Nien Hsing Textile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 13, 2014 and 2013 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 13, 2014 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 have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

NIEN HSING TEXTILE CO., LTD.

By

CHAO-GUO, CHEN
Chairman

March 17, 2015

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 13, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 13, 2014 and 2013. 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 Regulations Governing Auditing and Attestation 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 13, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, 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 financial statements of the parent company, Nien Hsing Textile Co., Ltd., as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 17, 2015

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

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 13, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,429,766	10	$ 1,140,488	8
Available-for-sale financial assets - current (Notes 4 and 8)	50,210	-	51,615	-
Debt investments with no active market - current (Notes 4 and 10)	95,010	1	-	-
Notes receivable (Note 11)	5,759	-	7,239	-
Trade receivables, net (Notes 4, 5 and 11)	2,304,063	16	2,225,990	15
Other receivables (Note 11)	34,591	-	75,877	-
Inventories (Notes 4, 5 and 12)	3,285,027	24	3,581,207	25
Prepayments (Note 17)	242,650	2	222,078	2
Other financial assets - current (Notes 17 and 32)	3,889	-	-	-
Other current assets (Note 17)	130,054	1	86,202	1
Total current assets	7,581,019	54	7,390,696	51
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	463,498	4	730,075	5
Financial assets carried at cost - non-current (Notes 4 and 9)	1,342,788	10	1,321,329	9
Debt investments with no active market - non-current (Notes 4 and 10)	366,491	3	384,600	3
Investments accounted for using the equity method (Notes 4 and 13)	299,060	2	326,497	2
Property, plant and equipment (Notes 4, 5, 14 and 32)	3,475,384	25	3,692,053	26
Investment properties (Notes 4 and 15)	24,275	-	99,405	1
Technical know-how (Notes 4 and 16)	28,162	-	35,450	-
Deferred tax assets (Notes 4, 5 and 25)	256,491	2	287,291	2
Prepayments for equipment (Note 17)	40,274	-	55,948	1
Refundable deposits (Note 17)	23,377	-	23,202	-
Long-term prepayments for lease (Note 17)	42,069	-	43,061	-
Total non-current assets	6,361,869	46	6,998,911	49
TOTAL	$ 13,942,888	100	$ 14,389,607	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 635,959	5	$ 1,493,642	10
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	102	-	-	-
Notes payable (Note 19)	135,319	1	152,214	1
Trade payables (Note 19)	474,747	3	594,934	4
Payable to related parties (Note 31)	35,276	-	39,630	-
Other payables (Note 20)	694,428	5	615,643	4
Current tax liabilities (Notes 4 and 25)	91,202	1	122,297	1
Provisions for onerous contracts (Notes 4 and 21)	4,603	-	6,848	-
Current portion of long-term bank loans (Notes 18 and 32)	-	-	210,000	2
Other current liabilities (Note 20)	55,619	-	55,734	1
Total current liabilities	2,127,255	15	3,290,942	23
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	910,000	7	-	-
Deferred tax liabilities (Note 25)	334,521	2	295,846	2
Accrued pension liabilities (Notes 4, 5 and 22)	347,840	3	363,394	2
Guarantee deposits received (Note 20)	850	-	1,954	-
Total non-current liabilities	1,593,211	12	661,194	4
Total liabilities	3,720,466	27	3,952,136	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	4,000,000	29	4,000,000	28
Capital surplus	410,589	3	393,116	3
Retain earnings				
Legal reserve	2,071,361	15	1,991,658	14
Special reserve	-	-	661,811	4
Unappropriated earnings	3,453,798	25	2,970,439	21
Total retain earnings	5,525,159	40	5,623,908	39
Other equity	215,367	1	321,324	2
Total equity attributable to owners of the Company	10,151,115	73	10,338,348	72
NON-CONTROLLING INTERESTS	71,307	-	99,123	1
Total equity	10,222,422	73	10,437,471	73
TOTAL	$ 13,942,888	100	$ 14,389,607	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
FOR THE YEARS ENDED DECEMBER 13, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 31)				
Sales	$ 13,201,883	100	$ 13,865,218	100
Less: Sales returns and allowances	21,406	-	33,853	-
Net sales	13,180,477	100	13,831,365	100
Processing income	32,649	-	46,142	-
Total operating revenues	13,213,126	100	13,877,507	100
OPERATING COSTS (Notes 12, 21 and 24)				
Cost of goods sold	12,115,833	92	12,272,275	89
Processing cost	36,016	-	48,802	-
Total operating costs	12,151,849	92	12,321,077	89
GROSS PROFIT	1,061,277	8	1,556,430	11
OPERATING EXPENSES (Note 24)				
Selling	514,374	4	545,215	4
Administrative	202,141	2	206,951	2
Research and development	50,905	-	61,223	-
Total operating expenses	767,420	6	813,389	6
OPERATING INCOME	293,857	2	743,041	5
NON-OPERATING INCOME AND EXPENSES (Notes 13 and 24)				
Other income	376,196	3	178,392	1
Other gains and losses	212,765	2	16,089	-
Finance costs	(19,942)	-	(16,561)	-
Share of profit of associates	29,066	-	11,772	-
Total non-operating income and expenses	598,085	5	189,692	1
PROFIT BEFORE INCOME TAX	891,942	7	932,733	6
INCOME TAX EXPENSE (Notes 4 and 25)	(199,854)	(2)	(144,220)	(1)
NET PROFIT FOR THE YEAR	692,088	5	788,513	5

(Continued)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 13, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (Notes 22, 23 and 25)				
Exchange differences on translating foreign operations	$ 160,381	1	$ (50,601)	-
Unrealized gain (loss) on available-for-sale financial assets	(228,064)	(2)	539,036	4
Actuarial gain and loss arising from defined benefit plans	1,517	-	18,158	-
Share of other comprehensive income (loss) of associates	(7,098)	-	1,675	-
Income tax relating to components of other comprehensive income	(29,088)	-	6,339	-
Other comprehensive income (loss) for the year, net of income tax	(102,352)	(1)	514,607	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 589,736	4	$ 1,303,120	9
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 699,992	5	$ 797,029	6
Non-controlling interests	(7,904)	-	(8,516)	-
	$ 692,088	5	$ 788,513	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 595,294	4	$ 1,308,683	9
Non-controlling interests	(5,558)	-	(5,563)	-
	$ 589,736	4	$ 1,303,120	9
EARNINGS PER SHARE (Note 26)				
Basic	$ 1.75		$ 1.89	
Diluted	$ 1.75		$ 1.89	

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
FOR THE YEARS ENDED DECEMBER 13, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Equity Attributable to Owners of the Company										
	Capital Stock Issued and Outstanding (Note 23)			Retained Earnings (Notes 22, 23, 25 and 27)			Other Equity				
	Thousand Shares	Amount	Capital Surplus (Notes 23 and 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Notes 23 and 25)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Note 23)	Total	Non-controlling Interests (Notes 23 and 27)	Total Equity
BALANCE AT JANUARY 1, 2013	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 the 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
Appropriation of the 2013 earnings											
Legal reserve	-	-	-	79,703	-	(79,703)	-	-	-	-	-
Special reserve	-	-	-	-	(661,811)	661,811	-	-	-	-	-
Cash dividends distributed by the Company - NT$2.00 per share	-	-	-	-	-	(800,000)	-	-	(800,000)	-	(800,000)
	-	-	-	79,703	(661,811)	(217,892)	-	-	(800,000)	-	(800,000)
Additional acquisition or partial disposal of interests in subsidiaries	-	-	17,473	-	-	-	-	-	17,473	(17,473)	-
Reduction of non-controlling interests	-	-	-	-	-	-	-	-	-	(4,785)	(4,785)
Net profit (loss) for the year ended December 31, 2014	-	-	-	-	-	699,992	-	-	699,992	(7,904)	692,088
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	1,259	140,758	(246,715)	(104,698)	2,346	(102,352)
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	-	701,251	140,758	(246,715)	595,294	(5,558)	589,736
BALANCE AT DECEMBER 31, 2014	400,000	$ 4,000,000	$ 410,589	$ 2,071,361	$ -	$ 3,453,798	$ (130,096)	$ 345,463	$ 10,151,115	$ 71,307	$ 10,222,422

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 13, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 891,942	$ 932,733
Adjustments for:		
Depreciation expenses	770,494	719,604
Amortization expenses	10,904	11,171
Impairment loss recognized on trade receivables	988	7,304
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(258)	-
Net loss on fair value change of financial liabilities designated as at fair value through profit or loss	2,122	-
Finance costs	19,942	16,561
Interest income	(35,478)	(32,450)
Dividend income	-	(4,194)
Share of profit of associates	(29,066)	(11,772)
Gain on disposal of property, plant and equipment	(36,314)	(361)
Net gains on disposal of investments	(139,163)	(67,844)
Impairment loss recognized on financial assets	2,709	36,687
Write-down (reversal of write-down) of inventories	27,479	(80,591)
Net changes in operating assets and liabilities		
Decrease in financial assets held for trading	258	-
Decrease in notes receivable	1,480	254
Increase in trade receivables	(79,061)	(345,570)
(Increase) decrease in other receivables	41,819	(5,304)
(Increase) decrease in inventories	268,701	(478,316)
Increase in prepayments	(20,572)	(63,141)
(Increase) decrease in other current assets	(43,852)	48,433
Decrease in financial liabilities held for trading	(2,020)	-
Increase (decrease) in notes payable	(16,895)	32,042
Increase (decrease) in trade payables	(120,187)	79,805
Increase (decrease) in trade payables to related parties	(4,354)	11,988
Increase in other payables	78,723	61,366
Increase (decrease) in provisions for onerous contracts	(2,245)	6,848
Decrease in other current liabilities	(115)	(9,815)
Decrease in accrued pension liabilities	(14,037)	(8,500)
Cash generated from operations	1,573,944	856,938
Income tax paid	(190,551)	(75,661)
Net cash generated from operating activities	1,383,393	781,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	177,527	60,106
Purchase of debt investments with no active market	(95,010)	-
Redemption of debt investments with no active market	30,261	29,465
Purchase of financial assets measured at cost	(120,635)	(657,650)
Proceeds on sale of financial assets measured at cost	160,727	121,622

(Continued)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 13, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Return of capital on financial assets carried at cost	$ -	$ 2,872
Return of capital on investments accounted for by the equity method	24,555	-
Acquisition of property, plant and equipment	(158,987)	(188,088)
Proceeds from disposal of property, plant and equipment	39,087	7,035
Increase in refundable deposits	(175)	(3,573)
Payments for investment properties	(6,878)	-
Increase in other financial assets	(3,889)	-
Increase in prepayments for equipment	(242,466)	(289,189)
Increase in long-term prepayments for lease	-	(13,879)
Interest received	43,773	45,130
Dividend received	24,850	17,036
Net cash used in investing activities	(127,260)	(869,113)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(857,683)	1,053,792
Proceeds from long-term borrowings	910,000	-
Repayments of long-term borrowings	(210,000)	(420,000)
Refund of guarantee deposits received	(1,104)	(45)
Cash dividends paid	(800,000)	(563,063)
Capital reduction	-	(331,250)
Additional acquisition of interests in subsidiaries	-	(19,107)
Interests paid	(20,102)	(16,363)
Increase (decrease) in non-controlling interests	(4,785)	26,064
Net cash used in financing activities	(983,674)	(269,972)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	16,819	(38,842)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	289,278	(396,650)
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE YEAR	1,140,488	1,537,138
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR	$ 1,429,766	$ 1,140,488

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

(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 17, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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 ended 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

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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

(Concluded)

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) 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.

2) 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.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) 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 eliminates the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans 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. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities, deferred tax assets/deferred tax liabilities and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The anticipated impact of the initial application of the revised IAS 19 is detailed as follows:

	Carrying Amount	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount**
Impact on assets, liabilities and equity			
December 31, 2014			
Effect on assets			
Deferred tax assets	$ 256,491	$ 995	$ 257,486
Effect on liabilities			
Accrued pension liabilities	$ 347,840	$ 5,852	$ 353,692
Effect on equity			
Retained earnings	$ 5,525,159	$ (4,857)	$ 5,520,302

(Continued)

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
January 1, 2014			
Effect on assets			
Deferred tax assets	$ 287,291	$ 1,227	$ 288,518
Effect on liabilities			
Accrued pension liabilities	$ 363,394	$ 7,217	$ 370,611
Effect on equity			
Retained earnings	$ 5,623,908	$ (5,990)	$ 5,617,918
Impact on total comprehensive income for the year ended December 31, 2014			
Operating expense	$ 767,420	$ (1,365)	$ 766,055
Income tax expense	$ 199,854	$ 232	$ 200,086
Total effect on net profit for the year	$ 692,088	$ 1,133	$ 693,221
Total effect on total comprehensive income for the year	$ 589,736	$ 1,133	$ 590,869
Net profit attributable to:			
Owners of the Company	$ 699,992	$ 1,133	$ 701,125
Non-controlling interests	(7,904)	-	(7,904)
	$ 692,088	$ 1,133	$ 693,221
Total comprehensive income attributable to:			
Owners of the Company	$ 595,294	$ 1,133	$ 596,427
Non-controlling interests	(5,558)	-	(5,558)
	$ 589,736	$ 1,133	$ 590,869

(Concluded)

5) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 "Income Taxes".

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 is expected to have material effect on the consolidated balance sheet as of January 1, 2014. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

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

The impairment of financial assets

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

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

2) 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.

3) IFRIC 21 "Levies"

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

4) 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.

5) 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.

6) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

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

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

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

7) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) “held for sale” and non-current assets “held for distribution to owners” does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for “held for distribution to owners” and do not meet the criteria for “held for sale” should be treated in the same way as assets that cease to be classified as held for sale.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

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, 2014 and 2013 are listed below. There was no subsidiary excluded from consolidated financial statements.

Investor	Investee	Main Business	% of Ownership December 31 2014	% of Ownership December 31 2013	Remark
The Company	Nien Hsing International (B.V.I.) Co., Ltd.	Investment holding company	100.00	100.00	
	Nien Hsing International Investment Co., Ltd.	Business investments	100.00	100.00	
	Chu Hsing Garment (Cambodia) Co., Ltd.	Manufactures and sells jeans	100.00	100.00	
	Chih Hsing Garment (Cambodia) Co., Ltd.	Manufactures jeans	100.00	100.00	
	Nien Hsing Garment (Vietnam) Co., Ltd.	Manufactures jeans	100.00	100.00	
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Manufactures jeans	100.00	100.00	
	Alpha Textile (Nicaragua) S.A.	Dyes leisure clothing	100.00	100.00	
Nien Hsing International (B.V.I.) Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	Investment holding company	100.00	100.00	
	Nien Hsing International (Samoa) Ltd.	Investment holding company	100.00	100.00	
	Phoenix Development & Marketing Co., Ltd.	Sells denim and makes business investments	100.00	100.00	
	C Square Investment Co., Ltd.	Investment holding company; also garment washing industry	77.50	70.24	Note 27
	Foster Capital Management Inc.	Business rental	100.00	100.000	
	Nien Hsing Development (Samoa) Co., Ltd.	Investment holding company	-	100.00	Completed the liquidation procedure in September 2014
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Manufactures denims	99.99	99.99	
	Nien Hsing Confeccion Ltd.	Manufactures jeans	99.99	99.99	
Nien Hsing International (Samoa) Ltd.	C&Y Garments (Proprietary) Co., Ltd.	Manufactures jeans	99.80	99.80	
	Nien Hsing International (Lesotho) Ltd.	Manufactures jeans	100.00	100.00	
	Global Garments Co., Ltd.	Manufactures jeans	100.00	100.00	
	Formosa Textile Co., Ltd.	Manufactures denims	100.00	100.00	
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	Garment washing industry	100.00	100.00	

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. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

Cash equivalent includes time deposits 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.

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Provisions

Provisions are measured at the best estimate of the 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.

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.

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.

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.

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 14.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	$ 16,956	$ 19,359
Checking accounts and demand deposits	670,120	756,909
Cash equivalent		
Time deposits with original maturities less than three months	108,785	129,497
Short-term bills	633,905	234,723
	$ 1,429,766	$ 1,140,488

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

	December 31	
	2014	**2013**
Bank balance	0.000%-5.700%	0.000%-4.310%
Short-term bills	0.625%	0.650%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2014
Financial liabilities at FVTPL - current	
Financial liabilities held for trading	
Derivative financial liabilities (not under hedge accounting)	
Foreign exchange forward contracts	$ 102

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2014			
Sell	USD/NTD	2015.01.26	USD1,000/NTD31,567

The Group entered into foreign exchange forward contracts during 2014 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	**2013**
Current		
Domestic investments		
Listed shares	$ 50,210	$ 51,615
Non-current		
Domestic investments		
Listed shares	$ 463,498	$ 730,075

The Group sold available-for-sale financial assets for $177,527 thousand in 2014 and $60,106 thousand in 2013, thus recognizing gains on disposal of investment of $124,113 thousand in 2014 and $43,805 thousand in 2013.

The Group reclassified financial assets measured at cost - non-current to available-for-sale financial assets - non-current and reclassified available-for-sale financial assets - non-current to available-for-sale financial assets - current with carrying amount of $13,496 thousand and $160,083 thousand, respectively, in 2014.

The Group reclassified financial assets measured at cost - non-current 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.

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	December 31	
	2014	**2013**
Domestic unlisted common shares	$ 239,809	$ 166,593
Overseas unlisted common shares	717,656	695,895
Other funds	385,323	458,841
	$ 1,342,788	$ 1,321,329
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 1,342,788	$ 1,321,329

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.

On August 14, 2014, the Group acquired 5.71% of the ordinary shares of BioEngine Capital Inc.; total investment amount was $120,000 thousand.

The Group disposed of certain financial assets measured at cost with carrying amounts of $160,727 thousand and $121,622 thousand during 2014 and 2013, respectively, recognizing disposal gain of $15,050 thousand and $24,039 thousand respectively.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET - NON-CURRENT

	December 31	
	2014	**2013**
Current		
Time deposits with original maturity more than 3 months	$ 95,010	$ -
Non-current		
Corporate bonds - Rabobank Nederland	$ 366,491	$ 354,700
Corporate bonds - Twin Dragon Marketing, Inc.	-	29,900
	$ 366,491	$ 384,600

a. The Group has invested in subordinated capital securities since November 2009. As of December 31, 2014 and 2013, the carrying amounts of these securities were both US$10,000 thousand. These securities, which were issued by Rabobank Nederland (the "Issuer") in June 2009 at a total amount of US$1,500,000 thousand, have no maturity date and bear annual interest at a coupon rate of 11%, payable semiannually until June 2019. From June 30, 2019, the subordinated capital securities will bear interest at a coupon rate of three-month U.S. dollars LIBOR plus 10.8675% and will be redeemable (at the option of the Issuer) on June 30, 2019, or on each interest payment date thereafter, at an amount equal to the par value.

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 2014 and 2013. Twin Dragon had redeemed all shares at par value as of December 31, 2014.

c. The market interest rates of the time deposits with original maturity more than 3 months were 1.00% per annum respectively as of December 31, 2014.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	2013
Notes receivable - operating	$ 5,759	$ 7,239
Trade receivables		
Trade receivables	$ 2,432,451	$ 2,355,517
Less: Allowance for impairment loss	(128,388)	(129,527)
	$ 2,304,063	$ 2,225,990
Other receivables		
Payment on behalf of others	$ 18,449	$ 25,294
Interest	7,204	6,671
Others	8,938	43,912
	$ 34,591	$ 75,877

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.

All the trade receivables in December 31, 2014 and 2013 were impaired.

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 4,135	$ 123,021	$ 127,156
Add: Impairment losses recognized on receivables	5,332	1,972	7,304
Less: Amounts written off during the period as uncollectible	(4,135)	(251)	(4,386)
Foreign exchange translation gains and losses	-	(547)	(547)
Balance at December 31, 2013	$ 5,332	$ 124,195	$ 129,527
Balance at January 1, 2014	$ 5,332	$ 124,195	$ 129,527
Add: Impairment losses recognized on receivables (impairment losses reversed)	9,026	(8,038)	988
Less: Amounts written off during the period as uncollectible	-	(4,629)	(4,629)
Foreign exchange translation gains and losses	(212)	2,714	2,502
Balance at December 31, 2014	$ 14,146	$ 114,242	$ 128,388

The Group recognized allowance for impairment loss on trade receivables, including those that were individually impaired, amounting to $14,146 thousand and $5,332 thousand as of December 31, 2014 and 2013, respectively. The Group did not hold any collateral over the receivables.

Ages of impaired trade receivables were as follows:

	December 31	
	2014	2013
Less than 60 days	$ 1,908,087	$ 1,910,482
61-90 days	285,289	341,202
More than 90 days	239,075	103,833
	$ 2,432,451	$ 2,355,517

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.

12. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 505,209	$ 445,653
Work in progress	1,180,153	1,257,529
Raw materials	1,542,279	1,784,273
Raw materials in transit	57,386	93,752
	$ 3,285,027	$ 3,581,207

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $12,115,833 thousand and $12,272,275 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 included inventory write-downs $27,479 thousand and reversal of inventory write-downs $80,591 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2014	2013
Unlisted companies		
C&D Capital II Corp.	$ 142,893	$ 134,897
C&D Capital Corp.	87,186	98,898
Grand Paper International (B.V.I.) Ltd.	49,177	52,524
China International Investment Co., Ltd.	19,804	40,178
Wu Hsing International Co., Ltd.	-	-
Top Fashion Industrial Co., Ltd.	-	-
	$ 299,060	$ 326,497

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

	December 31	
Name of Associate	2014	2013
C&D Capital II Corp.	28.74%	28.74%
C&D Capital Corp.	22.42%	22.42%
Grand Paper International (B.V.I.) Ltd.	37.00%	37.00%
China International Investment Co., Ltd.	22.42%	22.42%
Wu Hsing International Co., Ltd.	30.00%	30.00%
Top Fashion Industrial Co., Ltd.	30.00%	30.00%

In July 2014 China International Investment Co., Ltd. decreased its capital at a ratio of 750 shares, for every one thousand shares and thus made capital returns of $24,555 thousand to the Company.

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

	December 31	
	2014	2013
Total assets	$ 1,132,188	$ 1,246,634
Total liabilities	$ 24,180	$ 15,049

	For the Year Ended December 31	
	2014	2013
Revenue	$ 332,266	$ 292,099
Profit for the year	$ 110,512	$ 29,027
Other comprehensive income	$ (79,851)	$ 8,420

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.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2014	2013
Carrying amount		
Land and land improvements	$ 540,097	$ 465,296
Buildings	1,826,179	1,900,035
Machinery and equipment	763,679	967,549
Transportation equipment	28,680	32,200
Office equipment	9,411	10,113
Miscellaneous equipment	299,350	284,364
Construction in process	7,988	32,496
	$ 3,475,384	$ 3,692,053

Movement in the property, plant and equipment of 2014 and 2013 refer to Table 7.

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

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

Refer to Note 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.

15. INVESTMENT PROPERTIES

	Completed Investment Property
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
Cost	
Balance at January 1, 2014	$ 106,470
Additional	6,878
Transferred to property, plant and equipment	(89,073)
Balance at December 31, 2014	$ 24,275
Accumulated depreciation	
Balance at January 1, 2014	$ (7,065)
Transferred to property, plant and equipment	7,443
Depreciation expense	(378)
Balance at December 31, 2014	$ -
Carrying amounts at December 31, 2014	$ 24,275

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, 2014 and 2013, the fair value of the investment properties was $45,028 thousand and $305,652 thousand, respectively. The management of the Group used the valuation arrived at based on reference market evidence of transaction prices for similar properties.

16. OTHER INTANGIBLE ASSETS

	Technical Know-how
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
Cost	
Balance at January 1, 2014	$ 44,313
Effect of foreign currency exchange differences	2,623
Balance at December 31, 2014	$ 46,936
Accumulated amortization	
Balance at January 1, 2014	$ (8,863)
Amortization expense	(8,981)
Effect of foreign currency exchange differences	(930)
Balance at December 31, 2014	$ (18,774)
Carrying amounts at December 31, 2014	$ 28,162

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

17. OTHER ASSETS

	December 31	
	2014	2013
Current		
Prepayments	$ 242,650	$ 222,078
Other financial assets	3,889	-
Others	130,054	86,202
	$ 376,593	$ 308,280
Non-current		
Refundable deposits	$ 23,377	$ 23,202
Prepayments for equipment	40,274	55,948
Long-term prepayments for lease	42,069	43,061
	$ 105,720	$ 122,211

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Secured borrowings		
Usance letters of credit	$ -	$ 7,692
Unsecured borrowings		
Line of credit borrowings	635,959	1,485,950
	$ 635,959	$ 1,493,642
The range of interest rate		
Secured borrowings		
Usance letters of credit	-	1.780%-1.800%
Unsecured borrowings		
Line of credit borrowings	0.849%-1.350%	1.050%-1.750%

b. Long-term borrowings

	December 31	
	2014	2013
Secured borrowings (Note 32)		
Loan issuance facilities (1)	$ -	$ 210,000
Less: Current portion	-	(210,000)
	$ -	$ -
Unsecured borrowings		
Loan of credit borrowings (2)	560,000	-
Loan of credit borrowings (3)	350,000	-
	$ 910,000	$ -
The range of interest rate		
Secured borrowings		
Loan issuance facilities (1)	-	1.263%
Unsecured borrowings		
Loan of credit borrowings (2)	1.568%	-
Loan of credit borrowings (3)	1.568%	-

1) 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. This syndicated revolving credit line agreement is secured by the Company's own land and building (Note 32).

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

3) On December 2, 2013, a five-year credit line agreement amounting to $500,000 thousand was signed by the Company with Hua Nan Bank. No repayment was required in the first three years. Repayments are made semiannually from the third year of agreement signing. The Company first used the credit line on April 25, 2014.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2014	2013
Notes payable	$ 135,319	$ 152,214
Trade payables	$ 474,747	$ 594,934

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.

20. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Salaries or bonus	$ 408,020	$ 391,226
Payable for annual leave	14,543	15,399
Bonus to employees	8,549	10,669
Remuneration to directors and supervisors	6,825	6,825
Others	256,491	191,524
	694,428	615,643
Other liabilities	55,619	55,734
	$ 750,047	$ 671,377
Non-current		
Guarantee deposits received	$ 850	$ 1,954

21. PROVISIONS

	December 31	
	2014	2013
Onerous contracts	$ 4,603	$ 6,848

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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. In addition, a subsidiary, Nien Hsing International Investment Co., Ltd., does not have full-time employees.

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	
	2014	2013
Discount rates	1.75%	1.75%
Expected return on plan assets	1.75%	1.75%
Expected rates of salary increase	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	
	2014	2013
Current service cost	$ 8,568	$ 9,975
Interest cost	7,647	7,033
Expected return on plan assets	(1,231)	(1,306)
Past service cost	1,110	1,118
Losses/(gains) arising from curtailment or settlement	(4,674)	(2,488)
	$ 11,420	$ 14,332
An analysis by function		
Operating cost	$ 10,167	$ 10,178
Marketing expenses	597	1,880
Administration expenses	595	2,049
Research and development expenses	61	225
	$ 11,420	$ 14,332

For the years ended December 31, 2014 and 2013, the Company recognized actuarial gain $1,259 thousand and $15,072 thousand, respectively, in other comprehensive income. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $25,153 thousand and $26,412 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	
	2014	2013
Present value of funded defined benefit obligation	$ 384,973	$ 443,587
Fair value of plan assets	(31,281)	(72,976)
Deficit	353,692	370,611
Past service cost not yet recognized	(5,852)	(7,217)
Net liability arising from defined benefit obligation	$ 347,840	$ 363,394

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

	For the Year Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 443,587	$ 475,586
Current service cost	8,568	9,975
Interest cost	7,647	7,033
Actuarial losses/(gains)	(1,204)	(18,492)
Losses/(gains) on curtailments	(16,748)	(3,259)
Benefits paid	(56,877)	(27,256)
Closing defined benefit obligation	$ 384,973	$ 443,587

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

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 72,976	$ 77,146
Expected return on plan assets	1,231	1,306
Actuarial (losses)/gains	313	(334)
Contributions from the employer	12,850	13,447
Benefits paid	(56,089)	(18,589)
Closing fair value of plan assets	$ 31,281	$ 72,976

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $1,544 thousand and $972 thousand, respectively.

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	
	2014	2013
Deposit in financial institutions	19.12%	22.86%
Stocks and beneficiary certificate	12.15%	8.41%
Short-term bills	1.98%	4.10%
Bonds, financial bonds and bonds payable	11.92%	9.37%
Overseas investment	36.49%	34.31%
Others	18.34%	20.95%

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, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 384,973	$ 443,587	$ 475,586	$ 442,630
Fair value of plan assets	$ (31,281)	$ (72,976)	$ (77,146)	$ (90,833)
Deficit	$ 353,692	$ 370,611	$ 398,440	$ 351,797
Experience adjustments on plan liabilities	$ 1,204	$ 18,492	$ (48,988)	$ -
Experience adjustments on plan assets	$ 313	$ (334)	$ (993)	$ -

The Group expects to make contributions of $12,850 thousand and $13,785 thousand, to the defined benefit plans for the years ended December 31, 2015 and 2014, respectively.

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	400,000	400,000
Shares issued	$ 4,000,000	$ 4,000,000

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

In their meeting on June 13, 2013, the stockholders approved the reduction of cash capital by $331,250 thousand. After the reduction of cash capital, the capital stock balance 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	
	2014	2013
Share premium	$ 89	$ 89
Treasury share transactions	5,952	5,952
Gain on disposal of property, plant and equipment	255	255
Consolidation excess	380,471	380,471
Changes in percentage of ownership interest in subsidiaries	18,667	1,194
Others	5,155	5,155
	$ 410,589	$ 393,116

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, consolidation excess and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or may be transferred to share capital within a certain percentage of the Company's capital surplus once a year. The capital surplus from share of changes in equities of subsidiaries may be used to offset a deficit. However, the capital surplus from investments accounted for using the 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, 2014 and 2013, the bonus to employees was $7,500 thousand and $8,500 thousand, respectively, and the remuneration to directors and supervisors was $6,825 thousand and $6,825 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. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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, bonuses to employees, and remuneration to directors and supervisors for 2013 and 2012 had been approved in the shareholders' meetings on June 17, 2014 and June 13, 2013, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2013	2012	2013	2012
Legal reserve	$ 79,703	$ 75,957	$ -	$ -
Special reserve	-	661,811	-	-
Cash dividends	800,000	563,063	2.00	1.30

	For the Year Ended December 31	
	2013	2012
	Cash Dividends	Cash Dividends
Bonus to employees	$ 8,500	$ 6,000
Remuneration of directors and supervisors	6,825	6,554

On June 17, 2014, the stockholders' meeting approved the reversal of special reserve in the amount of $661,811 thousand.

The appropriations of earnings for 2013 were proposed according to the Company's financial statements for the year ended December 31, 2013, 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, 2013, 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 2014 had been proposed by the Company's board of directors on March 17, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 69,999	$ -
Cash dividends	720,000	1.8

The appropriations from the 2014 earnings, including the bonus to employees and the remuneration to directors and supervisors, are subject to the approval of the shareholders' meeting to be held on June 15, 2015. In addition, there was no difference between the proposed appropriations from the 2013 earnings and the appropriation amounts approved in the 2014 shareholders' meeting.

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	
	2014	2013
Balance at January 1	$ (270,854)	$ (224,833)
Exchange differences arising on translating the foreign operations	158,035	(53,554)
Share of exchange difference of associates accounted for using the equity method	11,553	(1,892)
Income tax related to gains arising on translating the net assets of foreign operations	(28,830)	9,425
Balance at December 31	$ (130,096)	$ (270,854)

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	
	2014	2013
Balance at January 1	$ 592,178	$ 49,575
Unrealized gain arising on revaluation of available-for-sale financial assets	(103,951)	582,841
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(124,113)	(43,805)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(18,651)	3,567
Balance at December 31	$ 345,463	$ 592,178

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	
	2014	2013
Balance at January 1	$ 99,123	$ 96,123
Attributable to non-controlling interests:		
Share of loss for the year	(7,904)	(8,516)
Exchange difference arising on translation of foreign entities	2,346	2,953
Additional acquisition or partial disposal of interests in subsidiaries	(17,473)	1,606
Non-controlling interest arising from acquisition of subsidiaries	(4,785)	6,957
Balance at December 31	$ 71,307	$ 99,123

24. NET PROFIT

Net profit:

a. Other income

	For the Year Ended December 31	
	2014	2013
Rental income (Note 31)	$ 20,040	$ 21,206
Interest income		
Bank deposits	10,849	7,562
Debt investments with no active market - non-current	24,629	24,888
Refund of customs duties	-	1,505
Compensation revenue (Note 34)	185,592	13,939
Others	135,086	109,292
	$ 376,196	$ 178,392

b. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Gain on disposal of property, plant and equipment and investment property	$ 36,314	$ 361
Gain on disposal of financial assets	139,163	67,844
Impairment loss recognized on financial assets	(2,709)	(36,687)
Net foreign exchange gains	110,959	60,342
Gain on financial assets classified as held for trading	258	-
Loss on financial liabilities classified as held for trading	(2,122)	-
Others	(69,098)	(75,771)
	$ 212,765	$ 16,089

c. Finance costs

	For the Year Ended December 31	
	2014	2013
Interest on bank loans	$ 19,942	$ 16,561

d. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 770,116	$ 718,852
Investment property	378	752
Long-term prepayments for lease	1,923	2,374
Intangible assets	8,981	8,797
	$ 781,398	$ 730,775
An analysis of deprecation by function		
Operating costs	$ 754,366	$ 703,481
Operating expenses	16,128	16,123
	$ 770,494	$ 719,604
An analysis of amortization by function		
Operating costs	$ 10,904	$ 11,171
Operating expenses	-	-
	$ 10,904	$ 11,171

e. Employee benefits expense

	For the Year Ended December 31	
	2014	2013
Short-term benefits	$ 3,084,598	$ 2,921,246
Post-employment benefits (see Note 22)		
Defined contribution plans	23,810	21,847
Defined benefit plans	11,420	14,332
Total employee benefits expense	$ 3,119,828	$ 2,957,425
An analysis of employee benefits expense by function		
Operating costs	$ 2,803,798	$ 2,617,585
Operating expenses	316,030	339,840
	$ 3,119,828	$ 2,957,425

25. 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	
	2014	2013
Current tax		
In respect of the current year	$ 101,918	$ 123,145
Deferred tax		
In respect of the current year	40,387	29,460
Additional income tax on unappropriated earnings	57,914	-
Adjustment for prior periods	(365)	(8,385)
Income tax expense recognized in profit or loss	$ 199,854	$ 144,220

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

	For the Year Ended December 31	
	2014	2013
Profit before tax	$ 891,942	$ 932,733
Income tax expense calculated at the statutory rate	$ 174,779	$ 161,831
Nondeductible expenses in determining taxable income	(37,687)	(9,226)
Additional income tax under the Alternative Minimum Tax Act	5,213	-
Additional income tax on unappropriated earnings	57,914	-
Adjustments for prior years' tax	(365)	(8,385)
Income tax expense recognized in profit	$ 199,854	$ 144,220

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 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 28,830	$ (9,425)
Actuarial gains and losses on defined benefit plan	258	3,086
	$ 29,088	$ (6,339)

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax liabilities		
Income tax payable	$ 91,202	$ 122,297

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, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange difference on foreign operations	$ 184,465	$ -	$ (28,830)	$ 155,635
Provisions for pension cost	58,306	(2,386)	-	55,920
Allowance for loss of write-down of inventories	20,922	3,744	-	24,666
Allowance for impairment loss of trade receivables	9,104	-	-	9,104
Defined benefit obligation	5,411	-	(258)	5,153
Provisions for warranty	4,252	410	-	4,662
Provisions for onerous contracts	1,164	(382)	-	782
Others	3,667	(3,098)	-	569
	$ 287,291	$ (1,712)	$ (29,088)	$ 256,491

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of earnings of subsidiaries	$ (295,846)	$ (38,675)	$ -	$ (334,521)

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)

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

	December 31	
	2014	2013
Loss carryforwards		
Expire in 2019	$ 42,391	$ 42,391
Expire in 2020	10,086	10,086
Expire in 2023	1,722	1,722
	$ 54,199	$ 54,199
Deductible temporary differences		
Unrealized investment loss	$ 2,125	$ 6,470

f. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Unappropriated earnings generated before January 1, 1998	$ 360,545	$ 360,545
Unappropriated earnings generated on and after January 1, 1998	3,093,253	2,609,894
	$ 3,453,798	$ 2,970,439
Imputation credits accounts	$ 518,023	$ 371,372

The creditable ratios for the distribution of the earnings of 2014 and 2013 were 18.43% (expected ratio) and 17.78%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocable to ROC resident shareholders of the Company are calculated on the basis of the creditable ratio as of the date of dividend distribution. The actual imputation credits allocable to shareholders of the Company are based on the balance of the imputation credit account (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

g. Income tax assessments

Income tax returns of the Company and Nien Hsing International Investment Co., Ltd. through 2012 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.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2014	2013
Basic earnings per share	$ 1.75	$ 1.89
Diluted earnings per share	$ 1.75	$ 1.89

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	
	2014	2013
Earnings used in the computation of basic and diluted earnings per share	$ 699,992	$ 797,029

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

	For the Year Ended December 31	
	2014	2013
Weighted average number of ordinary shares in computation of basic earnings per share	400,000	420,703
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	449	423
Weighted average number of ordinary shares used in the computation of diluted earnings per share	400,449	421,126

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.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 4, 2014, the Group acquired an additional 7.26% of its interest in C Square Investment Co., Ltd., increasing its continuing interest from 70.24% to 77.50%.

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

	C Square Investment Co., Ltd.
Cash consideration paid	$ (4,785)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	22,258
Differences arising from equity transaction	$ 17,473
Line items adjusted for equity transaction	
Capital surplus - difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	$ 17,473

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	
	2014	2013
Not later than 1 year	$ 680	$ 3,463
Later than 1 year and not later than 5 years	762	1,700
Later than 5 years	-	69
	$ 1,442	$ 5,232

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).

	Level 1	
	December 31	
	2014	**2013**
Available-for-sale financial assets		
Securities listed in ROC		
Equity securities	$ 513,708	$ 781,690

	Level 2	
	December 31	
	2014	**2013**
Financial liabilities at FVTPL		
Other derivatives	$ 102	$ -

There were no transfers between Levels 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:

a) 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) Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

b. Categories of financial instruments

	December 31	
	2014	**2013**
Financial assets		
Loans and receivables (1)	$ 4,262,946	$ 3,857,396
Available-for-sale financial assets (2)	1,856,496	2,103,019
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	102	-
Amortized cost (3)	2,886,579	3,108,017

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

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

3) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings, 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.

Sensitivity analysis

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

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

	USD		**PESO**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**
Profit (loss)	$ 65,845	$ 86,790	$ (5,561)	$ (3,301)

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	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 461,501	$ 384,600
Cash flow interest rate risk		
Financial assets	1,412,810	1,121,129
Financial liabilities	1,545,959	1,703,642

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, 2014 and 2013 would decrease/increase by $333 thousand and increase/decrease $1,456 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, 2014 and 2013 would increase/decrease by $5,137 thousand and $7,817 thousand, respectively.

2) Credit risk

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

Business-related credit risk

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

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

As of December 31, 2014 and 2013, the Group's 10 largest customers accounted for 84.49% and 78.78%, respectively, of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant.

Financial credit risk

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

3) Liquidity risk

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

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

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 Note 14, the details of transactions between the Group and other related parties are disclosed below.

a. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Processing income	Associates	$ 22,503	$ 24,477

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

b. Other revenues

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Rental revenue	Other related parties	$ 79	$ 79

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

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

Line Items	Related Party Categories	December 31 2014	2013
Payables to related parties	Associates	$ 35,276	$ 39,630

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

d. Compensation of key management personnel

	For the Year Ended December 31 2014	2013
Short-term employee benefits	$ 45,677	$ 50,855
Post-employment benefits	1,436	1,345
	$ 47,113	$ 52,200

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	
	2014	2013
Property, plant and equipment	$ 258,073	$ 266,656
Other financial assets - current	3,889	-
	$ 261,962	$ 266,656

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

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2014 and 2013, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $1,063,455 thousand and $1,176,990 thousand, respectively.

34. SIGNIFICANT LOSSES FROM DISASTERS

A cotton warehouse of Nien Hsing International Victoria Ltd. ("Victoria"), 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. Phoenix Development & Marketing Co., Ltd., Victoria's investor, and Victoria recognized fire losses of $107,045 thousand and $7,710 thousand, respectively, in 2012, under non-operating expenses and losses. Since Victoria had fire insurance, it was entitled to fire damage compensation, which was paid in May 2014, and the Group recognized a compensation revenue totaling $157,601 thousand.

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, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,496	11.5626 (USD:ZAR)	$ 79,039
USD	84,529	31.67 (USD:NTD)	2,677,026
USD	5,320	26.5984 (USD:NIC)	168,486
USD	5,642	21,246 (USD:VND)	178,674
PESO	7,315	0.0678 (PESO:USD)	15,719
			$ 3,118,944

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 5,874	11.5626 (USD:ZAR)	$ 186,019
USD	50,415	31.67 (USD:NTD)	1,596,657
USD	116	26.5984 (USD:NIC)	3,672
PESO	59,073	0.0678 (PESO:USD)	126,936
			$ 1,913,284

(Concluded)

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

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. (None)

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

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

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

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

9) Trading in derivative instruments. (Note 7)

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

11) Information on investees. (Table 6)

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

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:

- Textile
- Garment

a. Segment revenues and results

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

	Segment Revenue		Segment Profit	
	Year Ended December 31		Year Ended December 31	
	2014	2013	2014	2013
Textile segment			$ (140,835)	$ 178,660
From outside customers	$ 4,039,791	$ 4,810,426		
From intersegment sales	1,526,095	1,435,591		
Garment segment			551,255	706,422
From outside customers	9,140,686	9,045,416		
From intersegment sales	-	-		
Other segment			54,195	4,597
From outside customers	32,649	21,665		
From intersegment sales	-	-		
Elimination	(1,526,095)	(1,435,591)		
Total revenues	$ 13,213,126	$ 13,877,507	464,615	889,679
Unallocated amount				
Administrative cost			(142,762)	(129,316)
Other shared expense			(27,996)	(17,322)
Operating income			293,857	743,041
Other income			376,196	178,392
Other gain and loss			212,765	16,089
Financial cost			(19,942)	(16,561)
Share of profit of associates accounted for using the equity method			29,066	11,772
Income before income tax			$ 891,942	$ 932,733

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

b. Segment assets and liabilities

	December 31	
	2014	2013
Segment assets		
Textile segment	$ 4,622,146	$ 5,124,941
Garment segment	4,415,284	4,521,678
Other shared assets	4,905,458	4,742,988
Consolidated total assets	$ 13,942,888	$ 14,389,607

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	
	2014	2013
Depreciation and amortisation		
Textile segment	$ 476,819	$ 440,367
Garment segment	233,853	223,116
Other segment	70,726	67,292
	$ 781,398	$ 730,775

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

d. Revenue from major products and services

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

	Year Ended December 31	
	2014	2013
Fabrics	$ 4,039,791	$ 4,810,426
Garments	9,140,686	9,045,416
Others	32,649	21,665
	$ 13,213,126	$ 13,877,507

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	
	2014	2013	2014	2013
Taiwan	$ 10,863,771	$ 11,410,288	$ 982,671	$ 1,055,851
America	1,599,717	1,729,501	573,005	588,624
Africa	739,491	716,053	777,150	942,008
Other areas in Asia	10,147	21,665	1,277,338	1,339,434
	$ 13,213,126	$ 13,877,507	$ 3,610,164	$ 3,925,917

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 2014 and 2013 were as follows:

	2014 Sales Amount	2013 Sales Amount
Custom A (Note 1)	$ 4,702,261	$ 4,743,773
Custom B (Note 2)	1,418,336	1,492,938
	$ 6,120,597	$ 6,236,711

Note 1: Revenues from Garment segment

Note 2: Revenues from Textile segment

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2014
(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. (the "Company")	Phoenix Development & Marketing Co., Ltd.	(Note B)	$ 3,045,334	$ 867,100	$ 760,080	$ 177,478	$ -	7.49	$ 5,075,557	Y	N	N
		Nien Hsing International Investment Co., Ltd.	(Note A)	3,045,334	150,000	150,000	87,000	-	1.48	5,075,557	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, 2014
(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, 2014				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
Nien Hsing Textile Co., Ltd.	Mycenax Biotech Inc.	-	Available-for-sale financial asset - non-current	8,262,000	$ 463,498	7.44	$ 463,498	
	UFO Investment Corporation	-	Financial assets carried at cost - non-current	3,384,000	2,218	5.00	2,730	
	Leadray Energy Co., Ltd.	-	Financial assets carried at cost - non-current	2,532,619	37,721	8.17	17,952	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets carried at cost - non-current	419,520	4,195	2.22	4,498	
	Breeze Digital Technology Corp.	-	Financial assets carried at cost - non-current	147,000	-	2.94	130	
Nien Hsing International (B.V.I.) Ltd.	Rabobank Nederland	-	Bond investments with no active market - non-current	10,000	366,491	-	366,491	
Phoenix Development & Marketing Co., Ltd.	Prodigy Strategic Investment Fund XXI Segregated Portfolio	-	Financial assets carried at cost - non-current	12,293	385,323	-	385,302	
	PTS International, Inc.	-	Financial assets carried at cost - non-current	2,500,000	63,340	2.87	-	
	Analogix Semiconductor, Inc.	-	Financial assets carried at cost - non-current	75,811	3,492	0.15	905	
	VeriSilicon Holdings (Cayman Islands) Co., Ltd.	-	Financial assets carried at cost - non-current	193,547	9,514	0.23	-	
	GEM Services, Inc.	-	Financial assets carried at cost - non-current	319,670	-	0.83	-	
	Paragon Wireless, Inc.	-	Financial assets carried at cost - non-current	431,542	-	0.97	-	
	DigiMedia Technologies Co., Ltd.	-	Financial assets carried at cost - non-current	368,532	-	0.54	-	
	Thousand Luck Limited	-	Financial assets carried at cost - non-current	200,000	-	1.33	-	
	ALO7 Limited	-	Financial assets carried at cost - non-current	113,733	5,535	0.47	2,587	
	Digital Knowledge World Co., Ltd.	-	Financial assets carried at cost - non-current	357,140	2,375	0.26	954	
	PHM Asia Holding Corporation	-	Financial assets carried at cost - non-current	1,160,092	633,400	2.32	155,099	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
Nien Hsing International Investment Co., Ltd.	Mycenax Bigtech Inc.	-	Available-for-sale financial assets - current	895,000	$ 50,210	0.81	$ 50,210	
	Imagic Technologies Co., Ltd.	-	Financial assets carried at cost - non-current	3,400	-	0.01	-	
	Igiant Optics Co., Ltd.	-	Financial assets carried at cost - non-current	4,800	-	0.01	-	
	TopRay Technologies, Inc.	-	Financial assets carried at cost - non-current	53,966	-	0.39	-	
	Commoca Inc.	-	Financial assets carried at cost - non-current	40,300	-	0.21	-	
	Princedom Precision Corporation	-	Financial assets carried at cost - non-current	166,334	2,004	1.21	1,054	
	Koatech Technology Corp.	-	Financial assets carried at cost - non-current	809,280	8,221	1.59	5,285	
	Alpha Optical Co., Ltd.	-	Financial assets carried at cost - non-current	421,322	4,702	1.05	3,828	
	Helio Optoelectronics Corporation	-	Financial assets carried at cost - non-current	254,648	4,814	1.08	1,955	
	Wisdom-Orgchem Inc.	-	Financial assets carried at cost - non-current	609,840	10,613	1.16	12,564	
	Leadray Energy Co., Ltd.	-	Financial assets carried at cost - non-current	2,910,578	45,321	9.39	20,217	
	BioEngine Capital Inc.	-	Financial assets carried at cost - non-current	12,000,000	120,000	5.71	119,241	

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2014
(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	$ (716,988)	(6)	Note B	-	Note B	$ 180,054	9	
	Formosa Textile Co., Ltd.	Subsidiary	Processing expense	443,588	9	Note A	Note A	Note A	-	-	
	Nien Hsing Garment (Vietnam) Co., Ltd	Subsidiary	Processing expense	749,633	15	Note A	Note A	Note A	(130,750)	(10)	
	Nien Hsing (Ninh Binh) Garment Co., Ltd.	Subsidiary	Processing expense	689,210	13	Note A	Note A	Note A	-	-	
	Chu Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Processing expense	685,455	13	Note A	Note A	Note A	(240,577)	(19)	
	Chih Hsing Garment (Cambodia) Co., Ltd.	Subsidiary	Processing expense	295,882	6	Note A	Note A	Note A	-	-	
	C&Y Garments	Subsidiary	Processing expense	305,396	6	Note A	Note A	Note A	(39,357)	(3)	
	Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary	Processing expense	310,145	6	Note A	Note A	Note A	-	-	
	Global Garments (Proprietary) Co., Ltd.	Subsidiary	Processing expense	301,795	6	Note A	Note A	Note A	(31,469)	(2)	
	Alpha Textile (Nicaragua) S.A.	Subsidiary	Processing expense	160,937	3	Note A	Note A	Note A	(159,733)	(12)	
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(749,633)	(100)	Note A	Note A	Note A	130,750	100	
Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(685,455)	(100)	Note A	Note A	Note A	240,577	99	
	C Square Garment Co., Ltd.	With same parent company	Processing expense	232,008	73	Note A	Note A	Note A	(72,938)	(100)	
Nien Hsing (Ninh Binh) Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(689,210)	(100)	Note A	Note A	Note A	-	-	
Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Purchase	716,988	100	Note B	-	Note B	(180,054)	(79)	
	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(443,588)	(95)	Note A	Note A	Note A	-	-	
Phoenix Development & Marketing Co., Ltd.	Nien Hsing International Victoria Ltd.	With same parent company	Processing expense	568,616	100	Note A	Note A	Note A	(129,968)	(67)	
Nien Hsing International Victoria Ltd.	Phoenix Development & Marketing Co., Ltd.	With same parent company	Processing income	(568,616)	(100)	Note A	Note A	Note A	129,968	85	
C Square Garment Co., Ltd.	Chu Hsing Garment (Cambodia) Co., Ltd.	With same parent company	Processing income	(232,008)	(71)	Note A	Note A	Note A	72,938	71	
Chih Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(295,882)	(95)	Note A	Note A	Note A	-	-	
C&Y Garments	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(305,396)	(100)	Note A	Note A	Note A	39,357	100	
Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(310,145)	(100)	Note A	Note A	Note A	-	-	
Global Garments (Proprietary) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(301,795)	(99)	Note A	Note A	Note A	31,469	99	
Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(160,937)	(100)	Note A	Note A	Note A	159,733	100	

Notes:

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

B. Payments were made in cash upon demand.

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance (Notes A and B)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Subsidiary	$ 180,054	Note A	$ -	-	$ 27,964	$ -
	C Square Garment Co., Ltd.	Subsidiary	122,814	Note A	-	-	-	-
Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	130,750	Note A	-	-	130,750	-
Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	240,577	Note A	-	-	102,276	-
Nien Hsing International Victoria Ltd.	Phonenix Development & Marketing Co., Ltd.	Same ultimate parent company	129,968	Note A	-	-	64,630	-
Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	Parent company	159,733	Note A	-	-	14,678	-
Nien Hsing International (Samoa) Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	118,711	Note A	-	-	-	-

Notes:

A: Payments were made upon request.

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

TABLE 5

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
0	Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	a	Sales revenue	$ 716,988	Note B	5.43
		Formosa Textile Co., Ltd.	a	Receivable from related parties	180,054	Note B	1.29
		Phoenix Development & Marketing Co., Ltd.	a	Service revenue	13,235	Note D	0.10
		Phoenix Development & Marketing Co., Ltd.	a	Receivable from related parties	13,013	Note B	0.09
		Nien Hsing International Investment Co., Ltd.	a	Rent revenue	25	Note D	-
		Nien Hsing International Investment Co., Ltd.	a	Receivable from related parties	46	Note B	-
		C Square Garment Co., Ltd.	a	Receivable from related parties	122,814	Note B	0.88
		Nien Hsing International (Lesotho) Co., Ltd.	a	Receivable from related parties	5,966	Note B	0.04
		Nien Hsing International (Lesotho) Co., Ltd.	a	Sales revenue	17,497	Note B	0.13
1	Chu Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	685,455	Note C	5.19
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	240,577	Note B	1.73
		Chih Hsing Garment (Cambodia) Co., Ltd.	c	Processing income	1,576	Note C	0.01
		Chih Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	1,694	Note B	0.01
2	Nien Hsing Garment (Vietnam) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	749,633	Note C	5.67
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	130,750	Note B	0.94
3	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	689,210	Note C	5.22
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	36,708	Note B	0.26
4	Alpha Textile (Nicaragua) S.A.	Nien Hsing Textile Co., Ltd.	b	Processing income	160,937	Note C	1.22
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	159,733	Note B	1.15
5	Nien Hsing International (Bermuda) Ltd.	Phoenix Development & Marketing Co., Ltd.	c	Rent revenue	78,166	Note C	0.59
6	Nien Hsing International Victoria Ltd.	Phoenix Development & Marketing Co., Ltd.	c	Processing income	568,616	Note C	4.30
		Phoenix Development & Marketing Co., Ltd.	c	Receivable from related parties	129,968	Note B	0.91
		Nien Hsing Confeccion Ltd.	c	Receivable from related parties	14,231	Note B	0.10
7	Nien Hsing International (Samoa) Ltd.	Nien Hsing Textile Co., Ltd.	b	Rent revenue	238,862	Note C	1.81
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	118,711	Note B	0.85
8	C&Y Garments	Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	39,358	Note B	0.28
		Nien Hsing Textile Co., Ltd.	b	Processing income	305,396	Note C	2.31
9	Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	310,145	Note C	2.35
		C&Y Garments	c	Receivable from related parties	276	Note B	-
		Global Garment Co., Ltd.	c	Receivable from related parties	164	Note B	-
		Global Garment Co., Ltd.	c	Processing income	950	Note C	0.01

(Continued)

No.	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
10	Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	$ 301,795	Note C	2.28
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	31,469	Note B	0.23
		Nien Hsing International (Lesotho) Co., Ltd.	c	Processing income	159	Note C	-
		C&Y Garments	c	Processing income	1,662	Note C	0.01
		C&Y Garments	c	Receivable from related parties	157	Note B	-
11	Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	443,588	Note C	3.36
		C&Y Garments	c	Receivable from related parties	892	Note B	0.01
		Nien Hsing International (Samoa) Co., Ltd.	c	Receivable from related parties	8,601	Note B	0.06
		Nien Hsing International (Lesotho) Co., Ltd.	c	Receivable from related parties	939	Note B	0.01
		Global Garment Co., Ltd.	c	Receivable from related parties	997	Note B	0.01
12	Phoenix Development & Marketing Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	c	Receivable from related parties	36,728	Note B	0.26
		C Square Garment Co., Ltd.	c	Receivable from related parties	28,033	Note B	0.20
13	C Square Garment Co., Ltd.	Chih Hsing Garment (Cambodia) Co., Ltd.	c	Processing income	89,644	Note C	0.68
		Chih Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	25,088	Note B	0.18
		Chu Hsing Garment (Cambodia) Co., Ltd.	c	Processing income	232,008	Note C	1.76
		Chu Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	72,938	Note B	0.52
14	Chih Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	295,882	Note C	2.24
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	10,558	Note B	0.08
		Chu Hsing Garment (Cambodia) Co., Ltd.	c	Processing income	15,314	Note C	0.12
15	Foster Capital Management Inc.	Chih Hsing Garment (Cambodia) Co., Ltd.	c	Receivable from related parties	794	Note B	0.01
		C Square Garment Co., Ltd.	c	Receivable from related parties	2,815	Note B	0.02

Note A: Flow of transaction:

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

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

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

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

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

(Concluded)

TABLE 6

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, 2014
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2014			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Relationship of Investee to Investor)
				December 31, 2014	December 31, 2013	Shares	Percentage of Ownership %	Carrying Value			
Nien Hsing Textile Co., Ltd. (the "Company")	Nien Hsing International (B.V.I.) Co., Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment holding company	$ 2,934,493	$ 2,934,493	180,350	100.00	$ 4,775,230	$ 275,853	$ 279,868	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	304,628	(32,884)	(32,884)	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	319,245	(40,900)	(40,900)	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	346,229	(3,196)	(3,196)	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	399,895	20,990	20,990	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd.	Road 6A; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom of Cambodia	Manufactures jeans	133,641	133,641	4,500	100.00	134,072	3,623	3,623	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	154,572	82,239	82,239	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	818,505	22.42	19,804	18,650	4,181	Equity-method investee
	Wu Hsing International Co., Ltd.	No. 97, Ln. 297, Yuanguan Rd., Nuannuan Dist., Keelung City 205, Taiwan, R.O.C.	Purchases and sells raw material, supplies and jeans	4,500	4,500	450,000	30.00	-	-	-	Equity-method investee
Nien Hsing International (B.V.I.) Co.	Nien Hsing International (Bermuda) Ltd.	Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda	Investment holding company	538,101	538,101	29,400	100.00	632,431	38,774	38,774	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	1,150,431	9,238	9,238	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	2,164,145	208,686	208,686	Subsidiary
	Nien Hsing Development (Samoa) Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investment holding company	-	9,847	-	100.00	-	1	1	Subsidiary
	Foster Capital Management Inc.	Level 2. Lotemau Centre, Vaea Street, Apia, Samoa	Business rental	149,703	134,723	4,800,000	100.00	155,339	1,772	1,772	Subsidiary
	C Square Investment Co., Ltd.	Level 2. Lotemau Centre, Vaea Street, Apia, Samoa	Investment holding company; also garment washing industry	291,054	286,269	10,061,077	77.50	238,844	(39,632)	(30,715)	Subsidiary
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	Road 6a; Phum Khtor; Sangkat Prek Leap; Russey Keo District; Phnom Penh; Kingdom Of Cambodia	Garment washing industry	331,323	331,323	11,200,000	100.00	278,930	(33,715)	(33,715)	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	496,558	40,832	40,832	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	(13,001)	(37)	(37)	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	113,731	25,202	25,151	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	123,016	(1,330)	(1,330)	Subsidiary
	Global Garments Co., Ltd.	Site No. 12293-827 Thetsane Industrial Area. Maseru 100, Lesotho	Manufactures jeans	150,535	150,535	100,000	100.00	129,588	25,202	25,202	Subsidiary
	Formosa Textile Co., Ltd.	827 Thetsane Industrial Area, Maseru 100. Lesotho	Manufactures denims	280,856	280,856	100,000	100.00	273,193	(21,047)	(21,047)	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	49,177	29,375	10,869	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	87,187	62,450	14,004	Equity-method investee

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2014	Original Investment Amount December 31, 2013	Balance as of December 31, 2014 Shares	Balance as of December 31, 2014 Percentage of Ownership %	Balance as of December 31, 2014 Carrying Value	Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Relationship of Investee to Investor)
Phoenix Development & Marketing Co., Ltd.	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	$ 142,892	$ 37	$ 11	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: Nien Hsing Development (Samoa) Co., Ltd. was in liquidation in March of 2014.

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 YEARS ENDED DECEMBER 31, 2014 AND 2013
(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, 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
Cost									
Balance at January 1, 2014	$ 465,296	$ 1,516	$ 3,176,191	$ 5,602,335	$ 74,329	$ 64,594	$ 1,623,851	$ 32,496	$ 11,040,608
Additions	14,219	-	13,165	42,428	8,509	3,271	26,755	50,862	159,209
Disposals	-	-	(4,099)	(461,140)	(5,891)	(9)	(182,724)	-	(653,863)
Reclassification	50,127	-	107,988	86,259	-	1,679	177,989	(75,074)	348,968
Effect of foreign currency exchange differences	10,455	-	(4,063)	192,429	(1,379)	899	51,232	(296)	249,277
Balance at December 31, 2014	$ 540,097	$ 1,516	$ 3,289,182	$ 5,462,311	$ 75,568	$ 70,434	$ 1,697,103	$ 7,988	$ 11,144,199
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ -	$ 1,516	$ 1,276,156	$ 4,634,786	$ 42,129	$ 54,481	$ 1,339,487	$ -	$ 7,348,555
Disposals	-	-	(3,693)	(460,479)	(4,205)	(9)	(182,704)	-	(651,090)
Reclassification	-	-	7,443	-	-	-	-	-	7,443
Depreciation expense	-	-	196,178	358,584	9,663	5,692	199,999	-	770,116
Effect of foreign currency exchange differences	-	-	(13,081)	165,741	(699)	859	40,971	-	193,791
Balance at December 31, 2014	$ -	$ 1,516	$ 1,463,003	$ 4,698,632	$ 46,888	$ 61,023	$ 1,397,753	$ -	$ 7,668,815
Carrying amounts at December 31, 2014	$ 540,097	$ -	$ 1,826,179	$ 763,679	$ 28,680	$ 9,411	$ 299,350	$ 7,988	$ 3,475,384