Nien Hsing Textile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

NIEN HSING TEXTILE CO., LTD.

By

YI-FUNG, CHEN
Chairman

March 15, 2019

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Nien Hsing Textile Co., Ltd. (the Company) and its subsidiaries (collectively referred to as the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

1. Impairment assessment of trade receivables

   The accounting policies and critical accounting estimates for the impairment assessment of trade receivables are set out in Note 4 (12) and Note 5. Refer to Note 13 for details of the balance of trade receivables.

   Description

   The impairment assessment of trade receivables is based on management's assumptions regarding the default rate and the expected loss rate, and future cash flow is estimated based on management's subjective judgment. If the future actual cash flow is less than the book value of the asset, significant impairment losses may be incurred. As the impairment assessment of trade receivables involves management's critical accounting judgments and estimates, it is deemed to be one of the key audit matters for the current year.

   Audit procedures

   The main audit procedures of the aforementioned key audit matter are as follows:

   a. We understood the internal controls, evaluated the design of the internal controls, determined whether the key controls have been implemented and tested the operating effectiveness of the controls related to trade receivables.

   b. We tested the accuracy of the aging of trade receivables, and compared and analyzed the differences between aging and bad debts.

   c. We reviewed the accuracy of management's classification of trade receivables based on their attributes and assessed the reasonableness of the expected credit loss rate to validate the adequacy of impairment loss provision, and sampled the collection of receivables after the reporting period to ensure the recoverability of outstanding receivables.

2. Impairment assessment of inventories

   Refer to Note 4 (6) and Note 5 for the accounting policies and critical accounting estimates used for inventory impairment assessment, and Note 14 for details of the balance of inventories.

   Description

   The impairment of inventories is measured at the lower of cost and net realizable value. When the net realizable value of inventory is lower than the cost, the allowance for inventory valuation and obsolescence loss is recognized. As the impairment assessment of inventories involves management's critical accounting judgment and estimates, it is deemed to be one of the key audit matters for the current year.

Audit procedures

The main audit procedures of the aforementioned key audit matter are as follows:

a. We understood the internal controls, evaluated the design of the internal controls, determined whether the key controls have been implemented and tested the operating effectiveness of the controls related to inventory impairment.

b. We tested inventory at the end of the year to confirm and assess whether there was any obsolete or damaged inventory.

c. We tested the accuracy of the aging of the inventory at the end of the year and assessed the reasonableness of management's estimation of the loss due to the decline in market prices and the policy on obsolete and slow-moving inventories, and sample-checked data related to the net realizable value to validate the appropriateness of the loss.

Other Matter

We have also audited the parent company only financial statements of Nien Hsing Textile Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Nan Jiang and Shu-Juan Ye.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2019

Notice to Readers

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

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,575,533	16	$ 2,771,591	26
Available-for-sale financial assets - current (Notes 4 and 10)	-	-	23,583	-
Notes receivable (Note 13)	4,541	-	5,709	-
Trade receivables, net (Notes 4, 5 and 13)	1,654,472	16	1,454,198	14
Other receivables (Note 13)	29,276	-	45,391	-
Current tax assets (Notes 4 and 27)	1,845	-	1,656	-
Inventories (Notes 4, 5 and 14)	2,463,490	25	2,073,328	19
Prepayments	286,282	3	261,628	3
Other financial assets - current (Note 35)	50	-	50	-
Other current assets	84,032	1	87,254	1
Total current assets	6,099,521	61	6,724,388	63
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	652,328	6	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	660,040	7	-	-
Available-for-sale financial assets - non-current (Notes 4 and 10)	-	-	515,757	5
Financial assets carried at cost - non-current (Notes 4 and 11)	-	-	558,669	5
Debt investments with no active market - non-current (Notes 4 and 12)	-	-	313,821	3
Investments accounted for using the equity method (Notes 4 and 16)	180,683	2	258,744	2
Property, plant and equipment (Notes 4, 17 and 35)	1,918,993	19	1,823,586	17
Investment properties (Notes 4 and 18)	117,274	1	118,185	1
Deferred tax assets (Notes 4 and 27)	334,121	3	332,789	3
Prepayments for equipment	82,818	1	83,181	1
Refundable deposits	14,036	-	14,128	-
Long-term prepayments for lease	4,920	-	6,473	-
Total non-current assets	3,965,213	39	4,025,333	37
TOTAL	$ 10,064,734	100	$ 10,749,721	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 397,705	4	$ 1,185,900	11
Notes payable (Note 21)	116,211	1	138,467	1
Trade payables (Note 21)	338,025	3	344,060	3
Other payables to related parties (Note 34)	-	-	45,550	1
Other payables (Note 22)	600,237	6	497,995	5
Current tax liabilities (Notes 4 and 27)	83,021	1	4,566	-
Current portion of long-term borrowings (Note 20)	182,000	2	364,000	3
Other current liabilities	41,044	1	81,880	1
Total current liabilities	1,758,243	18	2,662,418	25
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	-	-	182,000	2
Deferred tax liabilities (Notes 4 and 27)	460,622	4	458,029	4
Net defined benefit liabilities - non-current (Notes 4 and 23)	183,572	2	192,222	2
Guarantee deposits received	1,437	-	1,701	-
Total non-current liabilities	645,631	6	833,952	8
Total liabilities	2,403,874	24	3,496,370	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	1,980,000	20	1,980,000	18
Capital surplus	419,715	4	419,715	4
Retained earnings				
Legal reserve	2,282,156	23	2,282,156	21
Special reserve	414,600	4	153,448	2
Unappropriated earnings	2,885,971	28	2,832,129	26
Total retained earnings	5,582,727	55	5,267,733	49
Other equity	(321,638)	(3)	(414,599)	(4)
Total equity attributable to owners of the Company	7,660,804	76	7,252,849	67
NON-CONTROLLING INTERESTS	56	-	502	-
Total equity	7,660,860	76	7,253,351	67
TOTAL	$ 10,064,734	100	$ 10,749,721	100

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

(With Deloitte & Touche auditors' report dated March 15, 2019)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 34)				
Sales	$ 8,786,863	100	$ 9,028,560	100
Less: Sales returns and allowances	7,172	-	17,182	-
Net sales	8,779,691	100	9,011,378	100
Processing income	19,833	-	25,626	-
Total operating revenue	8,799,524	100	9,037,004	100
OPERATING COSTS (Notes 14, 23 and 26)				
Cost of goods sold	7,918,424	90	8,372,458	93
Processing costs	19,833	-	27,797	-
Total operating costs	7,938,257	90	8,400,255	93
GROSS PROFIT	861,267	10	636,749	7
OPERATING EXPENSES (Note 26)				
Selling	349,168	4	317,229	4
Administrative	207,548	3	187,890	2
Research and development	21,113	-	26,447	-
Expected credit loss	257	-	-	-
Total operating expenses	578,086	7	531,566	6
OPERATING INCOME	283,181	3	105,183	1
NON-OPERATING INCOME AND EXPENSES (Notes 16 and 26)				
Other income	153,116	2	374,938	4
Other gains and losses	121,772	1	(191,286)	(2)
Finance costs	(14,599)	-	(13,611)	-
Share of profit of associates	12,658	-	66,203	1
Total non-operating income and expenses	272,947	3	236,244	3
PROFIT BEFORE INCOME TAX	556,128	6	341,427	4
INCOME TAX EXPENSE (Notes 4 and 27)	154,766	2	59,939	1
NET PROFIT FOR THE YEAR	401,362	4	281,488	3

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE LOSS (Notes 24, 26 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(17,211)	-	(15,181)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	146,388	2	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,322	-	2,580	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	16,418	-	(225,392)	(2)
Unrealized loss on available-for-sale financial assets	-	-	(61,893)	(1)
Share of other comprehensive income of associates accounted for using the equity method	1,543	-	(16,767)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	14,893	-	40,812	-
Other comprehensive income (loss) for the year, net of income tax	167,353	2	(275,841)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 568,715	6	$ 5,647	-
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 401,418	5	$ 281,478	3
Non-controlling interests	(56)	-	10	-
	$ 401,362	5	$ 281,488	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 569,161	6	$ 7,725	-
Non-controlling interests	(446)	-	(2,078)	-
	$ 568,715	6	$ 5,647	-

(Continued)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	$ 2.03		$ 0.94	
Diluted	$ 2.02		$ 0.94	

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

(With Deloitte & Touche auditors' report dated March 15, 2019) (Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Issued and Outstanding Capital Stock (Note 24)			Retained Earnings (Notes 24 and 28)			Other Equity					
	Number of Shares (In Thousands)	Amount	Capital Surplus (Notes 24 and 30)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 24)	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income (Note 24)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Note 24)	Total	Non-controlling Interests (Notes 24 and 30)	Total Equity
BALANCE AT JANUARY 1, 2017	400,000	$ 4,000,000	$ 410,589	$ 2,208,882	$ -	$ 3,389,974	$ (314,321)	$ -	$ 160,874	$ 9,855,998	$ 67,146	$ 9,923,144
Appropriation of the 2016 earnings												
Legal reserve	-	-	-	73,274	-	(73,274)	-	-	-	-	-	-
Special reserve	-	-	-	-	153,448	(153,448)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.5 per share	-	-	-	-	-	(600,000)	-	-	-	(600,000)	-	(600,000)
Cash dividends distributed by subsidiaries	(202,000)	(2,020,000)	-	-	-	-	-	-	-	(2,020,000)	-	(2,020,000)
Actual acquisition of interest in subsidiaries	-	-	9,126	-	-	-	-	-	-	9,126	(64,566)	(55,440)
Net profit for the year ended December 31, 2017	-	-	-	-	-	281,478	-	-	-	281,478	10	281,488
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(12,601)	(199,259)	-	(61,893)	(273,753)	(2,088)	(275,841)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	268,877	(199,259)	-	(61,893)	7,725	(2,078)	5,647
BALANCE AT DECEMBER 31, 2017	198,000	1,980,000	419,715	2,282,156	153,448	2,832,129	(513,580)	-	98,981	7,252,849	502	7,253,351
Effect of retrospective application and retrospective restatement	-	-	-	-	-	161,842	-	72,933	(98,981)	135,794	-	135,794
BALANCE AT JANUARY 1, 2018 AS RESTATED	198,000	1,980,000	419,715	2,282,156	153,448	2,993,971	(513,580)	72,933	-	7,388,643	502	7,389,145
Appropriation of the 2017 earnings												
Special reserve	-	-	-	-	261,152	(261,152)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.5 per share	-	-	-	-	-	(297,000)	-	-	-	(297,000)	-	(297,000)
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	-	401,418	-	-	-	401,418	(56)	401,362
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(11,889)	33,244	146,388	-	167,743	(390)	167,353
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	389,529	33,244	146,388	-	569,161	(446)	568,715
Disposal of investments in equity instruments designated as at fair value other comprehensive income	-	-	-	-	-	60,623	-	(60,623)	-	-	-	-
BALANCE AT DECEMBER 31, 2018	198,000	$ 1,980,000	$ 419,715	$ 2,282,156	$ 414,600	$ 2,885,971	$ (480,336)	$ 158,698	$ -	$ 7,660,804	$ 56	$ 7,660,860

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

(With Deloitte & Touche auditors' report dated March 15, 2019)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 556,128	$ 341,427
Adjustments for:		
Depreciation expenses	359,741	445,411
Amortization expenses	873	4,182
Expected credit loss recognized on trade receivables	257	-
Reversal of impairment loss on trade receivables	-	(38,142)
Net (gain) loss on fair value change of financial assets designated as at fair value through profit or loss	(76,495)	1,383
Finance costs	14,599	13,611
Realized foreign exchange gain on financial assets at amortized cost	(67,150)	-
Interest income	(42,342)	(48,519)
Dividend income	-	(215,651)
Share of profit of associates	(12,658)	(66,203)
Gain on disposal of property, plant and equipment	(6,930)	(2,291)
Net loss (gain) on disposal of investments	21,165	(53,507)
Impairment loss recognized on financial assets	-	1,174
Write-down (reversal of write-down) of inventories	22,645	(58,622)
Loss on disposal of subsidiaries (Note 29)	-	90,286
Changes in operating assets and liabilities		
Financial assets held for trading	-	(1,383)
Decrease in financial assets mandatorily classified as at fair value through profit or loss	28,167	-
Notes receivable	1,168	(2,071)
Trade receivables	(200,348)	809,042
Other receivables	877	154
Inventories	(412,807)	(393,137)
Prepayments	(24,654)	75,520
Other current assets	3,222	(54,928)
Notes payable	(22,256)	25,162
Trade payables	(6,035)	(81,348)
Trade payables to related parties	(45,550)	5,649
Other payables	102,380	(112,654)
Other current liabilities	(40,836)	29,832
Net defined benefit liabilities - non-current	(25,861)	(54,582)
Cash generated from operations	127,300	659,795
Income tax paid	(55,024)	(126,033)
Net cash generated from operating activities	72,276	533,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(24,200)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	369,005	-

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NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Return of capital on financial assets at fair value through other comprehensive income	$ 75,667	$ -
Purchase of available-for-sale financial assets	-	(289,895)
Purchase of financial assets at amortized cost	(1,280,400)	-
Disposal of financial assets at amortized cost	1,347,550	-
Disposal of investments accounted for using the equity method	42,981	-
Purchase of financial assets carried at cost	-	(17,700)
Proceeds from sale of financial assets carried at cost	-	774,618
Return of capital on financial assets carried at cost	-	5,420
Return of capital on investments accounted for using the equity method	14,934	6,440
Net cash inflow on disposal of subsidiaries (Note 29)	-	1,899,129
Acquisition of property, plant and equipment	(350,525)	(221,804)
Proceeds from disposal of property, plant and equipment	12,174	21,338
Decrease (increase) in refundable deposits	92	(94)
Increase in prepayments for equipment	(168,297)	(221,568)
Interest received	91,301	59,547
Dividends received	24,940	292,161
Net cash generated from investing activities	155,222	2,307,592
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(788,195)	989,494
Repayments of long-term borrowings	(364,000)	(364,000)
(Refund of) proceeds from guarantee deposits received	(264)	1,257
Cash dividends paid	(297,000)	(600,000)
Interest paid	(14,737)	(9,618)
Capital reduction	-	(2,020,000)
Decrease in non-controlling interests	-	(55,440)
Net cash used in financing activities	(1,464,196)	(2,058,307)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	40,640	(118,493)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,196,058)	664,554
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,771,591	2,107,037
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,575,533	$ 2,771,591

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

(With Deloitte & Touche auditors' report dated March 15, 2019) (Concluded)

1. GENERAL INFORMATION

Nien Hsing Textile Co., Ltd. (the Company) was established in 1986. It is listed on the Taiwan Stock Exchange and is principally engaged in the manufacture and distribution of yarns, denim fabric, jeans and knit garments. The Company acquired Chih Hsing Textile Co., Ltd. on the merger date of July 1, 2000, with the Company as the surviving entity.

The consolidated financial statements of the Company and its subsidiaries (collectively known as the Group) are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 15, 2019.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets and hedging cost have been applied retrospectively starting from January 1, 2018, and the other requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized as of December 31, 2017.

<u>Classification, measurement and impairment of financial assets</u>

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 2,771,591	$ 2,771,591	
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	848,072	929,871	a)
Mutual funds	Available-for-sale	Mandatorily at FVTPL	249,937	294,883	b)
Debt securities	Loans and receivables	Mandatorily at FVTPL	313,821	332,277	c)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	1,505,298	1,505,298	d)
Pledged financial assets	Loans and receivables	Amortized cost	50	50	
Refundable deposits	Loans and receivables	Amortized cost	14,128	14,128	

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL							
Add: Reclassification from available-for-sale (IAS 39) Required reclassification	$ -	$ 249,937	$ 44,946	$ 294,883	$ 44,946	$ -	b)
Add: Reclassification from loans and receivables (IAS 39) Required reclassification	-	313,821	18,456	332,277	18,456	-	c)
	-	563,758	63,402	627,160	63,402	-	
FVTOCI							
Equity instruments	-						
Add: Reclassification from available-for-sale (IAS 39)	-	848,072	81,799	929,871	107,847	(26,048)	a)
	$ -	$ 1,411,830	$ 145,201	$ 1,557,031	$ 171,249	$ (26,048)	
Investments accounted for using the equity method	$ 258,744	$ -	$ (9,407)	$ 249,337	$ (9,407)	$ -	e)

a) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $98,981 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $81,799 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

   The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $107,847 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $107,847 thousand in retained earnings on January 1, 2018.

b) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $44,946 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an increase of $44,946 thousand in retained earnings on January 1, 2018.

c) Debt investments previously classified as debt investments with no active market and measured at amortized cost under IAS 39 were classified as at FVTPL under IFRS 9, because on January 1, 2018, the contractual cash flows are not solely payments of principal and interest on the principal outstanding. As a result of retrospective application, the related adjustment was an increase in retained earnings of $18,456 thousand on January 1, 2018.

d) Notes receivable, trade receivables and other receivables that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

e) As a result of the retrospective application of IFRS 9 by associates, there was a decrease in investments accounted for using the equity method of $9,407 thousand, and a decrease in retained earnings of $9,407 thousand on January 1, 2018.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, receivables were recognized or deferred revenue was reduced when revenue was recognized for the relevant contract under IAS 18.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018.

3) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

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

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

Except for the above, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's liabilities, equity, comprehensive income and net cash inflows (outflows) from operating activities, investment activities and financing activities.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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 FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within financing activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. IAS 36 will be applied to the identified right-of-use assets to assess impairment.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 will be determined as at the carrying amounts of the respective leased assets and finance lease payables as of December 31, 2018.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Right-of-use assets	$ -	$ 23,528	$ 23,528
Prepayments for leases - non-current	4,920	(4,920)	
Total effect on assets	$ 4,920	$ 18,608	$ 23,528
Lease liabilities - current	$ -	$ 479	$ 479
Lease liabilities - non-current	-	18,129	18,129
Total effect on liabilities	$ -	$ 18,608	$ 18,608

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

3) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group will apply the above amendments prospectively.

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 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 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including structured entities). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

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

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

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 had the Group directly disposed of the related assets or liabilities.

See Note 15 and Table 7 following the Notes to Consolidated Financial Statements for detailed information on subsidiaries (including the percentage of ownership and main businesses).

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 from 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 translated using the exchange rate at the date of the transaction.

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

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary 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 the 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, semi-finished goods, finished goods and work-in-progress 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. The 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 the weighted-average cost on the balance sheet date.

g. Investments in associates

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

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

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

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

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

When the Group’s share of losses of an associate and equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using 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 its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

<u>2018</u>

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and short-term transactions instruments. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are held for trading.

Financial assets at fair value through profit or loss are stated at their fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 33.

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 FVTPL.

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 as 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 the carrying amount and the fair value of such financial assets 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 equivalents, 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 equivalents include time deposits and short-term transaction instruments with original maturities within three months from the date of acquisition, are highly liquid and, readily convertible to a known amount of cash and 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

<u>2018</u>

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

<u>2017</u>

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

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

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 carried 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 impairment is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

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

c) Derecognition of financial assets

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

Before 2018, 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 which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

Fair value is determined in the manner described in Note 33.

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 instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

2018

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of demin fabric and jeans. Sales of denim fabric and jeans are recognized as revenue when the goods are transferred because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and revenue are recognized concurrently.

The Group does not recognize revenue on materials processing because this processing does not involve a transfer of control.

2017

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 and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on previous experience and other relevant factors.

1) Sale of goods

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

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

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

   c) The amount of revenue can be measured reliably;

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

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

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

2) Dividend and interest income

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

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

n. Leasing

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. 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 earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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. The deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are 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 taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 13. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss of receivables, the Group takes into consideration the estimation of the future cash flows of such assets. The amount of impairment loss is measured as the difference between such an asset’s carrying amount and the present value of its 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 inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 9,011	$ 9,852
Checking accounts and demand deposits	688,227	1,037,375
Cash equivalents		
Time deposits with original maturities of less than three months	828,328	1,704,400
Short-term bills	49,967	19,964
	$ 1,575,533	$ 2,771,591

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

	December 31	
	2018	2017
Bank deposits	0.001%-6.25%	0.001%-6.20%
Short-term bills	0.46%	0.41%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT

	December 31	
	2018	2017
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 337,325	$ -
Bonds	315,003	-
	$ 652,328	$ -

a. The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The Group did not have unexpired foreign exchange forward contracts as of December 31, 2018 and 2017.

b. The Group invested in the non-priority bonds issued by Rabobank Nederland in November 2009. On December 31, 2018, the investment denomination was US$10,000. In June 2009, Rabobank Nederland issued a non-priority perpetual bond amounting to US$1,500,000, with a coupon rate of 11% and interest paid semi-annually. After June 30, 2019, the coupon rate changed to the three month USD London Interbank Offered Rate (LIBOR) plus 10.8675%, with interest payable quarterly. From June 30, 2019, Rabobank Nederland can redeem the bonds at par value on each interest payment date.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT - 2018

Investments in Equity Instruments at FVTOCI

	December 31, 2018
Investments in equity instruments at FVTOCI	$ 660,040
Domestic investments	
Listed shares and emerging market shares	
Ordinary shares	$ 360,097
Unlisted shares	299,943
	$ 660,040

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, Note 10 and Note 11 for information relating to their reclassification and comparative information for 2017.

In 2018, the Group sold its shares in E.SUN Financial Holding Co., Ltd., VeriSilicon Holdings (Cayman Islands) Co., Ltd., ALO7 Limited and Digital Knowledge World Co., Ltd. in order to manage credit concentration risk. The sold shares had a fair value of $369,005 thousand and the Group transferred a gain of $60,623 thousand from other equity to retained earnings.

Der Yang Biotechnology Venture Capital Co., Ltd. implemented a capital reduction in July 2018 and returned shares of $667 thousand.

The Group did not participate in the cash capital increase of BioGend Therapeutics Co., Ltd. in accordance with the shareholding ratio. In August 2018, it increased its investment by $24,200 thousand, and obtained 807 shares. After the capital increase, the shareholding ratio of the consolidated company decreased from 6.64% to 6.44%.

BioEngine Capital Inc. implemented a capital reduction in November 2018 and returned shares of $75,000 thousand.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS - 2018

The Group invests in debt instruments including financial instruments at fair value through profit or loss and financial assets at amortized cost.

Financial Assets at FVTPL - Non-current

	December 31, 2018
Gross carrying amount	$ 332,277
Less: Allowance for impairment loss	-
Amortized cost	332,277
Adjustment to fair value	(17,274)
	$ 315,003

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Current	
Domestic investments	
Listed shares	$ 23,583
Non-current	
Domestic investments	
Listed shares	$ 515,757

11. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT - 2017

	December 31, 2017
Domestic unlisted common shares	$ 233,469
Overseas unlisted common shares	75,263
Other funds	249,937
	$ 558,669
Classified according to financial asset measurement categories	
Available-for-sale financial assets	$ 558,669

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

In March 2017, the Group participated in an increase in cash capital according to the shareholding ratio and subscribed for 1,700 thousand shares for an amount of $17,000 thousand; after the subscription, the Group's percentage of ownership in the Company decreased to 7.4%. Thereafter, the Group did not subscribe for the Company's new shares at its shareholding ratio and the percentage of ownership in the Company fell to 6.64% accordingly.

UFO Investment Co., Ltd. participated in a reduction in capital in June 2017 and returned $5,000 thousand to the Group; this transaction resulted in the recognition of a gain on disposal of $2,782 thousand.

Der Yang Biotechnology Venture Capital Co., Ltd. participated in a reduction in capital in August 2017 and returned $420 thousand in capital.

The Group acquired a 2.32% interest in PHM Asia Holding Corporation for US$20,000 thousand on January 31, 2013. The Group received and recognized other investment income of $215,651 thousand in February 2017 in accordance with the contents of the investment agreement. The Group's board of directors in September 2017 resolved to sell all of the shares to a third party at US$5.321 per share for proceeds totaling $603,200 thousand, which referred to the investee's net assets and PE ratio of the counterparties.

In 2017, the Group sold financial assets carried at cost with a total carrying amount of $721,111 thousand (including the above mentioned equity of PHM Asia Holding Corporation) and recognized a gain on the disposal of $53,507 thousand.

The impairment losses for the unlisted (domestic) common share investments of the Group for the years ended December 31, 2017 were $1,174 thousand.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017
Non-current	
Corporate bonds - Rabobank Nederland	$ 313,821

The Group has invested in subordinated capital securities since November 2009. As of December 31, 2018 and 2017, 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 equivalent to the three-month USD LIBOR rate 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.

13. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2018	2017
Notes receivable - operating	$ 4,541	$ 5,709
Trade receivables		
Trade receivables	$ 1,754,113	$ 1,556,440
Less: Allowance for impairment loss	(99,641)	(102,242)
	$ 1,654,472	$ 1,454,198
Other receivables		
Payment on behalf of others	$ 11,689	$ 9,496
Interest	2,389	17,627
Others	15,198	18,268
	$ 29,276	$ 45,391

a. Trade receivables

In 2018

The average credit period of sales of goods was 30 days to 90 days. No interest was charged on the trade receivables. 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. The Group will first review the credit rating of their new customers and, if necessary, obtain sufficient guarantees to mitigate the risk of financial losses due to default. The Group will use other publicly available financial information and historical transaction records to rate its major customers. The Group continuously monitors the credit risk and the credit rating of the debtor, and manages the credit risk insurance by reviewing and approving the debtor's credit limit. In addition, the

Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the management of the Company believes that the credit risk of the Group has been significantly reduced.

The Group applies the simplified approach when providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated with reference to the past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for the general economic condition of the industry. The Group considers the aging of accounts receivable, customer ratings and the mechanism for the retention of accounts receivable, etc. comprehensively when determining the Group's expected credit loss rate.

The Group recognizes all of allowance for doubtful accounts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

December 31, 2018

	Less than 60 Days	**61 to 90 Days**	**Over 90 Days**	**Total**
Expected credit loss rate	0.5%-15.0%	0.5%-15.0%	0.5%-15.0%	
Gross carrying amount	$ 1,189,083	$ 388,270	$ 176,760	$ 1,754,113
Loss allowance (Lifetime ECL)	(71,088)	(23,512)	(5,041)	(99,641)
Amortized cost	$ 1,117,995	$ 364,758	$ 171,719	$ 1,654,472

The above aging schedule was based on the invoice date.

The movements of the loss allowance of trade receivables were as follows:

	2018
Balance at January 1, 2018 per IAS 39	$ 102,242
Adjustment on retrospective application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	102,242
Add: Amounts recovered	257
Less: Amounts written off	(2,675)
Foreign exchange gains and losses	(183)
Balance at December 31, 2018	$ 99,641

In 2017

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

There were no past due trade receivables that are not impaired as of December 31, 2017.

The aging of receivables is as follows:

	2017
Less than or equal to 60 days	$ 1,094,092
61-90 days	331,935
More than 90 days	130,413
	$ 1,556,440

The above aging schedule was based on the invoice date.

The movements of the allowance for doubtful trade receivables are as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 144,111	$ 144,111
Add: Impairment losses recognized on receivables (impairment losses reversed)	-	(38,142)	(38,142)
Foreign exchange translation gains and losses	-	(3,727)	(3,727)
Balance at December 31, 2017	$ -	$ 102,242	$ 102,242

b. Notes receivable and other receivables

As the Group estimated notes receivable and other receivables' recoverable amounts and carrying amounts to be equal, the Group did not recognize an allowance for impairment loss.

14. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 338,549	$ 321,739
Work-in-progress	839,022	778,048
Raw materials	1,166,708	940,135
Inventory in transit	119,211	33,406
	$ 2,463,490	$ 2,073,328

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 were $7,918,424 thousand and $8,372,458 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 included reversal of inventory write-downs of $22,645 thousand and $58,622 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

15. SUBSIDIARIES

The subsidiaries included in the consolidated financial statements as of December 31, 2018 and 2017 are listed below. There were no subsidiaries excluded from the consolidated financial statements and no subsidiaries that have material non-controlling interests.

Investor	Investee	Nature of Activities	% of Ownership December 31 2018	% of Ownership December 31 2017	Remark
The Company	Nien Hsing International (B.V.I.) Co., Ltd.	Investment holding company	100.00	100.00	
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Manufacturing of jeans	100.00	100.00	
	Nien Hsing International Investment Co., Ltd.	Investment business	100.00	100.00	
	Chih Hsing Garment (Cambodia) Co., Ltd.	Manufacturing of jeans	100.00	100.00	Note 29
	Chu Hsing Garment (Cambodia) Co., Ltd.	Manufacturing of jeans	-	-	Note 29
	Nien Hsing Garment (Vietnam) Co., Ltd.	Manufacturing of jeans	-	-	Note 29
	Alpha Textile (Nicaragua) S.A.	Dyes leisure clothing	-	-	Note 29
Nien Hsing International	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.	Sale of denim fabric and investment business	100.00	100.00	
	C Square Investment Co., Ltd.	Investment holding company; also garment washing industry	-	-	Note 29
	Foster Capital Management Inc.	Business rental	-	-	Note 29
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Manufacturing of denim fabric	99.99	99.99	
	Nien Hsing Confeccion Ltd.	Manufacturing of jeans	99.99	99.99	
Nien Hsing International (Samoa) Ltd.	C&Y Garments (Proprietary) Co., Ltd.	Manufacturing of jeans	99.8	99.8	
	Nien Hsing International (Lesotho) Ltd.	Manufacturing of jeans	100.00	100.00	
	Global Garments Co., Ltd.	Manufacturing of jeans	100.00	100.00	
	Formosa Textile Co., Ltd.	Manufacturing of denim fabric	100.00	100.00	
C Square Investment Co., Ltd.	C Square Garment Co., Ltd.	Garment washing industry	-	-	Note 29
Phoenix Development & Marketing Co., Ltd.	Glory International Co., Ltd.	Manufacturing of knitted garment	100.00	-	

The financial statements of subsidiaries included in the consolidated financial statements were audited by independent auditors for the years ended December 31, 2018 and 2017.

To reallocate resources, the Group entered into an agreement to dispose of some of its subsidiaries on May 1, 2017; refer to Note 29 for the details.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31 2018	December 31 2017
Associates that are not individually material	$ 180,683	$ 258,744

Aggregate information of associates that are not individually material

	For the Year Ended December 31 2018	For the Year Ended December 31 2017
The Group's share of:		
Profit for the year	$ 12,658	$ 66,203
Other comprehensive income (loss)	1,543	(16,767)
Total comprehensive income for the year	$ 14,201	$ 49,436

Refer to Table 7 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

The Group disposed of all of its shares of Grand Paper International Ltd. on November 1, 2018 for a price of $42,981 thousand and recognized a disposal loss of $21,165 thousand.

Except for Wu Hsing International Co., Ltd. and Top Fashion Industrial Co., Ltd., investments accounted for using 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 that there is no material impact on the equity method of 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.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2018	**2017**
Carrying amount		
Land and land improvements	$ 246,173	$ 245,588
Buildings	713,107	804,818
Machinery and equipment	578,483	437,303
Transportation equipment	10,955	13,777
Office equipment	7,424	7,767
Miscellaneous equipment	158,846	204,970
Construction in progress	204,005	109,363
	$ 1,918,993	$ 1,823,586

The above items of property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives as follows:

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

For movements of property, plant and equipment for the years ended 2018 and 2017, refer to Table 8. To reallocate resources, the Group disposed of some of the subsidiaries and items of property, plant and equipment on May 1, 2018; refer to Note 29 for the details.

Refer to Note 35 for the carrying amounts of property, plant and equipment pledged by the Group to secure borrowings.

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

18. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2017	$ 24,275	$ -	$ 24,275
Transferred from property, plant and equipment	56,009	50,738	106,747
Balance at December 31, 2017	$ 80,284	$ 50,738	$ 131,022
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ -	$ -	$ -
Transferred from property, plant and equipment	-	(12,837)	(12,837)
Balance at December 31, 2017	$ -	$ (12,837)	$ (12,837)
Carrying amounts at December 31, 2017	$ 80,284	$ 37,901	$ 118,185
Cost			
Balance at January 1, 2018	$ 80,284	$ 50,738	$ 131,022
Balance at December 31, 2018	$ 80,284	$ 50,738	$ 131,022
Accumulated depreciation and impairment			
Balance at January 1, 2018	$ -	$ (12,837)	$ (12,837)
Depreciation expense	-	(835)	(835)
Transferred from property, plant and equipment	-	(76)	(76)
Balance at December 31, 2018	$ -	$ (13,748)	$ (13,748)
Carrying amounts at December 31, 2018	$ 80,284	$ 36,990	$ 117,274

As of December 31, 2018 and 2017, the fair values of the investment properties were $297,580 thousand and $288,802 thousand, respectively. The management of the Group used the valuation arrived at based on market evidence of transaction prices for similar properties.

19. OTHER INTANGIBLE ASSETS

	2017
Cost	
Balance at January 1	$ 47,751
Disposals	(44,683)
Effect of foreign currency exchange differences	(3,068)
Balance at December 31	$ -

(Continued)

	2017
Accumulated amortization and impairment	
Balance at January 1	$ 38,201
Amortization expenses	3,055
Disposals	(38,726)
Effect of foreign currency exchange differences	(2,530)
Balance at December 31	$ -
Carrying amount at December 31	$ -

(Concluded)

The above items of other intangible assets (technical know-how) were used in the professional washing plant and depreciated on a straight-line basis over 5 years since the beginning of production in 2013. To reallocate resources, the Group disposed of some of the subsidiaries and technical know-how on May, 1, 2017 (refer to Note 29 for the details).

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Line of credit borrowings	$ 397,705	$ 1,185,900
Interest rate ranges		
Unsecured borrowings		
Line of credit borrowings	0.77%-3.87%	0.08%-2.98%

b. Long-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Line of credit borrowings (1)	$ 112,000	$ 336,000
Line of credit borrowings (2)	70,000	210,000
	182,000	546,000
Less: Current portions	182,000	364,000
Long-term borrowings	$ -	$ 182,000
Interest rate ranges		
Unsecured borrowings		
Line of credit borrowings (1)	1.353%	1.349%
Line of credit borrowings (2)	1.354%	1.349%

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

2) On December 2, 2013, a five-year credit line agreement amounting to $500,000 thousand was signed by the Company with Hua Nan Bank. Under this agreement, the Company may repay the principal semi-annually 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.

21. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2018	**2017**
Notes payable	$ 116,211	$ 138,467
Trade payables	$ 338,025	$ 344,060

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

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

22. OTHER LIABILITIES

	December 31	
	2018	**2017**
Other payables		
Payables for salaries or bonuses	$ 279,314	$ 255,900
Payables for fuel and utilities	27,853	25,412
Payable for director's compensation	11,500	9,167
Payables for employees' compensation	5,539	3,423
Payables for annual leave	14,819	14,301
Others	261,212	189,792
	$ 600,237	$ 497,995

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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.

The pension plan policies of subsidiaries based overseas follow local laws, and the subsidiary Nien Hsing International Investment Co., Ltd. has no full-time employees.

b. Defined benefit plan

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

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

	December 31	
	2018	**2017**
Present value of defined benefit obligation	$ 353,118	$ 345,218
Fair value of plan assets	(169,546)	(152,996)
Net defined benefit liabilities	$ 183,572	$ 192,222

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2017	$ 394,721	$ (163,098)	$ 231,623
Service cost			
Current service cost	5,087	-	5,087
Past service cost and gain on settlements	(21,218)	-	(21,218)
Net interest expense (income)	4,629	(2,111)	2,518
Recognized in profit or loss	(11,502)	(2,111)	(13,613)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	658	658
Actuarial (gain) loss - changes in demographic assumptions	828	-	828
Actuarial (gain) loss - experience adjustments	4,172	-	4,172
Actuarial (gain) loss - changes in financial assumptions	9,523	-	9,523
Recognized in other comprehensive income	14,523	658	15,181
Contributions from the employer	-	(32,466)	(32,466)
Benefits paid	(49,081)	43,548	(5,533)
Liabilities extinguished on settlement	(3,443)	473	(2,970)
Balance at December 31, 2017	$ 345,218	$ (152,996)	$ 192,222

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	$ 345,218	$ (152,996)	$ 192,222
Service cost			
Current service cost	3,952	-	3,952
Past service cost and gain on settlements	(379)	-	(379)
Net interest expense (income)	3,416	(1,649)	1,767
Recognized in profit or loss	6,989	(1,649)	5,340
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,829)	(4,829)
Actuarial (gain) loss - changes in demographic assumptions	1,142	-	1,142
Actuarial (gain) loss - experience adjustments	20,898	-	20,898
Recognized in other comprehensive income	22,040	(4,829)	17,211
Contributions from the employer	-	(31,201)	(31,201)
Benefits paid	(21,129)	21,129	-
Balance at December 31, 2018	$ 353,118	$ (169,546)	$ 183,572

(Concluded)

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

	For the Year Ended December 31	
	2018	2017
Operating costs	$ 4,140	$ 5,349
Selling and marketing expenses	314	(11,600)
General and administrative expenses	886	(7,483)
Research and development expenses	-	121
	$ 5,340	$ (13,613)

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

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

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

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

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

	December 31	
	2018	**2017**
Discount rate	1.00%	1.00%
Expected rate of salary increase	2.00%	2.00%
Turnover rate	0.47%	0.63%

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

	December 31	
	2018	**2017**
Discount rate		
0.25% increase	$ (9,449)	$ (9,372)
0.25% decrease	$ 9,827	$ 9,749
Expected rate of salary increase		
0.25% increase	$ 9,704	$ 9,627
0.25% decrease	$ (9,381)	$ (9,304)
Turnover rate		
10% increase	$ (187)	$ (311)
10% decrease	$ 188	$ 312

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

	December 31	
	2018	**2017**
The expected contributions to the plan for the next year	$ 28,056	$ 30,942
The average duration of the defined benefit obligation	10 years	10 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2018	**2017**
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)	198,000	198,000
Shares issued	$ 1,980,000	$ 1,980,000

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

The reduction in capital was resolved in the shareholders' meeting of the Group on June 13, 2017. After the reduction in capital of $2,020,000 thousand, the paid-in capital was $1,980,000 thousand, which was declared effective by the FSC. The base date of the capital reduction was July 5, 2017 and the registration of the reduction in capital was completed on July 17, 2017. The Group's board of directors resolved that October 5, 2017 was the date of replacement of the old share certificates with new ones as a result of the reduction in capital. The accrued capital returns as a result of a reduction were distributed on October 11, 2017.

b. Capital surplus

	December 31	
	2018	**2017**
Share premiums	$ 89	$ 89
Treasury share transactions	5,952	5,952
Gain on disposal of property, plant and equipment	255	255
Consolidation excess	380,471	380,471
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	26,599	26,599
Changes in percentage of ownership interest in subsidiaries	1,194	1,194
Others	5,155	5,155
	$ 419,715	$ 419,715

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a Special Reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after the amendment, please refer to employee benefits expense in Note 26(6).

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

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

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

The appropriations of earnings for 2017 and 2016 approved in the shareholders' meetings on June 12, 2018 and June 13, 2017, respectively, are as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ -	$ 73,274		
Special Reserve	261,152	153,448		
Cash dividends	297,000	600,000	$1.5	$1.5

The appropriations of earnings for 2018 had been proposed by the Company's board of directors on March 19, 2019. The appropriations are follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Cash dividends	$ 396,000	$2

Under Order No. 1010012865, we draw up reversing the $92,962 thousand of special reverse.

The appropriations of the 2018 earnings, including the bonuses to employees and the remuneration to directors and supervisors, are subject to the approval of the shareholders in the shareholders' meeting which is to be held on June 19, 2019.

d. Special reserve

	For the Year Ended December 31	
	2018	**2017**
Balance at January 1	$ 153,448	$ -
Appropriations	261,152	153,448
Balance at December 31	$ 414,600	$ 153,448

When distributing earning, we should take the special reserve based on the net debt other equity. The Company should appropriate or reverse to a special reserve.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (513,580)	$ (314,321)
Exchange differences arising on translating the foreign operations	16,808	(313,590)
Reclassification to profit or loss on the disposal of foreign operations	-	90,286
Share of exchange difference of associates accounted for using the equity method	1,543	(16,767)
Income tax related to gains arising on translation of the net assets of foreign operations	14,893	40,812
Balance at December 31	$ (480,336)	$ (513,580)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group'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, 2017
Balance at January 1, 2017	$ 160,874
Unrealized loss arising on revaluation of available-for-sale financial assets	(61,893)
Balance at December 31, 2017	$ 98,981
Effect of retrospective application of IFRS 9	$ (98,981)
Balance at January 31, 2018	$ -

Unrealized gains or losses on available-for-sale financial assets represent 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.

3) Unrealized gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Effect of retrospective application of IFRS 9	72,933
Balance at January 1 per IFRS 9	72,933
Unrealized gain/(loss) - equity instruments	146,388
Disposal of investments in equity instruments	(60,623)
Balance at December 31	$ 158,698

The investments in equity instruments measured at fair value through other comprehensive income and losses are measured at fair value. Subsequent changes in fair value are presented in other comprehensive income or loss and accumulated in other equity. At the time of investment disposal, the accumulated gains and losses will not be reclassified as profit or loss but transferred directly to retained earnings.

e. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 502	$ 67,146
Attributable to non-controlling interests:		
Share of gain (loss) for the year	(56)	10
Exchange differences arising on the translation of foreign operations	(390)	(2,088)
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	(9,126)
Decrease in non-controlling interests arising from the acquisition of subsidiaries	-	(55,440)
Balance at December 31	$ 56	$ 502

25. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	$ 8,779,691	$ 9,011,378
Revenue from processing	19,833	25,626
	$ 8,799,524	$ 9,037,004

a. Description of customer contracts

Refer to Note 4(m): Summary of significant accounting policies - revenue recognition.

b. Contact balances

	For the Year Ended December 31, 2018
For notes and accounts receivable, refer to Note 13.	$ 1,659,013

c. Disaggregation of revenue

	For the Year Ended December 31, 2018		
	Textile Department	Garment Department	Total
Revenue from sale of goods	$ 4,132,715	$ 4,646,976	$ 8,779,691
Revenue from processing	19,833	-	19,833
	$ 4,152,548	$ 4,646,976	$ 8,799,524

26. NET PROFIT

Net profit:

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income		
Bank deposits	$ 42,342	$ 25,955
Debt investments with no active market - non-current	-	22,564
Compensation revenue	32,973	40,815
Dividends and other investment income (Note 11)	-	215,651
Rental income (Note 34)	8,705	2,846
Others	69,096	67,107
	$ 153,116	$ 374,938

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of property, plant and equipment	$ 6,930	$ 2,291
(Loss) gain on disposal of investments	(21,165)	53,507
Net foreign exchange gain (loss)	82,967	(94,365)
Net gain (loss) arising on financial assets classified as held for trading	76,495	(1,383)
Loss on disposal of subsidiaries	-	(90,286)
Impairment loss recognized on financial assets	-	(1,174)
Others	(23,455)	(59,876)
	$ 121,772	$ (191,286)

c. Finance costs

	For the Year Ended December 31	
	2018	**2017**
Interest on bank loans	$ 14,599	$ 13,611

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	**2017**
Property, plant and equipment	$ 358,906	$ 445,411
Investment properties	835	-
Long-term prepayments for lease	873	1,127
Intangible assets	-	3,055
	$ 360,614	$ 449,593
An analysis of depreciation by function		
Operating costs	$ 345,510	$ 432,870
Operating expenses	13,396	12,541
Non-operating expenses	835	-
	$ 359,741	$ 445,411
An analysis of amortization by function		
Operating costs	$ 873	$ 4,182

e. Employee benefits expense

	For the Year Ended December 31	
	2018	**2017**
Post-employment benefits (Note 23)		
Defined contribution plans	$ 21,032	$ 23,394
Defined benefit plans	5,340	(13,613)
	26,372	9,781
Short-term benefits	1,981,737	2,319,682
	$ 2,008,109	$ 2,329,463
An analysis of employee benefits expense by function		
Operating costs	$ 1,727,630	$ 2,016,054
Operating expenses	280,479	313,409
	$ 2,008,109	$ 2,329,463

f. Employees' Compensation for 2018 and 2017

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates higher than 1% of net profit before income tax. The employees' compensation for the years ended December 31, 2018 and 2017, which were approved by the Company's board of directors on March 15, 2019 and March 23, 2018, respectively, are as follows:

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Bonuses to employees	$ 5,519	$ 3,403

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

There was no difference between the actual amounts of employees' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the bonuses to employees and remuneration of directors and supervisors resolved by the shareholders in their meetings in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES

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

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 88,698	$ (57)
Deferred tax		
In respect of the current year	21,771	53,998
Effect of change in tax rate	42,545	-
Adjustment for prior years	1,752	5,998
Income tax expense recognized in profit or loss	$ 154,766	$ 59,939

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

	For the Year Ended December 31	
	2018	2017
Profit before tax	$ 556,128	$ 341,427
Income tax expense calculated at the statutory rate	$ 117,481	$ 57,217
Nondeductible expenses in determining taxable income	439	530
Deferred tax		
Unrecognized temporary difference	35,094	(3,806)
Adjustments for prior years' tax	1,752	5,998
Income tax expense recognized in profit or loss	$ 154,766	$ 59,939

In 2017, the applicable corporate income tax rate used by the group entities in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. The deferred income tax benefit recognized in profit or loss which was due to tax rate changes, has been fully recognized in the current period. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	**2017**
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 3,671	$ (40,812)
Remeasurement of defined benefit plan	(3,442)	(2,580)
Effect of change in tax rate	(20,444)	-
	$ (20,215)	$ (43,392)

c. Current tax liabilities

	December 31	
	2018	**2017**
Current tax assets		
Tax refund receivable	$ 1,845	$ 1,656
Current tax liabilities		
Income tax payable	$ 83,021	$ 4,566

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Others**	**Closing Balance**
Temporary differences					
Exchange differences on translation of foreign operations	$ 211,613	$ 18,780	$ 14,893	$ -	$ 245,286
Allowance for loss of write-down of inventories	14,593	7,105	-	-	21,698
Allowance for impairment loss of trade receivables	13,617	2,403	-	-	16,020
Provisions for pension cost	35,168	(1,038)	5,322	-	39,452
Provisions for warranty	3,851	658	-	-	4,509
Loss carryforwards	43,961	(43,961)	-	-	-
Others	9,986	(2,830)	-	-	7,156
	$ 332,789	$ (18,883)	$ 20,215	$ -	$ 334,121

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Others	Closing Balance
Temporary differences					
Share of earnings of subsidiaries	$ (458,029)	$ (45,433)	$ -	$ 42,840	$ (460,622)

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compreh-ensive Income	Others	Closing Balance
Temporary differences					
Exchange differences on translation of foreign operations	$ 193,368	$ (22,567)	$ 40,812	$ -	$ 211,613
Allowance for loss of write-down of inventories	17,352	(2,759)	-	-	14,593
Allowance for impairment loss of trade receivables	8,535	5,082	-	-	13,617
Provisions for pension cost	41,316	(8,728)	2,580	-	35,168
Provisions for warranty	4,149	(298)	-	-	3,851
Loss carryforwards	-	43,961	-	-	43,961
Others	8,158	1,828	-	-	9,986
	$ 272,878	$ 16,519	$ 43,392	$ -	$ 332,789

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compreh-ensive Income	Others	Closing Balance
Temporary differences					
Share of earnings of subsidiaries	$ (459,455)	$ (70,517)	$ -	$ 71,943	$ (458,029)

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

	December 31	
	2018	2017
Loss carryforwards		
Expiring in 2019	$ 42,391	$ 42,391
Expiring in 2020	10,086	10,086
Expiring in 2023	1,722	1,722
Expiring in 2024	3,037	3,037
Expiring in 2026	3,958	3,958
Expiring in 2027	1,185	1,256
Expiring in 2028	4,524	-
	$ 66,903	$ 62,450
Deductible temporary differences		
Unrealized investment loss	$ 29,995	$ 29,995

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2018 comprised:

Unused Amount	Expiry Year
$ 42,391	2019
10,086	2020
1,722	2023
3,037	2024
3,958	2026
1,185	2027
4,524	2028
$ 66,903	

g. Income tax assessments

Income tax returns of the Company and Nien Hsing International Investment Co., Ltd. through 2016 and 2017 had been examined by the tax authorities, respectively.

28. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic earnings per share	$ 2.03	$ 0.94
Diluted earnings per share	$ 2.02	$ 0.94

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

Net Profit for the Year

	For the Year Ended December 31	
	2018	2017
Earnings used in the computation of basic and diluted earnings per share	$ 401,418	$ 281,478

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

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	198,000	300,384
Effect of potentially dilutive ordinary shares:		
Compensation issued to employees	247	126
Weighted average number of ordinary shares used in the computation of diluted earnings per share	198,247	300,510

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

29. DISPOSAL OF SUBSIDIARIES

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

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

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

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

d. 100% equity of C Square Investment Co., Ltd., which was held by the Group's wholly-owned Nien Hsing International (B.V.I.) Co., Ltd.

e. 100% equity of Foster Capital Management Inc., which was held by Nien Hsing International (B.V.I.) Co., Ltd.

f. The plant and equipment owned by Chih Hsing Garment (Cambodia) Co., Ltd.

g. The net assets and business (including but not limited to inventory, equipment, and trade payables to related parties, etc.) with regard to the business of the Group and the above-mentioned investments (re-investment).

The transfer consideration was based on the book value as of December 31, 2016. However, as indicated in the Sale and Purchase Agreement, the actual transfer consideration was adjusted in line with the unaudited accounts as of April 30, 2017. The transfer consideration amounting to US$63,932 thousand after the adjustment was paid by electronic remittance and would be settled in accordance with the agreement. The transaction was completed on May 1, 2017 and the proceeds of the disposal of subsidiaries had been fully collected.

a. Consideration received from the disposal

Consideration received in cash and cash equivalents	$ 1,927,554
Related disposal costs	(28,643)
Total consideration received	$ 1,898,911

b. Analysis of assets and liabilities on the date control was lost

	The Company	Subsidiaries	Total
Current assets			
Cash and cash equivalents	$ -	$ 28,425	$ 28,425
Trade receivables	-	590	590
Inventories	946,228	213,059	1,159,287
Prepayments	6,141	7,469	13,610
Others	15	39,080	39,095
Non-current assets			
Property, plant and equipment	165	790,963	791,128
Technical know-how	-	5,957	5,957
Refundable deposits	472	3,188	3,660
Long-term prepayments for lease	-	26,789	26,789
Current liabilities			
Payables	-	(7,920)	(7,920)
Other payables	-	(157,284)	(157,284)
Others	-	(4,426)	(4,426)
Net assets disposed of	$ 953,021	$ 945,890	$ 1,898,911

c. Loss on disposal of subsidiaries

Consideration received	$ 1,898,911
Net assets disposed of	(1,898,911)
The reclassification of other comprehensive income in respect of the subsidiaries	(90,286)
Loss on disposal	$ (90,286)

d. Net cash inflow on disposal of subsidiaries and associated net assets

Consideration received in cash and cash equivalents	$ 1,927,554
Less: Cash and cash equivalent balances disposed of	(28,425)
	$ 1,899,129

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On February 20, 2017 the Group acquired a 22.5% interest in C Square Investment Co., Ltd. increasing its continuing interest from 77.5% to 100%.

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	$ (55,440)
The proportionate share of the carrying amount of the net assets of the subsidiaries transferred to (from) non-controlling interests	64,566
Differences recognized from equity transactions	$ 9,126
Line items adjusted for equity transactions	
Capital surplus - difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 9,126

31. OPERATING LEASE ARRANGEMENTS

The Group as Lessor

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

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

	December 31	
	2018	2017
Not later than 1 year	$ 7,914	$ 8,077
Later than 1 year and not later than 5 years	20,661	28,319
	$ 28,575	$ 36,396

32. 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.

33. FINANCIAL INSTRUMENTS

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

Except for the financial assets measured at cost at December 31, 2017, management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values when their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Level 4
Financial assets at FVTPL				
Mutual funds	$ -	$ -	$ 337,325	$ 337,325
Bonds	315,003	-	-	315,003
	$ 315,003	$ -	$ 337,325	$ 652,328
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	$ 360,097	$ -	$ -	$ 360,097
Unlisted shares	-	-	299,943	299,943
	$ 360,097	$ -	$ 299,943	$ 660,040

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	$ 539,340	$ -	$ -	$ 539,340

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2018

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Mutual funds	Equity Instruments
Balance at January 1, 2018	$ -	$ -
Reclassification	249,937	249,799
Remeasurements	44,946	20,740
Recognized in profit or loss	31,881	-
Purchase	-	24,200
Sale	-	(25,641)
Return of share due to capital reduction	-	(75,667)
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	106,512
Recognition of other comprehensive gains and losses - exchange differences on translating foreign operations	10,561	-
Balance at December 31, 2018	$ 337,325	$ 299,943

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of the fund's beneficiary certificate is calculated based on the net value of the fund. The domestic unlisted equity investment is based on the market method. The market method is based on the price of the benchmark, considering the difference between the evaluation target and the comparable standard, and the value of the target is evaluated with an appropriate multiplier. The significant unobservable input is as follows. When the liquidity discount is reduced, the fair value of such investments will increase.

	December 31, 2018
Discount of liquidity	25%

If the following input values are changed to reflect a reasonably possible alternative hypothesis, the amount of increase (decrease) in the fair value of the equity investment will be as follows when all other inputs remain unchanged:

	December 31, 2018
Increase by 1 %	$ (3,215)
Decrease by 1 %	$ 3,215

c. Categories of financial instruments

	December 31			
	2018		2017	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Financial assets at amortized cost				
Cash and cash equivalents	$ 1,575,533	$ 1,575,533	$ -	$ -
Notes receivable and trade receivables	1,659,013	1,659,013	-	-
Other receivables	29,276	29,276	-	-
Refundable deposits	14,036	14,036	-	-
Other financial assets - current	50	50	-	-
Loans and receivables				
Cash and cash equivalents	-	-	2,771,591	2,771,591
Notes receivable and trade receivables	-	-	1,459,907	1,459,907

(Continued)

	December 31			
	2018		2017	
	Book Value	Fair Value	Book Value	Fair Value
Other receivables	$ -	$ -	$ 45,391	$ 45,391
Refundable deposits	-	-	14,128	14,128
Debt investments with no active market	-	-	313,821	313,821
Other financial assets - current	-	-	50	50
Financial assets at FVTPL (current and non-current)				
Mandatorily classified as at FVTPL - non-current	652,328	652,328	-	-
Financial assets at FVTOCI - non-current				
Equity instruments	660,040	660,040	-	-
Available-for-sale financial assets				
Available-for-sale financial assets (current and non-current)	-	-	539,340	539,340
Financial assets measured at cost	-	-	558,669	-
Financial liabilities				
Financial liabilities at amortized cost				
Short-term borrowings	397,705	397,705	1,185,900	1,185,900
Notes payable and trade payables (including related party)	454,236	454,236	528,077	528,077
Other payables	600,237	600,237	497,995	497,995
Long-term borrowings (including current portion of long-term loans payable)	182,000	182,000	546,000	546,000
Guarantee deposits received	1,437	1,437	1,701	1,701

(Concluded)

d. Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt investments, trade receivables, 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, and 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, an independent body that monitors risks and policies implemented to mitigate risk exposures, reports quarterly to the Group's risk management committee.

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 exposed to foreign currency risk at the end of the reporting period are set out in Note 37.

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 the New Taiwan dollar (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 the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar 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**	
	2018	**2017**	**2018**	**2017**
Profit (loss)	$ 77,050	$ 111,462	$ (812)	$ (7,172)

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 amounts of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows.

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 1,135,107	$ 313,821
Financial liabilities	397,705	-
Cash flow interest rate risk		
Financial assets	705,260	2,761,789
Financial liabilities	182,000	1,731,900

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 liabilities 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, 2018 and 2017 would increase/decrease by $1,308 thousand and $2,575 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 income for the year ended would increase/decrease by $6,523 thousand and pre-tax other comprehensive income for the year ended would increase/decrease by $6,600 thousand.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the year ended December 31, 2017 would increase/decrease by $5,393 thousand.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a 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.

In addition, the Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced. Additionally, the counterparties of liquid funds are all creditworthy financial institutions and corporations, with no significant credit risk expected.

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 ratings, 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 immediate settlements are not required. The Group's guarantee deposits received under non-current financial liabilities do not have a specific maturity.

34. TRANSACTIONS WITH RELATED PARTIES

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

a. The names and relationships of related parties are as follows:

Related Party	**Relationship with the Group**
Grand Paper International Ltd.	Associate (Note 1)
Hong Yuan Investment Co., Ltd.	Other related party
Guozhong Investment Co., Ltd.	Other related party
Li Feng Investment Co., Ltd.	Other related party
Nuevo Investment Development Co., Ltd.	Other related party

Note 1: The Group sold all of their shares of Grand Paper International Ltd. on November 1, 2018 and since that date, Grand Paper International Ltd. was no longer an associate of the Group.

b. Processing income

	For the Year Ended December 31	
Related Party Category	**2018**	**2017**
Associates		
Grand Paper International Ltd. (Note 2)	$ 12,726	$ 18,337

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

c. Rental income

Related Party Category	For the Year Ended December 31 2018	2017
Other related parties		
Hong Yuan Investment Co., Ltd.	$ 26	$ 26
Guozhong Investment Co., Ltd.	26	26
Li Feng Investment Co., Ltd.	26	26
Nuevo Investment Development Co., Ltd.	26	26
	$ 104	$ 104

The Group leased operating properties to related parties. The lease prices were determined with reference to the local lease standard and the payments were received monthly.

d. Service income

Related Party Category	For the Year Ended December 31 2018	2017
Other related parties		
Grand Paper International Ltd. (Note 2)	$ 700	$ 893

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

Related Party Category	December 31 2018	2017
Associates		
Grand Paper International Ltd. (Note 1)	$ -	$ 45,550

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

f. Compensation of key management personnel

	For the Year Ended December 31 2018	2017
Short-term employee benefits	$ 34,800	$ 33,885
Post-employment benefits	749	(1,714)
Termination benefits	-	1,752
	$ 35,549	$ 33,923

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

Note 2: As the Group sold all of its shares of Grand Paper International Ltd. on November 1, 2018, only the transactions from January 1, 2018 to October 31, 2018 are included.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2018	2017
Property, plant and equipment	$ 223,742	$ 232,325
Other financial assets - current	50	50
	$ 223,792	$ 232,375

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

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2018 and 2017, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $1,145,214 thousand and $1,140,789 thousand, respectively.

As of December 31, 2018 and 2017, the non-cancellable cotton purchase contracts for which the Group has entered into but where the goods have not yet been received are in the amounts of 28,343 thousand pounds and 29,684 thousand pounds, respectively.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

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

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,148	14.47 (USD:ZAR)	$ 66,034
USD	91,448	30.735 (USD:NTD)	2,810,660
USD	2,231	22,885 (USD:VND)	68,574
PESO	40,537	1.56 (PESO:NTD)	63,383
PESO	12	0.0509 (PESO:USD)	18
			$ 3,008,669

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 17,330	14.47 (USD:ZAR)	$ 532,622
USD	28,360	30.735 (USD:NTD)	871,655
PESO	46,701	1.56 (PESO:NTD)	73,021
PESO	4,231	0.0509 (PESO:USD)	6,615
			$ 1,483,913

(Concluded)

December 31, 2017

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 263	12.37 (USD:ZAR)	$ 7,798
USD	116,503	29.68 (USD:NTD)	3,457,806
USD	1,247	22,425 (USD:VND)	37,014
PESO	12	0.0507 (PESO:USD)	17
			$ 3,502,635
Financial liabilities			
Monetary items			
USD	10,821	12.37 (USD:ZAR)	$ 321,177
USD	32,082	29.68 (USD:NTD)	952,199
PESO	91,784	1.50 (PESO:NTD)	138,034
PESO	3,601	0.0507 (PESO:USD)	5,415
			$ 1,416,825

For the years ended December 31, 2018 and 2017, (realized and unrealized) net foreign exchange (losses) gains were $82,967 thousand and $(94,365) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

38. 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 investments in subsidiaries, associates and jointly-controlled entities). (Table 2)

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

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

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

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

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

9) Trading in derivative instruments. (Note 7)

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

11) Information on investees. (Table 7)

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 receipt of services.

39. 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 are as follows:

- Textile
- Garment

a. Segment revenue and results

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

	Segment Revenue For the Year Ended December 31		Segment Profit For the Year Ended December 31	
	2018	2017	2018	2017
Textile segment			$ 274,891	$ 204,013
From external customers	$ 4,152,548	$ 3,779,563		
From intersegment sales	1,006,600	1,103,072		
Garment segment			146,363	(13,296)
From external customers	4,646,976	5,256,069		
From intersegment sales				
Other segment			-	1,983
From external customers	-	1,372		
From intersegment sales	-			
Elimination	(1,006,600)	(1,103,072)		
Total revenue	$ 8,799,524	$ 9,037,004	421,254	192,700
Unallocated amount				
Administrative cost			(131,720)	(137,082)
Other shared income (expense)			(6,353)	49,565
Operating income			283,181	105,183
Other income			153,116	374,938
Other gain and loss			121,772	(191,286)
Financial cost			(14,599)	(13,611)
Share of profit of associates accounted for using the equity method			12,658	66,203
Income before income tax			$ 556,128	$ 341,427

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

b. Segment assets and liabilities

	December 31	
	2018	2017
Segment assets		
Textile segment	$ 3,963,032	$ 3,634,682
Garment segment	2,687,541	2,235,243
Other shared assets	3,416,637	4,879,796
Consolidated total assets	$ 10,067,210	$ 10,749,721

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 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	
	2018	2017
Depreciation and amortization		
Textile segment	$ 224,714	$ 282,128
Garment segment	127,776	141,504
Other segment	8,124	25,961
	$ 360,614	$ 449,593

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

d. Revenue from major products and services

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

	For the Year Ended December 31	
	2018	2017
Fabric	$ 4,115,369	$ 3,734,682
Garments	4,636,270	5,251,485
Others	47,885	50,837
	$ 8,799,524	$ 9,037,004

e. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2018	2017	2018	2017
Taiwan	$ 8,207,863	$ 8,289,674	$ 1,168,213	$ 955,534
America	-	3,411	107,671	359,762
Africa	591,661	742,547	689,869	569,945
Other parts of Asia	-	1,372	158,252	146,184
	$ 8,799,524	$ 9,037,004	$ 2,124,005	$ 2,031,425

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

f. Information regarding major customers

Single customers which contributed 10% or more to the Group's revenue for 2018 and 2017 are as follows:

	2018 Sales Amount	2017 Sales Amount
Customer A (Note 1)	$ 1,612,851	$ 1,919,427
Customer B (Note 2)	2,060,892	1,789,261
Customer C (Note 1)	817,191	1,059,648
Customer D (Note 1)	635,767	1,030,770
	$ 5,126,701	$ 5,799,106

Note 1: Revenue from garment segment.

Note 2: Revenue from textile segment.

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note B)	Maximum Balance for the Period	Ending Balance	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note B)	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 (Note A)										
0	Nien Hsing Textile Co., Ltd. (the “Company”)	Phoenix Development & Marketing Co., Ltd.	b	$ 2,298,241	$ 428,050	$ 353,453	$ -	$ -	4.61	$ 3,830,402	Y	N	N
		Nien Hsing International Investment Co., Ltd.	b	2,298,241	500,000	500,000	80,000	-	6.53	3,830,402	Y	N	N

Notes:

A. The relationship between Nien Hsing Textile Co., Ltd. and the endorsed/guaranteed entities can be classified into the following seven categories.

a. A company with a business relationship.
b. A subsidiary in which over 50% of the ordinary shares are directly or indirectly held by the parent company.
c. An investee company in which over 50% of the ordinary shares are directly or indirectly held by the Group.
d. A parent company which holds, directly or indirectly through subsidiaries, over 90% of the ordinary shares of Posiflex Technology Inc.
e. Mutually endorsed companies due to the contractual requirements of commonly contracted work.
f. A company endorsed due to a co-investment agreement. The endorsement percentage of each investor is based on its investment percentage.
g. Companies in the same industry engaged in the provision of joint performance guarantee of sales contracts for the sale of pre-construction homes, pursuant to the Consumer Protection Act.

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

TABLE 2

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(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, 2018				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Nien Hsing Textile Co., Ltd.	Share							
	Mycenax Biotech Inc.	-	Financial assets at fair value through other comprehensive income - non-current	8,262,000	$ 213,160	8.18	$ 213,160	Market price
	BioGend Therapeutics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	806,662	12,398	1.15	12,398	
	UFO Investment Corporation	-	Financial assets at fair value through other comprehensive income - non-current	134,000	-	5.00	-	
	Leadray Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,532,619	16,342	6.34	16,342	
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	101,141	781	2.22	781	
	Breeze Digital Technology Corp.	-	Financial assets at fair value through other comprehensive income - non-current	147,000	-	2.94	-	
Nien Hsing International (BVI) Co., Ltd.	Bond							
	RABOBANK NEDERLAND	-	Financial assets at fair value through profit or loss - non-current	10,000	315,003	-	315,003	
Phoenix Development & Marketing Co., Ltd.	Fund							
	Prodigy Strategic Investment Fund XXI Segregated Portfolio	-	Financial assets at fair value through profit or loss - non-current	8,509	337,325	-	337,325	
	Share							
	Gongwin Biopharm Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,482,000	123,846	2.42	123,846	
	DigiMedia Technologies Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	368,532	-	0.54	-	
	Thousand Luck Limited		Financial assets at fair value through other comprehensive income - non-current	200,000	-	1.33	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Nien Hsing International Investment Co., Ltd.	Share							
	Mycenax Bigtech Inc.	-	Financial assets at fair value through other comprehensive income - non-current	895,000	$ 23,091	0.80	$ 23,091	Market price
	Imagic Technologies Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,400	-	0.01	-	
	Igiant Optics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	4,800	-	0.01	-	
	Koatech Technology Corp.	-	Financial assets at fair value through other comprehensive income - non-current	404,640	4,078	1.59	4,078	
	Alpha Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	316,123	3,344	0.67	3,344	
	Leadray Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,910,578	18,780	7.29	18,780	
	BioEngine Capital Inc.	-	Financial assets at fair value through other comprehensive income - non-current	7,500,000	187,350	5.26	187,350	
	BioGend Therapeutics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,700,000	56,870	5.29	56,870	

Note: For related information on the investment of subsidiaries, associates and joint ventures, refer to Table 7.

(Concluded)

TABLE 3

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition			Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Adjustment	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Nien Hsing Textile Co., Ltd.	E.SUN Financial Holding Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	Capital market trading	-	15,770,000	$ 289,895 (Note)	-	$ -	$ -	15,770,000	$ 341,207	$ 289,895 (Note)	$ 51,312	-	$ -

Note: It is the original purchase cost, excluding the unrealized gain on equity instruments measured at fair value through other comprehensive income at the beginning of the period of $8,158 thousand, which was also realized at the time of sale.

TABLE 4

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction/Item Details				Abnormal Transaction		Notes/Trade Payables or Receivables		Note
			Purchase/Sale/ Processing Expense	Amount	% to Total (Note C)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Nien Hsing Textile Co., Ltd.	Formosa Textile Co., Ltd.	Subsidiary	Sale	$ (571,828)	(6.51)	Note B	-	Note B	$ 240,083	11.79	
	Formosa Textile Co., Ltd.	Subsidiary	Processing expense	438,301	11.46	Note A	Note A	Note A	-	-	
	Nien Hsing International Victoria Ltd.	Subsidiary	Processing expense	554,594	14.50	Note A	Note A	Note A	(73,021)	(6.69)	
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Subsidiary	Processing expense	712,618	18.63	Note A	Note A	Note A	(60,288)	(5.53)	
	C&Y Garments	Subsidiary	Processing expense	341,574	8.93	Note A	Note A	Note A	-	-	
	Nien Hsing International (Lesotho) Co., Ltd.	Subsidiary	Processing expense	386,833	10.12	Note A	Note A	Note A	-	-	
	Global Garment Co., Ltd	Subsidiary	Processing expense	348,668	9.12	Note A	Note A	Note A	-	-	
Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Purchase	571,828	100.00	Note B	-	Note B	(240,083)	(94.80)	
	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(438,301)	(95.66)	Note A	Note A	Note A	-	-	
Nien Hsing Garment (Ninh Binh) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(712,618)	(100.00)	Note A	Note A	Note A	60,288	100.00	
Nien Hsing International Victoria Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(554,594)	(100.00)	Note A	Note A	Note A	73,021	100.00	
C&Y Garments	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(341,574)	(100.00)	Note A	Note A	Note A	-	-	
Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(386,833)	(99.93)	Note A	Note A	Note A	-	-	
Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	Processing income	(348,668)	(99.47)	Note A	Note A	Note A	-	-	

Notes:

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

B. Payments were made in cash upon demand.

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

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

TABLE 5

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(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.	C&Y Garments	Subsidiary	$ 148,295	Note A	$ -	-	$ 37,618	$ -
	Formosa Textile Co., Ltd.	Subsidiary	240,083	Note A	-	-	142,957	-
Phoenix Development & Marketing Co., Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	344,937	Note B	-	-	9,718	-
Nien Hsing International (Samoa) Ltd.	Nien Hsing Textile Co., Ltd.	Parent company	102,136	Note B	-	-	-	-

Notes:

A: Payments requests were made based on operating fund needs.

B. Collections of disposal of subsidiaries.

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

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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	$ 571,828	Note B	6
		Formosa Textile Co., Ltd.	a	Receivable from related parties	240,083	Note B	2
		Phoenix Development & Marketing Co., Ltd.	a	Sales revenue	40,741	Note B	-
		Nien Hsing International Investment Co., Ltd.	a	Rent income	25	Note D	-
		Nien Hsing International Investment Co., Ltd.	a	Receivable from related parties	68	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	a	Sales revenue	23,134	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	a	Receivable from related parties	30,452	Note B	-
		Global Garment Co., Ltd.	a	Receivable from related parties	89,828	Note B	1
		Glory International Co., Ltd.	a	Receivable from related parties	23,965	Note B	-
		C&Y Garments	a	Receivable from related parties	148,295	Note B	1
1	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	712,618	Note C	8
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	60,288	Note B	1
2	Nien Hsing International Victoria Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	554,594	Note C	6
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	73,021	Note B	1
		Phoenix Development & Marketing Co., Ltd.	c	Receivable from related parties	6,615	Note B	-
		Nien Hsing Confeccion Ltd.	c	Receivable from related parties	10,352	Note B	-
3	Nien Hsing International (Samoa) Ltd.	Nien Hsing Textile Co., Ltd.	b	Rent income	83,838	Note D	1
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	41,081	Note B	-
		Nien Hsing Textile Co., Ltd.	b	Disposal of equipment revenue	61,055	Note D	-
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties - disposal equipment	61,055	Note B	1
4	C&Y Garments	Nien Hsing Textile Co., Ltd.	b	Processing income	341,574	Note C	4
		Nien Hsing International (Lesotho) Co., Ltd.	c	Receivable from related parties	82	Note B	-
		Glory International Co., Ltd.	c	Receivable from related parties	4	Note B	-
5	Nien Hsing International (Lesotho) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	386,833	Note C	4
		C&Y Garments	c	Processing income	170	Note C	-
		Global Garment Co., Ltd.	c	Processing income	110	Note C	-
6	Global Garment Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	348,668	Note C	4
		Nien Hsing International (Lesotho) Co., Ltd.	c	Processing income	872	Note C	-
		Nien Hsing International (Lesotho) Co., Ltd.	c	Receivable from related parties	608	Note B	-
		C&Y Garments	c	Processing income	1,015	Note C	-
		C&Y Garments	c	Receivable from related parties	273	Note B	-
		Formosa Textile Co., Ltd.	c	Receivable from related parties	8,035	Note B	-
		Glory International Co., Ltd.	c	Receivable from related parties	6,182	Note B	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note A)	Transaction Details			
				Financial Statement Account	Amount (Note E)	Payment Terms	% to Total Sales or Assets
7	Formosa Textile Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	$ 438,301	Note C	5
		C&Y Garments	c	Receivable from related parties	5,291	Note B	-
		Nien Hsing International (Lesotho) Co., Ltd.	c	Receivable from related parties	1,194	Note B	-
		Nien Hsing International (Samoa) Ltd.	c	Receivable from related parties	323	Note B	-
		Glory International Co., Ltd.	c	Receivable from related parties	46,431	Note B	-
8	Phoenix Development & Marketing Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Rent income	69,947	Note D	1
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	109,862	Note B	1
		Nien Hsing Textile Co., Ltd.	b	Disposal of equipment revenue	235,075	Note D	-
		Nien Hsing Textile Co., Ltd.	b	Receivable from related parties - disposal equipment	235,075	Note B	2
9	Chih Hsing Garment (Cambodia) Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Receivable from related parties	77,344	Note B	1
10	Glory International Co., Ltd.	Nien Hsing Textile Co., Ltd.	b	Processing income	10,789	Note C	-
		Nien Hsing International (Lesotho) Co., Ltd.	c	Receivable from related parties	231	Note B	-

Note A: Flow of transaction:

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

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

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

Note D: Related-party transactions were not significantly different from third-party transactions.

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

(Concluded)

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note (Relationship of Investee to Investor)
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Nien Hsing Textile Co., Ltd. (the “Company”)	Nien Hsing International (BVI) Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment holding company	$ 586,915	$ 1,016,508	28,409	100.00	$ 2,659,479	$ (5,107)	$ (5,107)	Subsidiary
	Nien Hsing Garment (Ninh Binh) Co., Ltd.	Ninh Phuc Industrial Zone, Ninh Binh City, Ninh Binh Province, Vietnam	Manufacturing of jeans	714,092	714,092	-	100.00	199,972	18,299	18,299	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd.	Road 6A; Phum Khtor; Sangkat Prek Leap; Chroy Changvar District; Phnom Penh; Kingdom of Cambodia	Manufacturing of jeans	133,641	133,641	4,500	100.00	78,724	3	3	Subsidiary
	Nien Hsing International Investment Co., Ltd.	12F-2, No. 308, Neihu Rd., Sec. 1, Neihu Dist., Taipei City, Taiwan 114, R.O.C.	Investment business	20,000	20,000	9,722,833	100.00	214,110	(1,898)	(1,898)	Subsidiary
	China International Investment Co., Ltd.	25F, No. 97 Dunhua S. Rd., Sec. 2, Da-an Taipei, Taiwan 106, R.O.C.	Investment business	819	819	81,850	22.42	7,241	(97)	(22)	Equity-method investee
	Wu Hsing International Co., Ltd.	No. 97, Ln. 297, Yuanguan Rd., Nuannuan Dist., Keelung City 205, Taiwan, R.O.C.	Purchase and sale of raw material, supplies and jeans	4,500	4,500	450,000	30.00	-	-	-	Equity-method investee
Nien Hsing International (BVI) Co., Ltd.	Nien Hsing International (Bermuda) Ltd.	Canon’s Court, 22 Victoria Street, Hamilton Hm12, Bermuda	Investment holding company	384,660	538,101	19,446	100.00	319,296	37,121	37,121	Subsidiary
	Nien Hsing International (Samoa) Ltd.	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	Investment holding company	987,858	987,858	30,300,000	100.00	379,662	(68,327)	(68,327)	Subsidiary
	Phoenix Development & Marketing Co., Ltd.	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	Sale of denim and investment business	102,692	102,692	1,000,000	100.00	1,596,352	(4,819)	(4,819)	Subsidiary
Nien Hsing International (Bermuda) Ltd.	Nien Hsing International Victoria Ltd.	Libramiento Naciones Unidas Km. 20, Parque Industrial Nuevo Santander Cd. Victoria. Tamaulipas. Mexico. C. P. 87130	Manufacturing of denim fabric	482,460	636,161	22,410	99.99	325,315	37,418	37,418	Subsidiary
	Nien Hsing Confeccion Ltd.	Libramiento Naciones Unidas Km. 20, Parque Industrial Nuevo Santander Cd. Victoria. Tamaulipas. Mexico. C. P. 87130	Manufacturing of jeans	30,021	30,021	26	99.99	(9,446)	-	-	Subsidiary
Nien Hsing International (Samoa) Ltd.	C&Y Garments	Site No. 7D Thetsane Industrial Area Maseru 100. Lesotho	Manufacturing of jeans	105,226	105,226	99,800	99.80	28,256	(28,000)	(27,944)	Subsidiary
	Nien Hsing International (Lesotho) Co., Ltd.	Site No. 009 Thetsane Industrial Area Maseru 100. Lesotho	Manufacturing of jeans	10,562	10,562	200,000	100.00	74,826	(4,499)	(4,499)	Subsidiary
	Global Garments Co., Ltd.	Site No. 12293-827 Thetsane Industrial Area. Maseru 100, Lesotho	Manufacturing of jeans	150,535	150,535	100,000	100.00	72,394	(25,625)	(25,625)	Subsidiary
	Formosa Textile Co., Ltd.	827 Thetsane Industrial Area, Maseru 100. Lesotho	Manufacturing of denim fabric	280,856	280,856	100,000	100.00	116,114	(10,151)	(10,151)	Subsidiary
Phoenix Development & Marketing Co., Ltd.	Grand Paper International Ltd.	Intershore Chambers, P. O. Box 4342, Road Town, Tortola, British Virgin Islands	Manufacturing and sale of cartons	-	37,713	-	-	-	33,156	12,268	Note B
	C&D Capital Corp.	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	Investment business	60,012	75,965	1,849,263	22.42	61,540	19,634	4,403	Equity-method investee
	C&D Capital II Corp.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Investment business	128,264	128,264	4,005,000	28.74	111,902	(13,885)	(3,991)	Equity-method investee
	Top Fashion Industrial Co., Ltd.	P.O. Box 3321, (Sealight House), Road Town, Tortola, British Virgin Islands	Purchase and sale of raw material, supplies and jeans	14,644	14,644	450,000	30.00	-	-	-	Equity-method investee
	Glory International Co., Ltd.	827 Thetsane Industrial, Ha Thetsane, Maseru, Lesotho	Manufacturing of knitted garment	245,411	-	8,240,000	100.00	189,278	(34,563)	(34,563)	Subsidiary

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

Note B: As the Group sold all of its shares of the company on November 1, 2018 based on the book value of the company on October 31, 2018, only the company’s current profit and loss from January 1, 2018 to October 31, 2018 was disclosed.

TABLE 8

NIEN HSING TEXTILE CO., LTD. AND SUBSIDIARIES

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2017	$ 536,867	$ 1,516	$ 3,079,405	$ 5,525,397	$ 68,373	$ 77,617	$ 1,405,526	$ 11,803	$ 10,706,504
Additions	-	-	9,152	49,223	7,628	1,816	18,610	135,375	221,804
Disposals	-	-	-	(21,539)	(7,877)	(9,687)	(133,471)	-	(172,574)
Disposal of subsidiaries	(223,243)	-	(957,217)	(627,338)	(14,491)	(10,344)	(101,723)	-	(1,934,356)
Reclassification	-	-	37,767	72,137	-	1,269	132,463	(36,778)	206,858
Reclassified to investment properties	(56,009)	-	(50,738)	-	-	-	-	-	(106,747)
Effect of foreign currency exchange differences	(12,027)	-	(94,429)	(298,810)	(1,031)	(2,620)	(60,341)	(1,037)	(470,295)
Balance at December 31, 2017	$ 245,588	$ 1,516	$ 2,023,940	$ 4,699,070	$ 52,602	$ 58,051	$ 1,261,064	$ 109,363	$ 8,451,194
Accumulated depreciation									
Balance at January 1, 2017	$ -	$ 1,516	$ 1,695,909	$ 4,908,078	$ 47,704	$ 68,580	$ 1,146,561	$ -	$ 7,868,348
Disposals	-	-	-	(7,556)	(3,145)	(9,521)	(133,305)	-	(153,527)
Disposal of subsidiaries	-	-	(536,059)	(504,086)	(11,370)	(9,914)	(81,799)	-	(1,143,228)
Depreciation expense	-	-	129,142	134,782	6,274	3,610	171,603	-	445,411
Reclassified to investment properties	-	-	(12,837)	-	-	-	-	-	(12,837)
Effect of foreign currency exchange differences	-	-	(57,033)	(269,451)	(638)	(2,471)	(46,966)	-	(376,559)
Balance at December 31, 2017	$ -	$ 1,516	$ 1,219,122	$ 4,261,767	$ 38,825	$ 50,284	$ 1,056,094	$ -	$ 6,627,608
Carrying amounts at January 1, 2017	$ 536,867	$ -	$ 1,383,496	$ 617,319	$ 20,669	$ 9,037	$ 258,965	$ 11,083	$ 2,838,156
Carrying amounts at December 31, 2017	$ 245,588	$ -	$ 804,818	$ 437,303	$ 13,777	$ 7,767	$ 204,970	$ 109,363	$ 1,823,586
Cost									
Balance at January 1, 2018	$ 245,588	$ 1,516	$ 2,023,940	$ 4,699,070	$ 52,602	$ 58,051	$ 1,261,064	$ 109,363	$ 8,451,194
Additions	-	-	16,754	161,060	2,828	4,640	26,569	138,674	350,525
Disposals	-	-	(150)	(128,583)	(2,330)	(5,536)	(234,813)	-	(371,412)
Reclassification	-	-	13,231	113,148	-	315	63,510	(22,005)	168,199
Effect of foreign currency exchange differences	585	-	(50,713)	43,992	(3,377)	(873)	14,035	(22,027)	(18,378)
Balance at December 31, 2018	$ 246,173	$ 1,516	$ 2,003,062	$ 4,888,687	$ 49,723	$ 56,597	$ 1,130,365	$ 204,005	$ 8,580,128
Accumulated depreciation									
Balance at January 1, 2018	$ -	$ 1,516	$ 1,219,122	$ 4,261,767	$ 38,825	$ 50,284	$ 1,056,094	$ -	$ 6,627,608
Disposals	-	-	(150)	(123,899)	(2,177)	(5,536)	(234,406)	-	(366,168)
Depreciation expense	-	-	101,828	110,090	5,009	4,845	137,134	-	358,906
Reclassified to investment properties	-	-	(76)	-	-	-	-	-	(76)
Effect of foreign currency exchange differences	-	-	(30,769)	62,246	(2,889)	(420)	12,697	-	40,865
Balance at December 31, 2018	$ -	$ 1,516	$ 1,289,955	$ 4,310,204	$ 38,768	$ 49,173	$ 971,519	$ -	$ 6,661,135
Carrying amounts at January 1, 2018	$ 245,588	$ -	$ 804,818	$ 437,303	$ 13,777	$ 7,767	$ 204,970	$ 109,363	$ 1,823,586
Carrying amounts at December 31, 2018	$ 246,173	$ -	$ 713,107	$ 578,483	$ 10,955	$ 7,424	$ 158,846	$ 204,005	$ 1,918,993