

**TONS LIGHTOLOGY INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
JUNE 30, 2021 AND 2020**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

### **To the Board of Directors and Shareholders of Tons Lightology Inc.**

#### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries (the "Group") as at June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

#### ***Scope of review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### ***Basis for qualified conclusion***

As explained in Note 6(7), the financial statements of investments accounted for using equity method were not reviewed by independent auditors. The balances of investments accounted for using equity method amounted to NT\$44,678 thousand and NT\$42,447 thousand, constituting 3% and 3% of the consolidated total assets as at June 30, 2021 and 2020, respectively, share of loss of associates and joint ventures accounted for using equity method amounted to NT\$3,012 thousand, NT\$7,791 thousand, NT\$7,735 thousand and NT\$14,430 thousand constituting 21%, 14%, 37% and 114% of the consolidated total profit (loss) before tax for the three months and six months then ended, respectively, and the total

related comprehensive loss amounted to NT\$3,012 thousand, NT\$7,791 thousand, NT\$7,735 thousand and NT\$14,430 thousand, constituting 80%, 10%, 59% and 520% of the consolidated total comprehensive loss for the three months and six months then ended, respectively.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

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Hung, Shu-Hua

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Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

July 30, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TONS LIGHTOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 369,470	27	\$ 353,565	26	\$ 265,816	21
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		84,367	6	104,166	8	80,751	6
1136	Current financial assets at	6(3) and 8						
	amortised cost		163,605	12	179,361	13	112,005	9
1150	Notes receivable, net	6(4)	1,052	-	1,205	-	986	-
1170	Accounts receivable, net	6(4)	96,623	7	127,431	9	150,998	12
1180	Accounts receivable - related	6(4) and 7(2)						
	parties		378	-	518	-	-	-
1200	Other receivables		5,062	-	3,615	-	2,627	-
130X	Inventories	6(5)	220,053	16	163,797	12	154,380	12
1410	Prepayments		20,781	2	16,170	1	18,593	1
1470	Other current assets		1,243	-	1,869	-	2,052	-
11XX	<b>Current Assets</b>		<u>962,634</u>	<u>70</u>	<u>951,697</u>	<u>69</u>	<u>788,208</u>	<u>61</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair	6(6)						
	value through other comprehensive							
	income		45,491	3	53,906	4	134,321	10
1550	Investments accounted for using	6(7)						
	equity method		44,678	3	37,413	3	42,447	3
1600	Property, plant and equipment	6(8)	259,048	19	273,609	20	276,864	21
1755	Right-of-use assets	6(9)	39,599	3	41,028	3	44,297	4
1780	Intangible assets		4,497	1	4,337	-	590	-
1840	Deferred income tax assets	6(25)	4,022	-	3,571	-	3,275	-
1900	Other non-current assets	6(10) and 8	8,488	1	8,187	1	7,658	1
15XX	<b>Non-current assets</b>		<u>405,823</u>	<u>30</u>	<u>422,051</u>	<u>31</u>	<u>509,452</u>	<u>39</u>
1XXX	<b>Total assets</b>		<u>\$ 1,368,457</u>	<u>100</u>	<u>\$ 1,373,748</u>	<u>100</u>	<u>\$ 1,297,660</u>	<u>100</u>

(Continued)

**TONS LIGHTOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2021		December 31, 2020		June 30, 2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>							
2120	Financial liabilities at fair value	6(2)					
	through profit or loss - current		\$ -	\$ -	\$ -	382	-
2150	Notes payable		41	25	-	15	-
2170	Accounts payable		100,299	88,144	6	56,088	4
2200	Other payables	6(11)	177,220	85,986	6	166,822	13
2230	Current income tax liabilities		11,643	22,200	2	15,037	1
2250	Provisions for liabilities - current		892	400	-	-	-
2280	Current lease liabilities		7,477	7,192	1	7,932	1
2300	Other current liabilities	6(18)	17,363	17,741	1	13,692	1
21XX	<b>Current Liabilities</b>		<u>314,935</u>	<u>221,688</u>	<u>16</u>	<u>259,968</u>	<u>20</u>
<b>Non-current liabilities</b>							
2550	Provisions for liabilities - non-current		356	316	-	264	-
2570	Deferred income tax liabilities	6(25)	3,708	3,445	-	2,276	-
2580	Non-current lease liabilities		4,760	5,591	-	8,894	1
2600	Other non-current liabilities	6(12)	8,901	8,476	1	8,740	1
25XX	<b>Non-current liabilities</b>		<u>17,725</u>	<u>17,828</u>	<u>1</u>	<u>20,174</u>	<u>2</u>
2XXX	<b>Total Liabilities</b>		<u>332,660</u>	<u>239,516</u>	<u>17</u>	<u>280,142</u>	<u>22</u>
<b>Equity attributable to owners of parent</b>							
	Share capital	6(14)					
3110	Share capital - common stock		399,616	396,723	29	402,533	31
3140	Advance receipts for share capital		235	965	-	-	-
	Capital surplus	6(15)					
3200	Capital surplus		512,065	508,419	37	513,272	40
	Retained earnings	6(16)					
3310	Legal reserve		108,709	95,799	7	95,799	7
3320	Special reserve		72,115	54,323	4	54,323	4
3350	Unappropriated retained earnings		100,472	212,854	16	93,179	7
	Other equity interest	6(17)					
3400	Other equity interest		( 94,679)	( 72,115)	( 5)	( 60,967)	( 5)
3500	Treasury shares	6(14)	( 62,736)	( 62,736)	( 5)	( 80,621)	( 6)
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,035,797</u>	<u>1,134,232</u>	<u>83</u>	<u>1,017,518</u>	<u>78</u>
3XXX	<b>Total equity</b>		<u>1,035,797</u>	<u>1,134,232</u>	<u>83</u>	<u>1,017,518</u>	<u>78</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,368,457</u>	<u>\$ 1,373,748</u>	<u>100</u>	<u>\$ 1,297,660</u>	<u>100</u>

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

**TONS LIGHTOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)  
(UNAUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(18) and 7	\$ 213,749	100	\$ 226,801	100	\$ 433,120	100	\$ 354,996	100
5000	Operating costs	6(5) and 7	( 138,757)	( 65)	( 139,768)	( 62)	( 289,514)	( 67)	( 229,730)	( 65)
5900	Net operating margin		<u>74,992</u>	<u>35</u>	<u>87,033</u>	<u>38</u>	<u>143,606</u>	<u>33</u>	<u>125,266</u>	<u>35</u>
	Operating expenses	6(23)(24)								
6100	Selling expenses		( 22,053)	( 10)	( 26,586)	( 12)	( 44,313)	( 10)	( 47,076)	( 13)
6200	General and administrative expenses		( 21,417)	( 10)	( 19,603)	( 8)	( 40,493)	( 10)	( 38,004)	( 11)
6300	Research and development expenses		( 10,067)	( 5)	( 8,262)	( 4)	( 18,521)	( 4)	( 15,980)	( 4)
6000	Total operating expenses		( 53,537)	( 25)	( 54,451)	( 24)	( 103,327)	( 24)	( 101,060)	( 28)
6900	Operating profit		<u>21,455</u>	<u>10</u>	<u>32,582</u>	<u>14</u>	<u>40,279</u>	<u>9</u>	<u>24,206</u>	<u>7</u>
	Non-operating income and expenses									
7100	Interest income	6(19)	2,060	1	1,387	1	4,118	1	2,978	-
7010	Other income	6(20)	17	-	2,571	1	216	-	3,301	1
7020	Other gains and losses	6(21)	( 6,269)	( 3)	27,677	12	( 15,888)	( 3)	( 3,118)	( 1)
7050	Finance costs	6(22)	( 89)	-	( 120)	-	( 165)	-	( 247)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	( 3,012)	( 1)	( 7,791)	( 3)	( 7,735)	( 2)	( 14,430)	( 4)
7000	Total non-operating income and expenses		( 7,293)	( 3)	23,724	11	( 19,454)	( 4)	( 11,516)	( 4)
7900	<b>Profit before income tax</b>		14,162	7	56,306	25	20,825	5	12,690	3
7950	Income tax expense	6(25)	( 5,168)	( 3)	( 11,168)	( 5)	( 11,397)	( 3)	( 11,831)	( 3)
8200	<b>Profit for the period</b>		<u>\$ 8,994</u>	<u>4</u>	<u>\$ 45,138</u>	<u>20</u>	<u>\$ 9,428</u>	<u>2</u>	<u>\$ 859</u>	<u>-</u>
	<b>Other comprehensive income</b>									
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316	Total expenses, by nature	6(17)	( \$ 4,505)	( 2)	\$ 43,543	19	( \$ 8,415)	( 2)	\$ 24,498	7
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	-	-	-	-	-	-	( 134)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 4,505)	( 2)	43,543	19	( 8,415)	( 2)	24,364	7
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361	Financial statements translation differences of foreign operations	6(17)	( 8,234)	( 4)	( 13,797)	( 6)	( 14,149)	( 3)	( 22,446)	( 6)
8360	Components of other comprehensive income that will be reclassified to profit or loss		( 8,234)	( 4)	( 13,797)	( 6)	( 14,149)	( 3)	( 22,446)	( 6)
8300	<b>Total other comprehensive income for the period</b>		( \$ 12,739)	( 6)	\$ 29,746	13	( \$ 22,564)	( 5)	\$ 1,918	1
8500	<b>Total comprehensive income for the period</b>		( \$ 3,745)	( 2)	\$ 74,884	33	( \$ 13,136)	( 3)	\$ 2,777	1
	Basic earnings per share	6(26)								
9750	Total basic earnings per share		\$ 0.24		\$ 1.19		\$ 0.25		\$ 0.02	
	Diluted earnings per share	6(26)								
9850	Total diluted earnings per share		\$ 0.24		\$ 1.19		\$ 0.25		\$ 0.02	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Equity attributable to owners of the parent										Total equity		
	Share capital			Capital surplus			Retained earnings					Other equity interest	
	Share capital - common stock	Advance receipts for share capital	Additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
<b>Six months ended June 30, 2020</b>													
Balance at January 1, 2020	\$ 401,253	\$ 303	\$ 505,787	\$ 4,879	\$ 85,219	\$ 38,429	\$ 194,627	(\$ 81,791)	\$ 27,468	(\$ 33,992)	\$ 1,142,182		
Profit for the period	-	-	-	-	-	-	859	-	-	-	859		
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	(22,446)	24,364	-	1,918		
Total comprehensive (loss) income	-	-	-	-	-	-	859	(22,446)	24,364	-	2,777		
Appropriation and distribution of 2019 retained earnings	-	-	-	-	-	-	-	-	-	-	-		
Legal reserve	-	-	-	-	10,580	-	(10,580)	-	-	-	-		
Special reserve	-	-	-	-	15,894	15,894	(15,894)	-	-	-	-		
Cash dividends	-	-	-	-	-	-	(84,395)	-	-	-	(84,395)		
Share-based payment transaction - employee stock options	1,280	(303)	2,333	273	-	-	-	-	-	-	3,583		
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	8,562	-	(8,562)	-	-		
Treasury stock transactions	-	-	-	-	-	-	-	-	-	(46,629)	(46,629)		
Balance at June 30, 2020	\$ 402,533	\$ -	\$ 508,120	\$ 5,152	\$ 95,799	\$ 54,323	\$ 93,179	(\$ 104,237)	\$ 43,270	(\$ 80,621)	\$ 1,017,518		
<b>Six months ended June 30, 2021</b>													
Balance at January 1, 2021	\$ 396,723	\$ 965	\$ 503,171	\$ 5,248	\$ 95,799	\$ 54,323	\$ 212,854	(\$ 73,605)	\$ 1,490	(\$ 62,736)	\$ 1,134,232		
Profit for the period	-	-	-	-	-	-	9,428	-	-	-	9,428		
Other comprehensive loss for the period	-	-	-	-	-	-	-	(14,149)	(8,415)	-	(22,564)		
Total comprehensive income (loss) for the period	-	-	-	-	-	-	9,428	(14,149)	(8,415)	-	(13,136)		
Appropriation and distribution of 2020 retained earnings	-	-	-	-	-	-	-	-	-	-	-		
Legal reserve	-	-	-	-	12,910	-	(12,910)	-	-	-	-		
Special reserve	-	-	-	-	17,792	17,792	(17,792)	-	-	-	-		
Cash dividends	-	-	-	-	-	-	(91,108)	-	-	-	(91,108)		
Share-based payment transaction - employee stock options	2,893	(730)	4,722	(1,076)	-	-	-	-	-	-	5,809		
Balance at June 30, 2021	\$ 399,616	\$ 235	\$ 507,893	\$ 4,172	\$ 108,709	\$ 72,115	\$ 100,472	(\$ 87,754)	(\$ 6,925)	(\$ 62,736)	\$ 1,035,797		

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Six months ended June 30	
		2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 20,825	\$ 12,690
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(23)	24,749	24,302
Depreciation-right-of-use asset	6(9)(23)	4,677	4,554
Amortisation	6(23)	1,253	1,207
Expected credit (gain) loss	12(2)	( 53 )	4,376
Net loss on financial assets and liabilities at fair value through profit or loss	6(21)	19,769	7,534
Interest expense - lease liability	6(22)	165	247
Interest income	6(19)	( 4,118 )	( 2,978 )
Wages and salaries-employee stock options	6(13)	301	866
Share of loss of associates and joint ventures accounted for using the equity method	6(7)	7,735	14,430
Gain on disposal of property, plant and equipment	6(21)	( 1,477 )	( 166 )
Unrealized foreign exchange gain		( 2,495 )	( 434 )
Prorision for (reversal of) warranty expense		41	( 109 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		148	( 680 )
Accounts receivable, net		30,754	( 6,713 )
Accounts receivable due from related parties		140	185
Other receivables		132	2,695
Inventories		( 59,283 )	4,628
Prepayments		( 4,855 )	( 627 )
Other current assets		605	1,827
Changes in operating liabilities			
Notes payable		18	( 30 )
Accounts payable		13,593	( 21,657 )
Accounts payable to related parties		-	( 10,054 )
Other payables		1,567	( 15,309 )
Contract liabilities		( 1,866 )	3,567
Other current liabilities		2,058	1,782
Other non-current liabilities		( 6 )	( 2,026 )
Cash inflow generated from operations		54,377	24,107
Interest received		2,471	2,563
Interest paid		( 165 )	( 247 )
Income tax paid		( 22,127 )	( 10,441 )
Net cash flows from operating activities		<u>34,556</u>	<u>15,982</u>

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Six months ended June 30	
		2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 9,050 )
Proceeds from disposal of financial assets at fair value through profit or loss		-	44,787
Decrease (increase) in financial assets at amortised cost		13,430	( 47,198 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	18,572
Acquisition of investments accounted for using the equity method		( 15,000 )	-
Acquisition of property, plant and equipment	6(27)	( 11,683 )	( 6,889 )
Proceeds from disposal of property, plant and equipment		1,648	209
Decrease (increase) in refundable deposits		107	( 44 )
Acquisition of intangible deposits		( 1,412 )	( 115 )
Increase in other non-current assets		( 3,832 )	( 638 )
Net cash flows used in investing activities		( 16,742 )	( 366 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in guarantee deposits received	6(28)	435	-
Repayment of principal portion of lease liabilities	6(9)(28)	( 4,229 )	( 4,047 )
Exercise of employee stock options		5,508	2,717
Repurchase of treasury stock	6(14)	-	( 46,629 )
Net cash flows from (used in) financing activities		1,714	( 47,959 )
Effect of exchange rate changes on cash equivalents		( 3,623 )	( 11,001 )
Net increase (decrease) in cash and cash equivalents		15,905	( 43,344 )
Cash and cash equivalents at beginning of period		353,565	309,160
Cash and cash equivalents at end of period		\$ 369,470	\$ 265,816

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. ORGANISATION AND OPERATIONS

Tons Lightology Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C) on August 20, 1992. On June 17, 2013, the Company’s stocks were officially listed on the Taipei Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading of lighting equipment and lamps.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on July 30, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendment to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendment to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendment to IAS 12, 'Deferred tax related to asset and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs” ) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2020.
- B. Subsidiaries included in the consolidated financial statements:

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Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			June 30, 2021	December 31, 2020	
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	100	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)	
			June 30, 2020	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD. (TL)	Sales of various lighting products and accessories	100	Note
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD	Sales of various lighting products and accessories	100	

Note: On July 26, 2019, the Board of Directors of the Company resolved to dissolve the Company's indirect wholly-owned subsidiary, Tons Lighting Co., Ltd. as a result of increasing compliance costs. On December 15, 2020, the residual assets were allocated to the parent company, WORLD EXTEND HOLDING INC., and deregistration was completed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant change as of June 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand	\$ 726	\$ 648	\$ 712
Checking accounts and demand deposits	61,831	49,976	52,479
Time deposits	306,913	302,941	212,625
	<u>\$ 369,470</u>	<u>\$ 353,565</u>	<u>\$ 265,816</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits that did not meet short-term cash commitments were classified as 'financial assets at amortised cost', please refer to Note 6 (3).

(2) Financial assets/liabilities at fair value through profit or loss - current

<u>Item</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 113,347	\$ 113,347	\$ 110,958
Forward foreign exchange contracts	1,383	2,966	-
Valuation adjustment	(30,363)	(12,147)	(30,207)
	<u>\$ 84,367</u>	<u>\$ 104,166</u>	<u>\$ 80,751</u>
Financial liabilities held for trading			
Derivative instruments - forward foreign exchange contracts	\$ -	\$ -	(\$ 382)

A. The Group entered into contracts relating to derivative financial assets (liabilities) which were not accounted for under hedge accounting. The information is listed below:

June 30, 2021		
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2021.07.11~2022.06.18
December 31, 2020		
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange	USD 1,800 thousand	2021.01.12~2021.12.18
June 30, 2020		
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2020.07.10~2021.06.18

The Group entered into forward foreign exchange contracts to sell (sell USD and buy RMB) to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

B. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended June 30,	
	2021	2020
Net (loss) gain on financial assets (liabilities) at fair value through profit or loss	(\$ 9,742)	\$ 24,723
	Six months ended June 30,	
	2021	2020
Net loss on financial assets (liabilities) at fair value through profit or loss	(\$ 19,769)	(\$ 7,534)

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits	\$ 163,605	\$ 179,361	\$ 112,005

A. The above mentioned are the time deposits that do not meet short-term cash commitments.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.



(4) Notes and accounts receivable (including related parties)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable	\$ 1,052	\$ 1,205	\$ 986
Less: Allowance for bad debts	-	-	-
	<u>\$ 1,052</u>	<u>\$ 1,205</u>	<u>\$ 986</u>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable	\$ 98,147	\$ 129,010	\$ 155,498
Less: Allowance for bad debts	( 1,524)	( 1,579)	( 4,500)
	<u>\$ 96,623</u>	<u>\$ 127,431</u>	<u>\$ 150,998</u>
Accounts receivable due from related parties	\$ 378	\$ 518	\$ -
Less: Allowance for bad debts	-	-	-
	<u>\$ 378</u>	<u>\$ 518</u>	<u>\$ -</u>

A. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

	<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 1,052	\$ 84,493	\$ 1,205	\$ 121,696	\$ 986	\$ 135,399
Up to 30 days	-	7,971	-	6,053	-	15,002
31 to 120 days	-	4,584	-	325	-	331
Over 120 days	-	1,477	-	1,454	-	4,766
	<u>\$ 1,052</u>	<u>\$ 98,525</u>	<u>\$ 1,205</u>	<u>\$ 129,528</u>	<u>\$ 986</u>	<u>\$ 155,498</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2021, December 31, 2020 and June 30, 2020, all the Group's accounts and notes receivable arose from contracts with customers.

C. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

D. As at June 30, 2021, December 31, 2020 and June 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

E. The Group does not hold any collateral as security.

(5) Inventories

	June 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 115,370	(\$ 5,278)	\$ 110,092
Work in progress	31,947	( 793)	31,154
Semi-finished goods	39,124	( 3,068)	36,056
Finished goods	52,866	( 10,115)	42,751
	<u>\$ 239,307</u>	<u>(\$ 19,254)</u>	<u>\$ 220,053</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 79,284	(\$ 3,093)	\$ 76,191
Work in progress	21,374	( 450)	20,924
Semi-finished goods	34,593	( 2,300)	32,293
Finished goods	43,507	( 9,118)	34,389
	<u>\$ 178,758</u>	<u>(\$ 14,961)</u>	<u>\$ 163,797</u>

	June 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 83,075	(\$ 3,214)	\$ 79,861
Work in progress	19,010	( 728)	18,282
Semi-finished goods	36,458	( 3,146)	33,312
Finished goods	31,189	( 8,264)	22,925
	<u>\$ 169,732</u>	<u>(\$ 15,352)</u>	<u>\$ 154,380</u>

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2021	2020
Cost of goods sold	\$ 136,305	\$ 137,817
Loss on (gain on reversal of) market price decline	1,999 (	1,271)
Loss on scrapping inventory	1,391	3,801
Expenses related to inventory	( 938)	( 579)
	<u>\$ 138,757</u>	<u>\$ 139,768</u>

	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 285,118	\$ 224,162
Loss on market price decline and obsolescence	4,480	2,408
Loss on scrapping inventory	1,613	4,160
Expenses related to inventory	( 1,697)	( 1,000)
	<u>\$ 289,514</u>	<u>\$ 229,730</u>

The Group reversed a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold or disposed by the Group for the three months ended June 30, 2020.

(6) Financial assets at fair value through other comprehensive income - non-current

<u>Items</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 44,200	\$ 44,200	\$ 82,742
Unlisted stocks	8,481	8,481	8,481
Valuation adjustment	( 7,190)	1,225	43,098
	<u>\$ 45,491</u>	<u>\$ 53,906</u>	<u>\$ 134,321</u>

A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to NT\$45,491 thousand, NT\$53,906 thousand and NT\$134,321 thousand, respectively, as at June 30, 2021, December 31, 2020 and June 30, 2020.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 4,505)	\$ 35,005
Reclassified to retained earnings due to derecognition	-	8,538
	<u>(\$ 4,505)</u>	<u>\$ 43,543</u>

	Six months ended June 30,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 8,415)	\$ 15,930
Reclassified to retained earnings due to derecognition	-	8,568
	<u>(\$ 8,415)</u>	<u>\$ 24,498</u>

- C. As at June 30, 2021, December 31, 2020 and June 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was NT\$45,491 thousand, NT\$53,906 thousand and NT\$134,321 thousand, respectively.
- D. The Group did not pledge non-current financial assets at fair value through other comprehensive income to others as collateral.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using equity method

A. Associates

	June 30, 2021	December 31, 2020	June 30, 2020
Insignificant associate:			
Art So Trading Limited	\$ 29,912	\$ 37,413	\$ 42,447
Art So International, Inc	14,766	-	-
	<u>\$ 44,678</u>	<u>\$ 37,413</u>	<u>\$ 42,447</u>

(a) The basic information of the associates is as follows:

Company name	Principal place of business	Shareholding ratio(%)			Nature of relationship	Methods of measurement
		June 30, 2021	December 31, 2020	June 30, 2020		
Art So Trading Limited	Samoa	48,57%	48,57%	48,57%	Owns at least 20% of the voting rights	Equity method
Art So International, Inc.	Taiwan	43.99%	-	-	Owns at least 20% of the voting rights	Equity method

(b) To meet the industrial investment requirement, the Board of Directors resolved to increase its investment in Artso International, Inc. which was a subsidiary of Art So Trading Limited on February 26, 2021. The Company acquired 30% equity interests in Artso International, Inc. on May 6, 2021. After the capital increase, the Company's comprehensive shareholding ratio was 43.99%.

(c) Share of (loss)/profit of associates accounted for under equity method are as follows:

<u>Investee</u>	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Art So Trading Limited	(\$ 2,778)	(\$ 7,791)
Art So International, Inc	( 234)	-
	<u>(\$ 3,012)</u>	<u>(\$ 7,791)</u>
	<u>Six months ended June 30,</u>	
<u>Investee</u>	<u>2021</u>	<u>2020</u>
Art So Trading Limited	(\$ 7,501)	(\$ 14,430)
Art So International, Inc	( 234)	-
	<u>(\$ 7,735)</u>	<u>(\$ 14,430)</u>

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(8) Property, plant and equipment

	Six months ended June 30, 2021					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At June 30
Cost						
Buildings and structures	\$ 390,733	\$ 1,194	\$ 211	\$ 870	\$ 6,090	\$ 386,496
Molding equipment	185,197	7,441	16,035	722	2,793	174,532
Machinery and equipment	132,485	252	8,276	65	1,977	122,549
Research and development equipment	28,310	726	177	1,187	458	29,588
Transportation equipment	14,322	561	2,230	1,263	215	13,701
Others	55,098	998	613	85	848	54,720
Construction in progress	974	1	-	(871)	5	99
	<u>\$ 807,119</u>	<u>\$ 11,173</u>	<u>\$ 27,542</u>	<u>\$ 3,321</u>	<u>\$ 12,386</u>	<u>\$ 781,685</u>
Accumulated depreciation						
Buildings and structures	(\$ 187,128)	\$ 11,028	\$ 211	\$ -	\$ 3,019	(\$ 194,926)
Molding equipment	( 162,671)	( 7,703)	16,025	-	2,439	( 151,910)
Machinery and equipment	( 100,701)	( 2,822)	8,128	-	1,510	( 93,885)
Research and development equipment	( 25,424)	( 548)	177	-	399	( 25,396)
Transportation equipment	( 11,866)	( 569)	2,230	-	164	( 10,041)
Others	( 45,720)	( 2,079)	600	-	720	( 46,479)
	<u>(\$ 533,510)</u>	<u>(\$ 24,749)</u>	<u>\$ 27,371</u>	<u>-</u>	<u>\$ 8,251</u>	<u>(\$ 522,637)</u>
	<u>\$ 273,609</u>					<u>\$ 259,048</u>

Six months ended June 30, 2020

	At January 1	Additions	Disposals	Transfers	Net exchange differences	At June 30
<b>Cost</b>						
Buildings and structures	\$ 381,590	\$ 316	\$ -	\$ -	(\$ 10,112)	\$ 371,794
Molding equipment	170,357	4,840	49	1,184	4,602	171,730
Machinery and equipment	129,114	177	472	614	3,426	126,007
Research and development equipment	27,747	63	200	28	733	26,905
Transportation equipment	15,029	67	1,980	985	363	13,738
Others	60,600	825	7,577	339	1,444	52,743
Construction in progress	10,603	-	-	-	280	10,323
	<u>\$ 795,040</u>	<u>\$ 6,288</u>	<u>\$ 10,278</u>	<u>\$ 3,150</u>	<u>(\$ 20,960)</u>	<u>\$ 773,240</u>
<b>Accumulated depreciation</b>						
Buildings and structures	(\$ 171,225)	\$ 10,119	\$ -	\$ -	4,701	(\$ 176,643)
Molding equipment	( 145,107)	( 7,808)	49	-	3,965	( 148,901)
Machinery and equipment	( 93,975)	( 2,755)	452	-	2,526	( 93,752)
Research and development equipment	( 23,832)	( 700)	200	-	639	( 23,693)
Transportation equipment	( 12,216)	( 841)	1,980	-	288	( 10,789)
Others	( 49,239)	( 2,079)	7,554	-	1,166	( 42,598)
	<u>(\$ 495,594)</u>	<u>(\$ 24,302)</u>	<u>\$ 10,235</u>	<u>\$ -</u>	<u>\$ 13,285</u>	<u>(\$ 496,376)</u>
	<u>\$ 299,446</u>					<u>\$ 276,864</u>

For the six months ended June 30, 2021 and 2020, the Group has no property, plant and equipment that were pledged to others as collateral.

For the six months ended June 30, 2021 and 2020, the Group has no capitalised interest.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 1 to 47 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 27,336	\$ 28,188	\$ 27,392
Buildings	12,209	12,840	16,853
Machinery and equipment	54	-	52
	<u>\$ 39,599</u>	<u>\$ 41,028</u>	<u>\$ 44,297</u>

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 208	\$ 202
Buildings	2,102	2,068
Machinery and equipment	27	27
	<u>\$ 2,337</u>	<u>\$ 2,297</u>

	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 418	\$ 409
Buildings	4,205	4,092
Machinery and equipment	54	53
	<u>\$ 4,677</u>	<u>\$ 4,554</u>

C. For the six months ended June 30, 2021 and 2020, the additions to right-of-use assets amounted to \$3,740 thousand and \$17,127 thousand, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 89	\$ 120
Profit from lease modification	-	( 57)



	Six months ended June 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 165	\$ 247
Profit from lease modification	-	( 57)

E. For the six months ended June 30, 2021 and 2020, the Group's total cash outflow for leases amounted to \$4,394 thousand and \$4,294 thousand, respectively.

(10) Other non-current assets

	June 30,2021	December 31,2020	June 30,2020
Guarantee deposits paid	\$ 2,780	\$ 2,901	\$ 2,789
Prepayments for business facilities	3,409	3,022	3,165
Other non-current assets	2,299	2,264	1,704
	<u>\$ 8,488</u>	<u>\$ 8,187</u>	<u>\$ 7,658</u>

Information about the guarantee deposits paid that were pledged to others as collaterals is provided in Note 8.

(11) Other payables

	June 30, 2021	December 31,2020	June 30, 2020
Cash dividends payable	\$ 91,108	\$ -	\$ 84,395
Salary and bonus payable	40,834	46,056	33,853
Payable for consumables and purchases	14,448	12,994	12,587
Insurance and pension expense payable	6,336	8,040	9,258
Housing fund payable	4,434	4,576	-
Others	20,060	14,320	26,729
	<u>\$ 177,220</u>	<u>\$ 85,986</u>	<u>\$ 166,822</u>

(12) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries

and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$9 thousand, \$18 thousand, \$18 thousand and \$36 thousand for the three months and six months ended June 30, 2021 and 2020, respectively.
  - (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$37 thousand.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Hong Kong branch contributes 5% of employees’ salaries and wages (below the ceiling of HKD1,500) pursuant to the mandatory provident fund schemes. The accrued benefits is deposited in a specialised account in Manulife (International) Limited and can only be withdrawn when scheme members reach the age of 65. Other than the monthly contributions, the Group has no further obligations.
  - (c) Titan Lighting Co. Ltd. and Zhongshan Tons Lighting Co. Ltd. have a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. On June 30, 2021 and 2020, abovementioned contribution percentage was 14% and 13%, respectively. Other than the monthly contributions, the Group has no further obligations.
  - (d) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2021 and 2020 were \$3,502 thousand, \$329 thousand, \$7,017 thousand and \$1,959 thousand, respectively.

(13) Share-based payment

A. As at June 30, 2021, December 31, 2020 and June 30, 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousand)	Contract period	Vesting conditions	Actual turnover rate in the second quarter of 2021	Actual turnover rate in 2020
Fifth employee stock options	2016.12.23	600	5 years	2-4 years' service	-	2.70%
Sixth employee stock options	2018.11.02	600	5 years	2-4 years' service	-	5.00%

  

Type of arrangement	Grant date	Quantity granted (in thousand)	Contract period	Vesting conditions	Actual turnover rate in the second quarter of 2020	Estimated future turnover rate
Fifth employee stock options	2016.12.23	600	5 years	2-4 years' service	2.70%	-
Sixth employee stock options	2018.11.02	600	5 years	2-4 years' service	5.00%	-

B. Details of the share-based payment arrangements are as follows:

(a) Fifth employee stock options

	2021		2020	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	346	\$ 25.70	493	\$ 27.80
Options exercised	( 156)	25.70	( 98)	27.80
Options exercised (Note)	( 13)	23.60	-	\$ -
Options forfeited	-	-	( 1)	27.80
Options outstanding at June 30	<u>177</u>	23.60	<u>394</u>	27.80
Options exercisable at June 30	<u>177</u>		<u>253</u>	

Note: Price was adjusted due to the ex-dividend

(b) Sixth employee stock options

	2021		2020	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	518	\$ 25.70	598	\$ 27.80
Options exercised	( 37)	25.70	-	-
Options exercised (Note)	( 10)	23.60	-	-
Options forfeited	-	-	( 12)	27.80
Options outstanding at June 30	<u>471</u>	23.60	<u>586</u>	27.80
Options exercisable at June 30	<u>178</u>		<u>-</u>	

Note: Price was adjusted due to the ex-dividend

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

	Expiry date	June 30, 2021		December 31, 2020	
		No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Fifth employee stock options	2021.12.22	177	\$ 23.60	346	\$ 25.70
Sixth employee stock options	2023.11.01	471	23.60	518	25.70

	Expiry date	June 30, 2020	
		No. of options (in thousands)	Exercise price
Fifth employee stock options	2021.12.22	394	\$ 25.70
Sixth employee stock options	2023.11.01	586	25.70

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share options	2016.12.23	34.95	34.95	17.40%	5 years	-	0.94%	5.99
Employee share options	2018.11.02	29.90	29.90	28.28%	5 years	-	0.75%	7.75

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Expenses incurred on share-based payment transactions are shown below:

	Three months ended June 30,	
	2021	2020
Equity-settled - employee stock options	\$ 150	\$ 456
	Six months ended June 30,	
	2021	2020
Equity-settled - employee stock options	\$ 301	\$ 866

(14) Share capital

A. As of June 30, 2021, the Company's authorized capital was \$500 million, consisting of 50,000 thousand shares of ordinary stock (including 5 million shares reserved for employee stock options). The paid-in capital was \$399,616 thousand with a par value of \$10 (in dollars) per share. Advance receipts for ordinary shares amounting to \$235 thousand, equivalent to 23 thousand shares, arose from exercise of employee stock options, and the total share capital amounted to \$399,851 thousand.

B. The employees exercised options for 289 thousand shares of common stock during the period from November 2, 2020 to February 17, 2021, and the subscription price was NT\$25.7 per share. The share issuance became effective on March 5, 2021, as resolved at the meeting of Board of Directors on February 26, 2021. The registration was completed on March 22, 2021.

C. The employees exercised options for 19 thousand shares of common stock during the period from July 2, 2020 to October 22, 2020, and the subscription price was NT\$25.7 per share. The share issuance became effective on November 6, 2020, as resolved at the meeting of Board of Directors on October 30, 2020. The registration was completed on November 24, 2020.

D. The employees exercised options for 12 thousand shares and 116 thousand shares of common stock during the period from November 6, 2019 to February 17, 2020, and

the subscription price was NT\$19 and NT\$27.8 per share, respectively. The share issuance became effective on March 4, 2020, as resolved at the meeting of Board of Directors on February 26, 2020. The registration was completed on March 30, 2020.

(Unit: shares in thousands)

	<u>2021</u>	<u>2020</u>
At January 1	\$ 37,769	\$ 39,156
Employee stock options exercised	216	97
Purchase of treasury share	<u>-</u>	<u>(1,600)</u>
At June 30	<u>\$ 37,985</u>	<u>\$ 37,653</u>

#### E. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

	<u>Six months ended June 30, 2021</u>			
	No. of shares			No. of shares
	at beginning of the period	Increase in the period	Decrease in the period	at end of the period
<u>Reason for reacquisition</u>				
Reissued to employees	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>

	<u>Six months ended June 30, 2020</u>			
	No. of shares			No. of shares
	at beginning of the period	Increase in the period	Decrease in the period	at end of the period
<u>Reason for reacquisition</u>				
Reissued to employees	1,000	1,000	-	2,000
To secure the Company's credit rating and stockholders' interest	<u>-</u>	<u>600</u>	<u>-</u>	<u>600</u>
	<u>\$ 1,000</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 2,600</u>

(b) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting on April 26, 2020 adopted a resolution to purchase 600 thousand treasury shares for the third time at a price between \$25 to \$35 per share from April 27, 2020 to June 26, 2020, which will be transferred to employees. As of June 30, 2020, the Company has purchased 600 thousand treasury shares with the price amounting to \$17,885 thousand. On June 29, 2020, the Board of Directors resolved to change the purpose of 600 thousand treasury shares which was acquired in the third time purchase from transfers to employees to securing the Company's credit rating and stockholders' interest, which was approved by the FSC on July 8, 2020. On July 31, 2020, the Board of Directors resolved to retire treasury shares, the effective date for the retirement of treasury

shares was set on August 3, 2020, and the registration for the retirement was completed on August 27, 2020.

- (c) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting on February 26, 2020 adopted a resolution to purchase 1,000 thousand treasury shares for the second time at a price between \$25 to \$35 per share from February 27, 2020 to April 26, 2020, which will be transferred to employees. As of June 30, 2020, the Company has purchased 1,000 thousand treasury shares with the price amounting to \$28,744 thousand.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (f) Pursuant to the R.O.C. Securities and Exchange Act, the 1st and 2nd purchase of treasury shares should be reissued to the employees within three and five years from the reacquisition date, respectively, and shares not reissued within the three-year or five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
  - (a) Offset prior years' operating losses, if any.
  - (b) Set aside 10% of the remaining amount as legal reserve, and set aside or reverse special reserve when necessary.

- (c) The remainder along with the unappropriated earnings of prior years is the accumulated distributable earnings. The appropriation of accumulated distributable earnings shall be proposed by the Board of Directors and be resolved by the shareholders.

The Company is at the development stage. In line with current and future development plans and investment environment, and to respond to capital needs and domestic and foreign competition, as well as shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc., the earnings shall be appropriated in compliance with the above regulations. The ratio of dividends to shareholders shall account for at least 50% of the accumulated distributable earnings, of which the ratio of cash dividends shall account for at least 10% of the total dividends distributed. However, the Board of Directors shall adjust the ratios based on current operating status and shall report to the shareholders for a resolution.

- B. Under a resolution made by the Board of Directors, which has more than 2/3 directors attended the meeting and more than 1/2 attended directors agreed, full or partial of the distributable dividends and bonus, capital surplus or legal reserve will be distributed in the form of cash, and it will be reported to the shareholders. The regulation in relation to approval from the shareholders as abovementioned is not applicable.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.  
(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was \$38,429 thousand.



E. The appropriations of 2020 earnings as proposed by the Board of Directors on February 26, 2021 and the appropriations of 2019 earnings as resolved at the shareholders' meeting on May 28, 2020 are detailed as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 12,910		\$ 10,580	
Special reserve	17,792		15,894	
Cash dividends	<u>91,108</u>	\$ 2.4	<u>84,395</u>	\$ 2.24
	<u>\$121,810</u>		<u>\$110,869</u>	

The appropriation of 2020 earnings had been resolved after meeting the statutory voting threshold on June 30, 2021 via the electronic voting platform for shareholders' meeting.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(24).

(17) Other equity items

	2021		2020	
	Currency translation	Unrealised gains (losses) on valuation	Currency translation	Unrealised gains (losses) on valuation
At January 1	(\$ 73,605)	\$ 1,490	(\$ 81,791)	\$ 27,468
Currency translation differences: –Group	( 14,149)	-	( 22,446)	-
Revaluation	-	( 8,415)	-	24,364
Revaluation transferred to retained earnings – gross	-	-	-	( 8,568)
Revaluation transferred to retained earnings – tax	-	-	-	6
At June 30	<u>(\$ 87,754)</u>	<u>(\$ 6,925)</u>	<u>(\$ 104,237)</u>	<u>\$ 43,270</u>

(18) Operating revenue

	Three months ended June 30,	
	2021	2020
Sales revenue	<u>\$ 213,749</u>	<u>\$ 226,801</u>
	Six months ended June 30,	
	2021	2020
Sales revenue	<u>\$ 433,120</u>	<u>\$ 354,996</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time.

	Three months ended June 30, 2021						Three months ended June 30, 2020					
	TONS LIGHTOLOGY INC.			TITAN LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.		
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Europe	Asia	Others	Total
Revenue from contracts	\$ 152,518	\$ 23,221	\$ 10,422	\$ 279	\$ 1,692	\$ 2,742	\$ 108	\$ -	\$ 10,436	\$ 12,331	\$ 213,749	
	Three months ended June 30, 2020											
	TONS LIGHTOLOGY INC.			TITAN LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.		
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Europe	Asia	Others	Total
Revenue from contracts	\$ 169,616	\$ 26,848	\$ 14,254	\$ 260	\$ 867	\$ 1,619	\$ 110	\$ -	\$ 6,138	\$ 7,089	\$ 226,801	
	Six months ended June 30, 2021											
	TONS LIGHTOLOGY INC.			TITAN LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.		
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Europe	Asia	Others	Total
Revenue from contracts	\$ 314,824	\$ 48,891	\$ 19,960	\$ 300	\$ 2,084	\$ 4,471	\$ 194	\$ 1	\$ 23,428	\$ 18,967	\$ 433,120	
	Six months ended June 30, 2020											
	TONS LIGHTOLOGY INC.			TITAN LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.			ZHONGSHAN TONS LIGHTING CO., LTD.		
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Europe	Asia	Others	Total
Revenue from contracts	\$ 262,988	\$ 42,239	\$ 21,930	\$ 624	\$ 1,919	\$ 2,691	\$ 271	\$ -	\$ 10,484	\$ 11,850	\$ 354,996	

B. Contract liabilities (shown as ‘other current liabilities’)

The Group has recognised the following revenue-related contract liabilities:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Contract liabilities:			
Contract liabilities – advance sales receipts	\$ <u>15,119</u>	\$ <u>17,047</u>	\$ <u>10,807</u>

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>1,823</u>	\$ <u>1,183</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>15,325</u>	\$ <u>5,444</u>

(19) Interest income

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ <u>2,060</u>	\$ <u>1,387</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ <u>4,118</u>	\$ <u>2,978</u>

(20) Other income

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other income - others	\$ <u>17</u>	\$ <u>2,571</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Other income - others	\$ <u>216</u>	\$ <u>3,301</u>

(21) Other gains and losses

	Three months ended June 30,	
	2021	2020
Gains(losses) on disposals of property, plant and equipment	\$ 1,235	(\$ 43)
Net currency exchange gain	2,238	3,006
Net loss on financial assets (liabilities) at fair value through profit or loss	( 9,742)	24,723
Other losses	-	( 9)
	<u>(\$ 6,269)</u>	<u>\$ 27,677</u>
	Six months ended June 30,	
	2021	2020
Gains on disposals of property, plant and equipment	\$ 1,477	\$ 166
Net currency exchange gain	2,405	4,260
Net loss on financial assets (liabilities) at fair value through profit or loss	( 19,769)	( 7,534)
Other losses	( 1)	( 10)
	<u>(\$ 15,888)</u>	<u>(\$ 3,118)</u>

(22) Finance costs

	Three months ended June 30,	
	2021	2020
Interest expense	<u>\$ 89</u>	<u>\$ 120</u>
	Six months ended June 30,	
	2021	2020
Interest expense	<u>\$ 165</u>	<u>\$ 247</u>

Note: Interest expense arose from the lease liabilities discounted over the contract period upon the adoption of IFRS 16 starting from January 1, 2019.

(23) Expenses by nature

	Three months ended June 30,	
	2021	2020
Employee benefit expense	\$ 61,765	\$ 52,931
Depreciation charges on property, plant and equipment	12,231	12,018
Depreciation charges on right-of-use assets	2,337	2,297
Amortisation charges	635	604

	Six months ended June 30,	
	2021	2020
Employee benefit expense	\$ 118,323	\$ 98,447
Depreciation charges on property, plant and equipment	24,749	24,302
Depreciation charges on right-of-use assets	4,677	4,554
Amortisation charges	1,253	1,207

(24) Employee benefit expense

	Three months ended June 30,	
	2021	2020
Wages and salaries	\$ 53,620	\$ 48,206
Labour and health insurance fees	1,030	1,009
Pension costs	3,511	347
Directors' remunerations	789	672
Other employee benefit expenses	2,815	2,697
	<u>\$ 61,765</u>	<u>\$ 52,931</u>
	Six months ended June 30,	
	2021	2020
Wages and salaries	\$ 102,792	\$ 88,953
Labour and health insurance fees	2,075	1,679
Pension costs	7,035	1,995
Directors' remunerations	1,447	1,242
Other employee benefit expenses	4,974	4,578
	<u>\$ 118,323</u>	<u>\$ 98,447</u>

Note: For the six months ended June 30, 2021 and 2020, the Group had 605 and 678 employees, respectively, and had 5 non-employee directors for both periods.

- A. In accordance with the Articles of Incorporation of the Company, the current year's earnings, if profit, the Company shall appropriate 5% to 15% as the employees' compensation; if loss, shall first reserve the offset amount.
- B. For the three months and six months ended June 30, 2021 and 2020, the accrued employees' compensation and directors' remuneration is as follows:

	Three months ended June 30,	
	2021	2020
Employees' compensation	\$ 1,244	\$ 559
Directors' remuneration	207	84
	<u>\$ 1,451</u>	<u>\$ 643</u>

	Six months ended June 30,	
	2021	2020
Employees' compensation	\$ 1,769	\$ 559
Directors' remuneration	295	84
	<u>\$ 2,064</u>	<u>\$ 643</u>

The aforementioned amounts were recognised in salary expenses. The Group accrued expenses based on 9% and 1.5% of the pre-tax income that has not been accrued for employees' compensation and directors' remuneration, respectively, for the six months ended June 30, 2021, and the Group accrued the above expenses based on 8% and 1.2% of distributable profit of current year for the six months ended June 30, 2020.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 5,651	\$ 16,513
Tax on undistributed surplus earnings	364	-
Prior year income tax overestimation	(1,607)	45
Total current tax	4,408	16,558
Deferred tax:		
Origination and reversal of temporary differences	760	(5,390)
Income tax expense	<u>\$ 5,168</u>	<u>\$ 11,168</u>

	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the period	\$ 12,828	\$ 18,813
Tax on undistributed surplus earnings	364	-
Prior year income tax overestimation	( 1,607)	( 870)
Total current tax	11,585	17,943
Deferred tax:		
Origination and reversal of temporary differences	( 188)	( 6,112)
Income tax expense	<u>\$ 11,397</u>	<u>\$ 11,831</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Temporary differences:		
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Temporary differences:		
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ 134</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

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(26) Earnings per share

	<u>Six months ended June 30, 2021</u>		
		Weighted average number of ordinary shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 8,994</u>	<u>37,963</u>	<u>\$ 0.24</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	8,994	37,963	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	38	
Employee stock options	<u>-</u>	<u>200</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 8,994</u>	<u>38,201</u>	<u>\$ 0.24</u>
	<u>Three months ended June 30, 2020</u>		
		Weighted average number of ordinary shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 45,138</u>	<u>37,945</u>	<u>\$ 1.19</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	45,138	37,945	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	20	
-Employees' stock options	<u>-</u>	<u>96</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 45,138</u>	<u>38,061</u>	<u>\$ 1.19</u>



	Six months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,428	37,936	\$ 0.25
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	9,428	37,936	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	54	
-Employees' stock options	-	227	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 9,428	38,217	\$ 0.25
	Six months ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 859	38,514	\$ 0.02
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	859	38,514	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	20	
-Employees' stock options	-	166	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 859	38,700	\$ 0.02

(27) Supplemental cash flow information

Investing activities with partial cash payments

	Six months ended June 30,	
	2021	2020
Purchase of property, plant and equipment	\$ 11,173	\$ 6,288
Add: Opening balance of payable on equipment	755	1,788
Less: Ending balance of payable on equipment	( 245)	( 1,187)
Cash paid during the period	<u>\$ 11,683</u>	<u>\$ 6,889</u>

(28) Changes in liabilities from financing activities

	Guarantee	Lease	Dividends	Liabilities from
	deposits received	liabilities	payable	financing activities- gross
At January 1	\$ 1,126	\$ 12,783	\$ -	\$ 13,909
Changes in cash flow from financing activities	435	( 4,229)	-	( 3,794)
Impact of changes in foreign exchange rate	( 4)	( 57)	-	( 61)
Changes in other non- cash items	-	3,740	91,108	94,848
At June 30, 2021	<u>\$ 1,557</u>	<u>\$ 12,237</u>	<u>\$ 91,108</u>	<u>\$ 104,902</u>

	Guarantee	Lease	Dividends	Liabilities from
	deposits received	liabilities	payable	financing activities- gross
At January 1	\$ 1,126	\$ 3,857	\$ -	\$ 4,983
Changes in cash flow from financing activities	-	( 4,047)	-	( 4,047)
Impact of changes in foreign exchange rate	-	( 54)	-	( 54)
Changes in other non- cash items	-	17,070	84,395	101,465
At June 30, 2020	<u>\$ 1,126</u>	<u>\$ 16,826</u>	<u>\$ 84,395</u>	<u>\$ 102,347</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Group
WeiSen Electronic Co., Ltd	Other related party (Note)
ARTSO INTERNATIONAL, INC.	Associate
BEIJING ARTSO FURNITURE CO.,LTD	Associate
Shanghai Art So Zhong Trading Limited	Associate

Note: On June 22, 2020, the Company was discharged as the corporate director of HEP TECH CO., LTD. (hereinafter “HEP”) due to the expiration of the term, therefore, HEP and its subsidiaries were removed from the related parties. The following purchases and sales transactions were for the period from January 1, 2020 to June 22, 2020 and the balances of accounts receivable, accounts payable and other payables as of June 22, 2020 were no longer related party transactions.

### (2) Significant related party transactions

#### A. Operating revenue:

	Three months ended June 30,	
	2021	2020
Sales of goods:		
-Associates	\$ 365	\$ -
	Six months ended June 30,	
	2021	2020
Sales of goods:		
-Associates	\$ 365	\$ 578

Goods were sold based on the price lists in force and terms that would be available to third parties. The credit terms were 60 days for related parties and 30~90 days for third parties.

#### B. Accounts receivable

	June 30, 2021	December 31,2020	June 30, 2020
Accounts receivable:			
-ARTSO INTERNATIONAL, INC.	\$ 378	\$ 473	\$ -
-BEIJING ARTSO FURNITURE CO., LTD	-	45	-
	\$ 378	\$ 518	\$ -

### C. Purchases

	Three months ended June 30,	
	2021	2020
Purchases of raw materials:		
- Other related parties	\$ -	\$ 7,302
	Six months ended June 30,	
	2021	2020
Purchases of raw materials:		
- Other related parties	\$ -	\$ 11,327

The purchases from related parties mostly were for starters, ballasts and transformers, which were based on the terms that would be available to third parties. The payment terms were 90 days after monthly billing for related parties and 30~90 days after monthly billing for third parties.

### (3) Key management compensation

	Three months ended June 30,	
	2021	2020
Short-term employee benefits	\$ 5,861	\$ 4,726
Post-employment benefits	124	130
Share-based payments	74	97
	<u>\$ 6,059</u>	<u>\$ 4,953</u>
	Six months ended June 30,	
	2021	2020
Short-term employee benefits	\$ 11,316	\$ 9,714
Post-employment benefits	247	269
Share-based payments	148	339
	<u>\$ 11,711</u>	<u>\$ 10,322</u>

### 8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	June 30, 2021	December 31, 2020	June 30, 2020	
Restricted time deposits (shown as 'financial assets at amortised cost')	\$ 4,309	\$ 5,325	\$ 5,139	Construction and forward foreign exchange contracts Construction and security deposits
Guarantee deposits paid (shown as 'other non-current assets')	<u>2,780</u>	<u>2,901</u>	<u>2,789</u>	
	<u>\$ 7,089</u>	<u>\$ 8,226</u>	<u>\$ 7,928</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There has been no significant change as of June 30, 2021. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 84,367	\$ 104,166	\$ 80,751
Financial assets at fair value through other comprehensive income	45,491	53,906	134,321
Cash and cash equivalents	369,470	353,565	265,816
Financial assets at amortised cost	163,605	179,361	112,005
Notes receivable	1,052	1,205	986
Accounts receivable (including related parties)	97,001	127,949	150,998
Other receivables	5,062	3,615	2,627
Guarantee deposits paid	2,780	2,901	2,789
	<u>\$ 768,828</u>	<u>\$ 826,668</u>	<u>\$ 750,293</u>

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ -	\$ -	\$ 382
Financial liabilities at amortised cost			
Notes payable	41	25	15
Accounts payable (including related parties)	100,299	88,144	56,088
Other accounts payable	177,220	85,986	166,822
Guarantee deposits received	1,557	1,126	1,126
	<u>\$ 279,117</u>	<u>\$ 175,281</u>	<u>\$ 224,433</u>
Lease liability (including current portion)	<u>\$ 12,237</u>	<u>\$ 12,783</u>	<u>\$ 16,826</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

- ii. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB income and expenditures. Entities in the Group use natural hedge to decrease the risk exposure in the foreign currency, transacted with Group treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's risk management policy is to hedge anticipated cash flows (mainly from export sales and purchase of inventory) in each major foreign currency.
- v. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

June 30, 2021

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,421	27.860	\$ 67,449	1% \$	674	\$ -
HKD:NTD	1,219	3.587	4,373	1%	45	-
EUR:NTD	652	33.150	21,614	1%	216	-
RMB:NTD	18,444	4.309	79,475	1%	795	-
RMB:USD	11,686	0.149	50,355	1%	504	-
USD:RMB	5,620	6.466	156,573	-1% (	1,566)	-
EUR:RMB	46	7.693	1,525	1%	15	-
USD:RMB (Note)	1,800	6.519	1,383	-1%	506	-
<u>Non-monetary items</u>						
USD:NTD	\$ 270	27.860	\$ 7,522	1% \$	-	\$ 75
<u>Investments accounted for using the equity method</u>						
USD:NTD	\$ 1,700	27.860	\$ 47,362	1% \$	-	\$ 474
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 5,937	27.810	\$ 165,108	1% (\$	1,651)	\$ -
EUR:NTD	67	32.950	2,208	1% (	22)	-
RMB:NTD	9,763	4.284	41,825	1% (	418)	-

Note: The Group's subsidiaries have forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.



December 31, 2020

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,954	28.480	\$ 55,650	1%	\$ 556	\$ -
HKD:NTD	700	3.673	2,571	1%	26	-
EUR:NTD	1,587	35.020	55,577	1%	556	-
RMB:NTD	18,143	4.377	79,412	1%	794	-
RMB:USD	11,564	0.149	50,616	1%	506	-
USD:RMB	5,890	6.507	167,747	-1%	( 1,677)	-
EUR:RMB	6	8.001	210	1%	2	-
USD:RMB (Note)	2,000	6.626	2,966	-1%	580	-
<u>Non-monetary items</u>						
USD:NTD	\$ 270	28.480	\$ 7,690	1%	\$ -	\$ 77
<u>Investments accounted for using the equity method</u>						
USD:NTD	\$ 1,700	28.480	\$ 48,416	1%	\$ -	\$ 484
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 6,163	28.430	\$ 175,214	1%	(\$ 1,752)	\$ -
EUR:NTD	5	34.820	174	1%	( 2)	-
RMB:NTD	14,579	4.352	63,448	1%	( 634)	-

Note: The Group's subsidiaries have forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

June 30, 2020

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>						
<b>Financial assets</b>						
<b>Monetary items</b>						
USD:NTD	\$ 2,469	29.580	\$ 73,033	1%	\$ 730	\$ -
HKD:NTD	269	3.793	1,020	1%	10	-
EUR:NTD	1,568	33.070	51,854	1%	519	-
RMB:NTD	26,888	4.166	112,015	1%	1,120	-
RMB:USD	11,901	0.141	49,580	1%	496	-
USD:RMB	6,940	7.070	205,285	-1%	( 2,053)	-
EUR:RMB	276	7.938	9,127	1%	91	-
<b>Non-monetary items</b>						
USD:NTD	\$ 270	29.580	\$ 7,987	1%	\$ -	\$ 80
<b>Investments accounted for using the equity method</b>						
USD:NTD	\$ 1,700	29.580	\$ 50,286	1%	\$ -	\$ 503
<b>Financial liabilities</b>						
<b>Monetary items</b>						
USD:NTD	\$ 7,717	29.680	\$ 229,041	1%	(\$ 2,290)	\$ -
EUR:NTD	275	33.470	9,204	1%	( 92)	-
RMB:NTD	14,652	4.216	61,773	1%	( 618)	-
RMB:USD	304	0.142	1,282	1%	( 13)	-
USD:RMB (Note)	1,800	7.109	( 382)	-1%	537	-

Note: The Group's subsidiaries have forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

- vi. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2021 and 2020 amounted to \$2,238 thousand, \$3,006 thousand, \$2,405 thousand and \$4,260 thousand, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Group mainly invests in shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2021 and 2020 would have decreased/increased by \$844 thousand and \$808 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by \$455 thousand and \$1,343 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

For the six months ended June 30, 2021 and 2020, the Group has no items with impact on profit (loss) due to changes in interest rates.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimise credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorised management according to the Group's delegation of authorisation policy. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with product types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
<u>June 30, 2021</u>					
Expected loss rate	0.00%	0.00%	1.05%	99.93%	
Total book value	\$ 84,493	\$ 7,971	\$ 4,584	\$ 1,477	\$ 98,525
Loss allowance	\$ -	\$ -	(\$ 48)	(\$ 1,476)	(\$ 1,524)
<u>December 31, 2020</u>					
Expected loss rate	0.00%	1.01%	19.69%	100.00%	
Total book value	\$ 121,696	\$ 6,053	\$ 325	\$ 1,454	\$ 129,528
Loss allowance	\$ -	(\$ 61)	(\$ 64)	(\$ 1,454)	(\$ 1,579)

	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
<u>June 30, 2020</u>					
Expected loss rate	0.00%	0.00%	29.91%	92.34%	
Total book value	<u>\$ 135,399</u>	<u>\$ 15,002</u>	<u>\$ 331</u>	<u>\$ 4,766</u>	<u>\$ 155,498</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 99)</u>	<u>(\$ 4,401)</u>	<u>(\$ 4,500)</u>

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	<u>2021</u>
	<u>Accounts receivable</u>
At January 1	\$ 1,579
Transferred to revenue	( 53)
Effect of exchange rate changes	( 2)
At June 30	<u>\$ 1,524</u>
	<u>2020</u>
	<u>Accounts receivable</u>
At January 1	\$ 125
Transferred to revenue	4,376
Effect of exchange rate changes	( 1)
At June 30	<u>\$ 4,500</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. The Group invests surplus cash in interest bearing current accounts and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group's undrawn borrowing facilities amounted to \$150,000 thousand, \$130,115 thousand and \$134,140 thousand, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The

amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
June 30, 2021					
Notes and accounts payable	\$ 100,340	\$ -	\$ -	\$ -	\$ -
Other payables	177,220	-	-	-	-
Lease liabilities	7,741	3,987	580	-	-

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2020					
Notes and accounts payable	\$ 88,169	\$ -	\$ -	\$ -	\$ -
Other payables	85,986	-	-	-	-
Lease liabilities	7,414	5,655	-	-	-

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
June 30, 2020					
Notes and accounts payable	\$ 56,103	\$ -	\$ -	\$ -	\$ -
Other payables	166,822	-	-	-	-
Lease liabilities	7,871	6,024	2,827	-	-

Derivative financial liabilities

	Less than 1 year	1 and 2 years	2 and 3 years	3 and 5 years	Over 5 years
June 30, 2020					
Forward exchange contracts	\$ 382	\$ -	\$ -	\$ -	\$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, notes payable, accounts payable, accounts payable - related parties and other payables) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

June 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 82,984</u>	<u>\$ 1,383</u>	<u>\$ -</u>	<u>\$ 84,367</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 38,335</u>	<u>\$ -</u>	<u>\$ 7,156</u>	<u>\$ 45,491</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 101,200</u>	<u>\$ 2,966</u>	<u>\$ -</u>	<u>\$ 104,166</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 46,750</u>	<u>\$ -</u>	<u>\$ 7,156</u>	<u>\$ 53,906</u>
June 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 80,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,751</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 126,702</u>	<u>\$ -</u>	<u>\$ 7,619</u>	<u>\$ 134,321</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ -</u>	<u>\$ 382</u>

(b) The Group used market quoted prices as the fair values of the instruments in Level 1.

Based on the characteristics, the closing prices are used for emerging shares.

(c) Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the six months ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. For the six months ended June 30, 2021 and 2020, movements on Level 3 are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 7,156	\$ 9,889
Gain recognized in other comprehensive income	-	642
Sold in the period	-	(2,912)
Effect of exchange rate changes	-	-
At June 30	<u>\$ 7,156</u>	<u>\$ 7,619</u>

F. For the six months ended June 30, 2021 and 2020, there was no transfer into or out from Level 3.

G. Experts and the Group's treasury department are in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at June 30, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 7,156	Market comparable companies	Price to book ratio	0.76	The higher the multiple, the higher the fair value



	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 7,156	Market comparable companies	Price to book ratio	0.76	The higher the multiple, the higher the fair value
	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 7,619	Market comparable companies	Price to book ratio	0.69	The higher the multiple, the higher the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				<u>June 30, 2021</u>	
				<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets					
Equity securities	Price to book ratio	± 5%	\$ 355	( 355)	
				<u>December 31, 2020</u>	
				<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets					
Equity securities	Price to book ratio	± 5%	\$ 372	( 372)	

		June 30, 2020		
		Recognised in profit or loss		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Price to book ratio	± 5%	\$ 382 (	382)

#### (4) Other matters

The Group's operation took into consideration the effect of Covid-19 pandemic. In the first quarter of 2020, the Group's Mainland China subsidiary, which is responsible for production, stopped its operations in order to cooperate with the local government's pandemic-prevention policies. Subsequently, the Mainland China subsidiary restarted its operations in the second quarter of 2020, therefore, there was no performance risk generated during the shutdown period. In the second quarter of 2021, the Group's parent company adjusted its working hours in order to cooperate with the government's pandemic-prevention policies, however the parent company had returned to their regular work as of financial reporting date. 70% of the Group's operating activities was in Europe, and orders increased due to coronavirus restrictions easing in the local market. The Group adopted make-to-order production, resulting in an increase in stocks of materials and suppliers and work in progress. In addition, the delivery of merchandise was delayed due to the shortage of containers which resulted in an increase of the stock of finish goods. However, the aforementioned circumstances did not have a significant impact to the Group's entire business and finance based on the Group's assessment.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the six months ended June 30, 2021. As of June 30, 2020, financial assets at fair value through profit or loss of \$1,383 thousand was recognized.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the six months ended June 30, 2021 are provided in Note 13(1) J.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organisation is divided into Tons Lightology Inc., Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. based on the nature. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

(2) Measurement of segment information

A. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Six months ended June 30, 2021			Total
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO.,LTD.	TONS LIGHTING CO.,LTD.	
Revenue from external customers	\$ 383,975	\$ 6,750	\$ 23,428	\$ 414,153
Inter-segment revenue	-	299,968	23,449	323,417
Segment revenue	<u>\$ 383,975</u>	<u>\$ 306,718</u>	<u>\$ 46,877</u>	<u>\$ 737,570</u>
Segment profit (loss) before tax	<u>\$ 28,002</u>	<u>\$ 13,719</u>	<u>(\$ 1,650)</u>	<u>\$ 40,071</u>

	Six months ended June 30, 2020			
	TONS	TITAN	TONS	Total
	LIGHTOLOGY	LIGHTING	LIGHTING	
	INC.	CO.,LTD.	CO.,LTD.	
Revenue from external customers	\$ 327,781	\$ 4,881	\$ 10,484	
Inter-segment revenue	<u>6,800</u>	<u>257,498</u>	<u>19,945</u>	<u>284,243</u>
Segment revenue	<u>\$ 334,581</u>	<u>\$ 262,379</u>	<u>\$ 30,429</u>	<u>\$ 627,389</u>
Segment profit (loss) before tax	<u>\$ 10,103</u>	<u>\$ 19,291</u>	<u>(\$ 5,793)</u>	<u>\$ 23,601</u>

B. The Group's reportable operating segments are the result of the organization divided by operating business.

C. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

D. The Group did not allocate income tax expense to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the Chief Operating Decision-Maker.

The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segment.

(3) Reconciliation for segment income (loss)

A. A reconciliation of total revenue after adjustment to the total revenue from continuing operating during the period is provided as follows:

	Six months ended June 30,	
	2021	2020
Reportable operating segments revenue after adjustment	\$ 737,570	\$ 627,389
Other operating segments revenue after adjustment	<u>18,967</u>	<u>204,136</u>
Total operating segments revenue	756,537	831,525
Elimination of intersegment loss	<u>(323,417)</u>	<u>(476,529)</u>
Total consolidated operating revenue	<u>\$ 433,120</u>	<u>\$ 354,996</u>

B. A reconciliation of income or loss before tax after adjustment to the income before tax from continuing operating during the year is provided as follows :

	Six months ended June 30,	
	2021	2020
Reportable operating segments revenue after adjustment	\$ 40,071	\$ 23,601
Other operating segments loss after adjustment	( 19,795)	( 10,203)
Total operating segments revenue	20,276	13,398
Elimination of intersegment revenue (loss)	549	( 708)
Total consolidated operating revenue	<u>\$ 20,825</u>	<u>\$ 12,690</u>

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2021

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2021 (Note 4)	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral (Note 4)	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
1	HONG BO INVESTMENT CO., LTD.	TONS LIGHTOLOGY INC.	(3)	\$ 92,908	\$ 15,800	\$ 15,800	\$ 15,800	\$ -	11.90	\$ 92,908	N	Y	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of and limit on endorsements/guarantees provided by HONG BO INVESTMENT CO., LTD. to others or a single party both are 70% of its current net assets.

Note 4: It was the joint guarantor for the construction contract undertaken by TONS LIGHTOLOGY INC.

Note 5: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TONS LIGHTTOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of June 30, 2021			Footnote	
				Number of shares	Book value	Ownership (%)		Fair value
TONS LIGHTTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Financial assets at fair value through other comprehensive income-non-current	1,900	\$ 7,156	19.00	7,156	-
TONS LIGHTTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,700,000	38,335	4.59	38,335	-
HONG BO INVESTMENT CO., LTD.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss – current	3,680,000	82,984	9.94	82,984	-
			Total		128,475	Total	128,475	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

TONS LIGHTTOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Six months ended June 30, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)	Footnote (Note 3)
							Unit price	Credit term	Balance				
TONS LIGHTTOLOGY INC.	TITAN LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	292,516	95	90 days after monthly billing for purchases	Note 2	Note 1	( 191,128)	( 97)			

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 90 days after monthly billing for purchases and payment is made timely according to the capital needs of subsidiaries.

Note 2: There are no purchases (sales) of the same products, thus, no third party transaction can be compared with.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.



TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Six months ended June 30, 2021

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2021 (Note 2)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
TITAN LIGHTING CO., LTD.	TONS LIGHTOLOGY INC.	Parent company	Accounts receivable \$191,128	2.80	\$ -	-	65,083	\$ -

Note 1: Subsequent collection is the amount of receivables collected from related parties as of July 30, 2021.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES  
 Significant inter-company transactions during the reporting period  
 Six months ended June 30, 2021

Table 5  
 Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	( Purchases )	( 292,516 )	90 days after monthly billing for purchases	67.54
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	( Accounts payable )	( 191,128 )	90 days after monthly billing for purchases	13.97

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts account for at least NTD 30 million.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Six months ended June 30, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021		Book value	Net profit (loss) of the investee for the six months ended June 30, 2021	Investment income (loss) recognised by the Company for the six months ended June 30, 2021	Footnote
				Balance as at June 30, 2021	Balance as at June 30, 2020	Number of shares	Ownership (%)				
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	\$ 545,972	\$ 545,972	18,333,402	100	\$ 863,872	\$ 7,157	\$ 7,706	Subsidiary (Note 1, 4)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	135,000	135,000	16,000,000	100	132,725	( 18,121)	( 18,121)	Subsidiary (Note 4)
TONS LIGHTOLOGY INC.	ART SO TRADING LIMITED	Samoa	Wholesale of furniture	70,000	70,000	1,700,000	48.57	29,912	( 12,227)	( 7,501)	Note 3
TONS LIGHTOLOGY INC.	ART SO INTERNATIONAL, INC	Taiwan	Wholesale of furniture	15,000	-	1,500,000	30.00	14,766	( 6,856)	( 234)	Note 3
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100	83,265	( 2,534)	-	Indirect subsidiary (Note 2,4)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	742,119	9,294	-	Indirect subsidiary (Note 2,4)

Note 1: Including investment income (loss) used to offset against upstream transactions.

Note 2: The investees are the Company's second-tier subsidiaries and investee of such subsidiaries. Investment income (loss) is not disclosed.

Note 3: The investees are the Company's reinvestments accounted for using equity method.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTLOGY INC. AND SUBSIDIARIES  
Information on investments in Mainland China  
Six months ended June 30, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 7

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/				Net income of investee as of June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted back to Taiwan for the six months ended June 30, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee as of June 30, 2021						
TITAN LIGHTING CO., LTD.	Main business activities Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	\$ 341,355	(2)	\$ 368,845	\$ -	\$ -	\$ 10,483	100.00	\$ 10,483	\$ 609,913	\$ 104,414	Note 1,2,3,4,5	
ZHONGSHAN TONS LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	100,296	(2)	110,585	-	110,585	( 1,650)	100.00	( 1,650)	103,080	-	Note 1,2,4,5	
SHANGHAI TONS LIGHTLOGY CO., LTD.	Sales of various lighting products and accessories	89,152	(2)	42,842	-	42,842	( 2,537)	100.00	( 2,537)	81,948	-	Note 1,2,4,5,6	
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	33,356	(2)	901	-	901	-	14.14	-	-	-	Note 1,7	
Grand Canyon (Su Zhou) Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	381,233	(2)	43,299	-	43,299	-	14.14	-	-	510	Note 1,7	
ART SO ZHONG TRADING LIMITED	Trade of furniture	12,537	(2)	6,206	-	6,206	-	48.57	-	-	-	Note 1,8	
Shanghai Art So Zhong Trading Limited	Trade of furniture	24,561	(2)	15,455	-	15,455	-	48.57	-	-	-	Note 1,8	
BEIJING ARTSO FURNITURE CO.,LTD	Trade of furniture	24,561	(2)	17,730	-	17,730	-	48.57	-	-	-	Note 1,8	

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. reinvested through World Extend Holding Inc.; ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd.) ART SO ZHONG TRADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO., LTD reinvested through ART SO TRADING LIMITED)
- (3) Others.

Note 2: Investment income (loss) recognised by the Company for the six months ended June 30, 2021 is based on financial statements audited and attested by R.O.C. parent company's CPA.  
 Note 3: Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021, including \$34,945 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger.  
 Note 4: Paid-in capital of Trian Lighting Co., Ltd.; Zhongshan Tons Lighting Co., Ltd. and SHANGHAI TONS LIGHTOLOGY CO., LTD. of USD \$12,253 thousand, USD \$3,600 thousand and USD \$3,200 thousand, respectively, was translated at the average buying and selling spot rate on June 30, 2021.  
 Note 5: Accumulated investment amount in Trian Lighting Co., Ltd.; Zhongshan Tons Lighting Co., Ltd. and SHANGHAI TONS LIGHTOLOGY CO., LTD. of USD \$11,816 thousand, USD \$3,577 thousand and USD \$1,400 thousand, respectively, was translated at the exchange rate at the initial investment.

Note 6: SHANGHAI TONS LIGHTOLOGY CO., LTD. has USD 3,200 thousand paid-in capital, which was composed by reinvestment of the third party, WORLD EXTEND HOLDING INC. through LUMINOUS HOLDING INCORPORATED of USD 1,800 thousand, and the remittances from Taiwan through WORLD EXTEND HOLDING INC and LUMINOUS HOLDING INCORPORATED to reinvest USD 1,400 thousand.

Note 7: ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd. The investment was recorded as available-for-sale financial assets - non-current. Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investees in Mainland China.

.ADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO.,LTD reinvested through ART SO TRADING LIMITED. Therefore, the Company did not recognise investment income  
 ent at its book value individually for the investees in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Notes 2)	Ceiling on investments in Mainland China imposed by the Commission of the Ministry of Economic Affairs (MOEA) (Note 3)
TONS LIGHTOLOGY INC.	\$ 605,863	\$ 623,370	\$ 621,478

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021 was USD \$16,793 thousand and NTD \$44,200 thousand, including USD \$1,059 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger, the cash amounts of USD which was calculated at the actual exchange rate at outward remittance.

Note 2: Approved amount was USD \$20,789 thousand and NTD \$44,200 thousand (including own funds of USD \$1,800 thousand of the investee, World Extend Holding Inc., located in the third area and has been translated at the average buying and selling spot rate on June 30, 2021).

Note 3: Ceiling on investments was calculated based on the limit (60% of net assets) specified in "Regulations Governing Security Investment and Technical Cooperation in the Mainland Area" imposed by the Ministry of Economic Affairs.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Major shareholders information

June 30, 2021

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
TANG,SHIH-CHUAN	3,535,633	8.84%
TONS LIGHTOLOGY INC.	2,000,000	5.00%

Description: If a company applies to the Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(a) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(b) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insiders, please refer to Market Observation Post System.