	$ 10,812,427
Additions	148	-	28,315	17,963	10,689	3,842	93,083	204,642	358,682
Disposals	-	-	(21,287)	(53,178)	(8,215)	(1,534)	(24,331)	-	(108,545)
Reclassification	821	-	220,713	146,957	78	668	40,711	(289,168)	120,780
Effect of Deconsolidation of Subsidiary	-	-	-	(2,015)	-	(16)	(2,523)	-	(4,554)
Effect of foreign currency exchange differences	(2,779)	-	(100,676)	(184,175)	(2,619)	(1,388)	(35,011)	(5,806)	(332,454)
Balance at December 31, 2012	$ 412,284	$ 1,516	$ 3,100,333	$ 5,477,149	$ 68,160	$ 62,148	$ 1,615,560	$ 109,186	$ 10,846,336
Accumulated depreciation and impairment									
Balance at January 1, 2012	$ -	$ 1,516	$ 1,007,743	$ 4,063,603	$ 44,267	$ 46,094	$ 1,242,964	$ -	$ 6,406,187
Disposals	-	-	(13,385)	(49,090)	(8,171)	(1,428)	(24,194)	-	(96,268)
Reclassification	-	-	496	55	-	-	(55)	-	496
Effect of Deconsolidation of Subsidiary	-	-	-	(350)	-	(6)	(601)	-	(957)
Depreciation expense	-	-	164,338	400,675	8,520	6,022	159,620	-	739,175
Effect of foreign currency exchange differences	-	-	(26,660)	(129,516)	(1,153)	(1,091)	(28,660)	-	(187,080)
Balance at December 31, 2012	$ -	$ 1,516	$ 1,132,532	$ 4,285,377	$ 43,463	$ 49,591	$ 1,349,074	$ -	$ 6,861,553
Carrying amounts at January 1, 2012	$ 414,094	$ -	$ 1,965,525	$ 1,487,994	$ 23,960	$ 14,482	$ 300,667	$ 199,518	$ 4,406,240
Carrying amounts at December 31, 2012	$ 412,284	$ -	$ 1,967,801	$ 1,191,772	$ 24,697	$ 12,557	$ 266,486	$ 109,186	$ 3,984,783
Cost									
Balance at January 1, 2013	$ 412,284	$ 1,516	$ 3,100,333	$ 5,477,149	$ 68,160	$ 62,148	$ 1,615,560	$ 109,186	$ 10,846,336
Additions	869	-	8,433	29,038	18,259	2,506	28,550	100,792	188,447
Disposals	-	-	(3,789)	(35,857)	(10,485)	(493)	(188,601)	-	(239,225)
Reclassification	47,831	-	172,675	104,963	3,104	842	147,972	(179,189)	298,198
Effect of foreign currency exchange differences	4,312	-	(101,461)	27,042	(4,709)	(409)	20,370	1,707	(53,148)
Balance at December 31, 2013	$ 465,296	$ 1,516	$ 3,176,191	$ 5,602,335	$ 74,329	$ 64,594	$ 1,623,851	$ 32,496	$ 11,040,608
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ -	$ 1,516	$ 1,132,532	$ 4,285,377	$ 43,463	$ 49,591	$ 1,349,074	$ -	$ 6,861,553
Disposals	-	-	(268)	(31,572)	(8,553)	(485)	(188,500)	-	(229,378)
Reclassification	-	-	(75)	-	-	-	-	-	(75)
Depreciation expense	-	-	186,454	355,974	9,381	5,554	161,489	-	718,852
Effect of foreign currency exchange differences	-	-	(42,487)	25,007	(2,162)	(179)	17,424	-	(2,397)
Balance at December 31, 2013	$ -	$ 1,516	$ 1,276,156	$ 4,634,786	$ 42,129	$ 54,481	$ 1,339,487	$ -	$ 7,348,555

Carrying amounts at December 31, 2013	$ 465,296	$ -	$ 1,900,035	$ 967,549	$ 32,200	$ 10,113	$ 284,364	$ 32,496	$ 3,692,053