TONS LIGHTOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2019 AND 2018

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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS 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 March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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 "Regulations Governing the Preparations 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

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.

Conclusion

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 March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with "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.

Liu, Mei-Lan

Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

April 26, 2019

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 report of independent accountants 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
MARCH 31, 2019, DECEMBER 31, 2018 AND MARCH 31, 2018
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

			March 31, 2019		December 31, 2018		March 31, 2018	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 356,100	24	$ 366,898	25	$ 414,083	23
1110	Financial assets at fair value through profit or loss - current	6(2)	153,074	11	152,240	10	332,650	19
1136	Current financial assets at amortised cost	6(3) and 8	72,136	5	49,917	3	95,094	5
1150	Notes receivable, net	6(4)	1,384	-	1,403	-	789	-
1170	Accounts receivable, net	6(4)	126,705	9	157,687	11	126,791	7
1180	Accounts receivable - related parties	6(4) and 7(2)	8	-	-	-	3	-
1200	Other receivables		2,228	-	1,994	-	2,388	-
130X	Inventories	6(5)	176,959	12	170,022	12	162,475	9
1410	Prepayments		19,555	1	22,176	2	18,633	1
1470	Other current assets		4,335	-	3,850	-	4,187	-
11XX	**Current Assets**		912,484	62	926,187	63	1,157,093	64
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	134,392	9	133,342	9	269,873	15
1600	Property, plant and equipment	6(7)	326,264	22	324,120	22	334,966	18
1755	Right-of-use assets	6(8)	36,324	3	-	-	-	-
1780	Intangible assets		2,967	-	3,568	-	5,386	-
1840	Deferred income tax assets		4,723	1	5,227	1	4,088	-
1900	Other non-current assets	6(9) and 8	47,161	3	76,091	5	46,738	3
15XX	**Non-current assets**		551,831	38	542,348	37	661,051	36
1XXX	**Total assets**		$ 1,464,315	100	$ 1,468,535	100	$ 1,818,144	100

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2019, DECEMBER 31, 2018 AND MARCH 31, 2018
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	March 31, 2018 AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ -	-	$ 957	-	$ -	-
2150	Notes payable		18	-	-	-	15	-
2170	Accounts payable		79,602	5	97,148	7	75,837	4
2180	Accounts payable - related parties	7(2)	14,434	1	17,158	1	13,466	1
2200	Other payables	6(10)	102,412	7	110,892	8	113,788	6
2230	Current income tax liabilities		22,213	2	20,433	1	10,717	1
2250	Provisions for liabilities - current		-	-	152	-	288	-
2280	Current lease liabilities	6(8)	5,307	-	-	-	-	-
2300	Other current liabilities	6(18)	6,620	1	12,306	1	16,106	1
21XX	**Current Liabilities**		230,606	16	259,046	18	230,217	13
	Non-current liabilities							
2550	Provisions for liabilities - noncurrent	6(13)	744	-	1,148	-	579	-
2570	Deferred income tax liabilities		3,139	-	2,488	-	10,316	-
2600	Other non-current liabilities		10,956	1	11,953	1	11,638	1
25XX	**Non-current liabilities**		14,839	1	15,589	1	22,533	1
2XXX	**Total Liabilities**		245,445	17	274,635	19	252,750	14
	Equity attributable to owners of parent							
	Share capital	6(14)						
3110	Share capital - common stock		400,408	27	399,628	27	398,948	22
	Capital surplus							
3200	Capital surplus	6(15)	507,228	34	505,825	34	503,627	28
	Retained earnings	6(16)						
3310	Legal reserve		74,663	5	74,663	5	62,555	3
3320	Special reserve		38,429	3	38,429	3	38,429	2
3350	Unappropriated retained earnings		212,227	15	191,466	13	416,844	23
	Other equity interest							
3400	Other equity interest	6(17)	3,579	-	(16,111)	(1)	144,991	8
3500	**Treasury shares**	6(14)	(17,664)	(1)	-	-	-	-
31XX	**Equity attributable to owners of the parent**		1,218,870	83	1,193,900	81	1,565,394	86
3XXX	**Total equity**		1,218,870	83	1,193,900	81	1,565,394	86
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 1,464,315	100	$ 1,468,535	100	$ 1,818,144	100

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

TONS LIGHTOLOGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended March 31							
			2019				2018			
			AMOUNT		%		AMOUNT		%	
4000	**Sales revenue**	6(18)	$	225,780	100		$	214,999	100	
5000	**Operating costs**	6(5)	(	145,807)	(	65)	(	144,142)	(	67)
5900	**Net operating margin**			79,973		35		70,857		33
	Operating expenses	6(22)(23)								
6100	Selling expenses		(	27,502)	(	12)	(	27,031)	(	13)
6200	General and administrative expenses		(	21,711)	(	9)	(	37,628)	(	17)
6300	Research and development expenses		(	8,263)	(	4)	(	8,535)	(	4)
6000	**Total operating expenses**		(	57,476)	(	25)	(	73,194)	(	34)
6900	**Operating profit (loss)**			22,497		10	(	2,337)	(	1)
	Non-operating income and expenses									
7010	Other income	6(19)		2,396		1		3,236		2
7020	Other gains and losses	6(20)		568		-		231,962		108
7050	Finance costs	6(21)	(	40)		-		-		-
7000	**Total non-operating income and expenses**			2,924		1		235,198		110
7900	**Profit before income tax**			25,421		11		232,861		109
7950	Income tax expense	6(24)	(	4,660)	(	2)	(	5,787)	(	3)
8200	**Profit for the period**		$	20,761		9	$	227,074		106
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Total expenses, by nature	6(17)	$	1,050		1	$	142,297		66
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**			1,050		1		142,297		66
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(17)		18,640		8		12,746		6
8360	**Components of other comprehensive income that will be reclassified to profit or loss**			18,640		8		12,746		6
8300	**Total other comprehensive income for the period**		$	19,690		9	$	155,043		72
8500	**Total comprehensive income for the period**		$	40,451		18	$	382,117		178
	Basic earnings per share	6(25)								
9750	**Total basic earnings per share**		$			0.52	$			5.69
	Diluted earnings per share	6(25)								
9850	**Total diluted earnings per share**		$			0.52	$			5.62

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

TONS LIGHTOLOGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Share capital		Capital surplus		Retained earnings			Other equity interest				
	Notes	Share capital - common stock	Capital collected in advance	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	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity
Three months ended March 31, 2018													
Balance at January 1, 2018		$ 398,118	$ 537	$ 498,848	$ 3,409	$ 62,555	$ 38,429	$ 189,770	($ 36,065)	$ -	$ 26,013	$ -	$ 1,181,614
Effect of retrospective application and retrospective restatement		-	-	-	-	-	-	-	-	26,013	(26,013)	-	-
Balance at 1 January after adjustments		398,118	537	498,848	3,409	62,555	38,429	189,770	(36,065)	26,013	-	-	1,181,614
Profit for the three months ended March 31, 2018		-	-	-	-	-	-	227,074	-	-	-	-	227,074
Other comprehensive income for the three months ended March 31, 2018	6(6)(17)	-	-	-	-	-	-	-	12,746	142,297	-	-	155,043
Total comprehensive income		-	-	-	-	-	-	227,074	12,746	142,297	-	-	382,117
Share-based payment transactions-employee stock options		830	(537)	1,516	(146)	-	-	-	-	-	-	-	1,663
Balance at March 31, 2018		$ 398,948	$ -	$ 500,364	$ 3,263	$ 62,555	$ 38,429	$ 416,844	($ 23,319)	$ 168,310	$ -	$ -	$ 1,565,394
Three months ended March 31, 2019													
Balance at January 1, 2019		$ 399,628	$ -	$ 501,714	$ 4,111	$ 74,663	$ 38,429	$ 191,466	($ 48,777)	$ 32,666	$ -	$ -	$ 1,193,900
Profit for the three months ended March 31, 2019		-	-	-	-	-	-	20,761	-	-	-	-	20,761
Other comprehensive income for the three months ended March 31, 2019	6(6)(17)	-	-	-	-	-	-	-	18,640	1,050	-	-	19,690
Total comprehensive income		-	-	-	-	-	-	20,761	18,640	1,050	-	-	40,451
Share-based payment transactions-employee stock options		780	-	1,549	(146)	-	-	-	-	-	-	-	2,183
Treasury share transactions	6(14)	-	-	-	-	-	-	-	-	-	-	(17,664)	(17,664)
Balance at March 31, 2019		$ 400,408	$ -	$ 503,263	$ 3,965	$ 74,663	$ 38,429	$ 212,227	($ 30,137)	$ 33,716	$ -	($ 17,664)	$ 1,218,870

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 25,421	$ 232,861
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(22)	12,834	12,162
Amortisation	6(22)	603	684
Expected credit loss	12(2)	137	15
Depreciation - right-of-use assets	6(8)(22)	2,598	-
Reversal of warranty expense	6(13)	(423)	(47)
Interest income	6(19)	(2,111)	(2,197)
Interest expense - lease liabilities	6(21)	40	-
Dividend income	6(19)	-	(140)
Wages and salaries-employee stock options	6(12)	584	399
Net gain on financial assets and liabilities at fair value through profit or loss	6(20)	(1,810)	(231,921)
Loss on disposal of property, plant and equipment		95	88
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		19	1,033
Accounts receivable, net		31,126	29,085
Accounts receivable due from related parties		(8)	1
Other receivables		(247)	1,248
Inventories		(3,001)	(3,743)
Prepayments		3,192	2,445
Other current assets		(393)	(527)
Changes in operating liabilities			
Notes payable		18	(42)
Accounts payable		(19,773)	(25,608)
Accounts payable to related parties		(3,128)	1,095
Other payables		(10,441)	4,973
Contract liabilities		(5,909)	4,202
Other current liabilities		(71)	(164)
Other non-current liabilities		(954)	20
Cash inflow generated from operations		28,398	25,922
Interest received		2,163	2,151
Interest paid		(40)	-
Dividend received		-	140
Income tax paid		(1,798)	(2,368)
Net cash flows from operating activities		28,723	25,845

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost		($ 21,519)	($ 26,717)
Acquisition of financial assets at fair value through profit or loss		(2,704)	(1,150)
Proceeds from disposal of financial assets at fair value through profit or loss		-	48,495
Acquisition of property, plant and equipment	6(27)	(4,688)	(6,060)
Proceeds from disposal of property, plant and equipment		271	11
Decrease in refundable deposits		1,503	231
Acquisition of intangible deposits		-	(980)
Increase in other non-current assets		(3,246)	(1,795)
Net cash flows (used in) from investing activities		(30,383)	12,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		(43)	-
Lease principal repayment	6(8)	(2,360)	-
Exercise of employee stock options		1,599	1,264
Purchase of treasury shares	6(14)	(17,392)	-
Net cash flows (used in) from financing activities		(18,196)	1,264
Effect of exchange rate changes on cash and cash equivalents		9,058	5,776
Net (decrease) increase in cash and cash equivalents		(10,798)	44,920
Cash and cash equivalents at beginning of period		366,898	369,163
Cash and cash equivalents at end of period		$ 356,100	$ 414,083

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(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 April 26, 2019.

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 the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, the Group might increase 'right-of-use asset' and lease liability by $38,171 and $7,312, respectively.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by $38,171 thousand, increased 'lease liability' by $7,312 thousand and decreased other non-current assets and prepayments by $30,517 thousand and $342 thousand, respectively, with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate range from 2.63% to 5.50%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The amount of aforementioned present values is the same as the amount of lease liabilities recognised on January 1, 2019.

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

None.

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
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, 2021

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, 2018, except for the compliance statement, basis of preparations, 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, 2018.

(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 for the year ended December 31, 2018.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	March 31, 2019	December 31, 2018	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	Note
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	100	
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO.,.LTD. (TL)	Sales of various lighting products and accessories	100	100	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	100	Note
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	Note
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 (%) March 31, 2018	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	Note
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	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	Note
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	Note
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 (SHANGHAI TONS)	Sales of various lighting products and accessories	100	

Note : The subsidiary is material to the Company.

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) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(5) Leasing arrangements (lessee)-right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

Fixed payments, less any lease incentives receivable;

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(6) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

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

There have been no significant change as of March 31, 2019. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	$ 796	$ 686	$ 612
Checking accounts and demand deposits	80,144	67,995	81,681
Time deposits	275,160	298,217	331,790
	$ 356,100	$ 366,898	$ 414,083

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).

C. Cash and cash equivalents amounting to $4,580 thousand as forward foreign exchange margin pledged to others as collateral, and were classified as other current assets.

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

Items	March 31, 2019	December 31, 2018	March 31, 2018
Financial assets mandatorily measured at fair value through profit or loss:			
Listed stocks	$ 126,770	$ 126,770	$ 93,087
Forward foreign exchange contracts	154	-	2,985
Valuation adjustment	26,150	25,470	236,578
	$ 153,074	$ 152,240	$ 332,650
Financial liabilities held for trading			
Derivative instruments-Forward foreign	$ -	($ 957)	$ -

A. For the three months ended March 31, 2019 and 2018, the Group recognises net gains on financial assets at fair value through profit or loss amounting to $680 thousand and 231,143 thousand, respectively.

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

	March 31, 2019	
Derivative financial assets (liabilities)	Contract amount (notional principal)	
Forward foreign exchange contracts	USD 1,800 thousand	2019.04.13~2020.03.16

	December 31, 2018	
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2019.1.25~2019.12.16

	March 31, 2018	
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2018.04.11~2019.03.17

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. For the three months ended March 31, 2019 and 2018, the Group recognised net gain of $1,130 thousand and $778 thousand, respectively.

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

(3) Financial assets at amortised cost

	March 31, 2019	December, 31, 2018	March 31, 2018
Time deposits	$ 72,136	$ 49,917	$ 95,094

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

B. Details of the Group's time deposits pledged to others as collateral are provided in Note 8.

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

	March 31, 2019	December 31, 2018	March 31, 2018
Notes receivable	$ 1,384	$ 1,403	$ 789
Accounts receivable	$ 127,872	$ 158,708	$ 126,917
Accounts receivable due from related parties	8	-	3
Less: Allowance for bad debts	(1,167)	(1,021)	(126)
	$ 126,713	$ 157,687	$ 126,794

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

	March 31, 2019		December 31, 2018		March 31, 2018	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 1,204	$ 108,017	$ 1,252	$ 132,858	$ 789	$ 114,343
Up to 30 days	180	15,685	151	15,994	-	10,765
31 to 120 days	-	2,995	-	8,678	-	1,686
over 120 days	-	16	-	157	-	-
	$ 1,384	$ 126,713	$ 1,403	$ 157,687	$ 789	$ 126,794

The above ageing analysis was based on past due date.

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

(5) Inventories

	March 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 96,559	($ 2,143)	$ 94,416
Work in progress	29,101	(907)	28,194
Semi-finished goods	37,578	(1,513)	36,065
Finished goods	26,235	(7,951)	18,284
	$ 189,473	($ 12,514)	$ 176,959

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 98,111	($ 1,985)	$ 96,126
Work in progress	22,581	(491)	22,090
Semi-finished goods	34,877	(1,382)	33,495
Finished goods	24,487	(6,477)	18,010
Inventory in transit	301	-	301
	$ 180,357	($ 10,335)	$ 170,022

	March 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 97,761	($ 6,612)	$ 91,149
Work in progress	21,708	(472)	21,236
Semi-finished goods	39,799	(4,416)	35,383
Finished goods	21,864	(7,157)	14,707
	$ 181,132	($ 18,657)	$ 162,475

The cost of inventories recognised as expense for the year:

	Three months ended March 31	
	2019	2018
Cost of goods sold	$ 144,141	$ 142,941
Loss on market price decline and obsolescence	2,060	1,083
Gain from sale of scraps	(749)	(547)
Loss on scrapping inventory	826	573
(Reversal) provision for warranty expenses	(471)	92
	$ 145,807	$ 144,142

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

Items	March 31, 2019	December 31, 2018	March 31, 2018
Non-current items:			
Equity instruments			
Listed stocks	$ 89,834	$ 89,834	$ 89,834
Unlisted stocks	11,393	11,393	11,393
Valuation adjustment	33,165	32,115	168,646
	$ 134,392	$ 133,342	$ 269,873

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 $134,392 thousand, $133,342 thousand and $269,873 thousand, respectively, as at March 31, 2019, December 31, 2018 and March 31, 2018.

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

Equity instruments at fair value through other comprehensive income	Three months ended March 31	
	2019	2018
Fair value change recognised in other comprehensive income	$ 1,050	$ 142,297

C. The Group did not pledge non-current financial assets at fair value through other comprehensive income to others as collateral.

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(7) Property, plant and equipment

	Three months ended March 31, 2019					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At March 31
Cost						
Buildings and structures	$ 387,342	$ 1,597	$ -	$ 5,072	$ 9,374	$ 403,385
Molding equipment	166,247	5,180	-	-	4,025	175,452
Machinery and equipment	128,349	114	(1,741)	340	2,944	130,006
Research and development equipment	28,638	-	(31)	-	691	29,298
Transportation equipment	14,811	-	-	-	318	15,129
Others	70,721	611	(3,093)	190	1,543	69,972
Construction in progress	16,211	(269)	-	(5,220)	374	11,096
	$ 812,319	$ 7,233	($ 4,865)	$ 382	$ 19,269	$ 834,338
Accumulated depreciation						
Buildings and structures	($ 157,597)	($ 5,035)	$ -	$ -	($ 3,822)	($ 166,454)
Molding equipment	(144,896)	(3,496)	-	-	(3,509)	(151,901)
Machinery and equipment	(95,538)	(1,532)	1,693	-	(2,157)	(97,534)
Research and development equipment	(23,597)	(354)	20	-	(572)	(24,503)
Transportation equipment	(11,488)	(434)	-	-	(248)	(12,170)
Others	(55,083)	(1,983)	2,786	-	(1,232)	(55,512)
	($ 488,199)	($ 12,834)	$ 4,499	$ -	($ 11,540)	($ 508,074)
	$ 324,120					$ 326,264

	Three months ended March 31, 2018					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At March 31
Cost						
Buildings and structures	$ 381,447	$ -	$ -	$ 304	$ 6,853	$ 388,604
Molding equipment	155,109	3,652	-	1,251	2,824	162,836
Machinery and equipment	131,635	52	(120)	52	2,395	134,014
Research and development equipment	26,507	-	-	-	476	26,983
Transportation equipment	15,139	-	-	-	242	15,381
Others	90,076	2,115	(581)	64	1,473	93,147
Construction in progress	10,428	2,286	-	(307)	200	12,607
	$ 810,341	$ 8,105	($ 701)	$ 1,364	$ 14,463	$ 833,572
Accumulated depreciation						
Buildings and structures	($ 141,642)	($ 4,745)	$ -	$ -	($ 2,581)	($ 148,968)
Molding equipment	(135,463)	(3,142)	-	-	(2,457)	(141,062)
Machinery and equipment	(92,143)	(1,757)	23	-	(1,701)	(95,578)
Research and development equipment	(23,043)	(245)	-	-	(416)	(23,704)
Transportation equipment	(9,735)	(516)	-	-	(162)	(10,413)
Others	(76,407)	(1,757)	579	-	(1,296)	(78,881)
	($ 478,433)	($ 12,162)	$ 602	$ -	($ 8,613)	($ 498,606)
	$ 331,908					$ 334,966

The Group has no property, plant and equipment that were pledged to others.

(8) Leasing arrangements-lessee

Effective 2019

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:

	At March 31, 2019		At December 31, 2018	
	Carrying amount	Depreciation charge	Carrying amount	Depreciation charge
Land	$ 31,034	$ 219	-	-
Buildings	5,290	2,350	-	-
Machinery and equipment	-	29	-	-
	$ 36,324	$ 2,598	$ -	$ -

	At March 31, 2018	
	Carrying amount	Depreciation charge
Land	-	-
Buildings	-	-
Machinery and equipment	-	-
	$ -	$ -

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

	Three months ended March 31	
	2019	2018
Items affecting profit or loss		
Interest expense on lease liabilities	$ 40	$ -

D. For the three months ended March 31, 2019, the Group's total cash outflow for leases amounted to $2,360 thousand.

(9) Other non-current assets

	March 31, 2019	December 31, 2018	March 31, 2018
Land use right	$ -	$ 30,517	$ 32,380
Guarantee deposits paid	30,660	32,121	3,933
Prepayments for business facilities	12,650	9,387	5,050
Other non-current assets	3,851	4,066	5,375
	$ 47,161	$ 76,091	$ 46,738

A. In November 2007, the Group entered into a land use right contract with Zhongshan Administration for Industry & Commerce for use of the land in Xiaolan Town, Zhongshan Prefecture, Guangdong Province in China, with a term of 47 years. Rents have been paid on the contract date. The Group recognised rental expenses of $221 thousand for the three months ended March 31, 2018.

B. Information about the guarantee deposits paid that were pledged to others as collaterals is provided in Notes 8 and 9.

(10) Other payables

	March 31, 2019	December 31, 2018	March 31, 2018
Salary and bonus payable	$ 43,244	$ 50,870	$ 52,334
Insurance and pension expense payable	13,945	14,836	15,239
Payable for consumables and purchases	12,808	13,763	14,443
Exhibition and advertisement payable	4,820	41	3,880
Housing fund payable	5,098	5,054	5,226
Others	22,497	26,328	22,666
	$ 102,412	$ 110,892	$ 113,788

(11) 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 $27 thousand and $35 thousand for the three months ended March 31, 2019 and 2018, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $107.

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.

(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 March 31, 2019 and 2018, abovementioned contribution percentage was both 13%. 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 ended March 31, 2019 and 2018, were $4,255 thousand and $3,757 thousand, respectively.

(12) Share-based payment

A. For the three months ended March 31, 2019 and 2018, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions	Actual turnover rate in the first quarter of 2019	Actual turnover rate in the first quarter of 2018	Estimated future turnover rate
Fourth employee stock options	2014.11.13	600	5 years	2~4 years' service	0%	0%	0%
Fifth employee stock options	2016.12.23	600	5 years	2~4 years' service	0%	2.56%	0%
Sixth employee stock options	2018.11.02	600	5 years	2~4 years' service	0%	0%	0%

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

(a) Fourth employee stock options

	March 31, 2019		March 31, 2018	
	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	116	$ 20.50	243	$ 21.70
Options exercised	(78)	20.50	(59)	21.70
Options outstanding at March 31	38	20.50	184	21.70
Options exercisable at March 31	38		62	

(b) Fifth employee stock options

	March 31, 2019		March 31, 2018	
	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	571	$ 30.00	573	$ 31.80
Options forfeited	-	-	(2)	31.80
Options outstanding at March 31	571	30.00	571	31.80
Options exercisable at March 31	286		-	

(c) Sixth employee stock options

	March 31, 2019		March 31, 2018	
	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 and March 31	600	$ 29.90	-	$ -
Options exercisable at March 31	-		-	

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

		March 31, 2019		December 31, 2018	
	Expiry date	No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Fourth employee stock options	2019.11.12	38	$ 20.50	116	$ 20.50
Fifth employee stock options	2021.12.22	571	30.00	571	30.00
Sixth employee stock options	2023.11.01	600	29.90	600	29.90

		March 31, 2018	
	Expiry date	No. of options (in thousands)	Exercise price
Fourth employee stock options	2019.11.12	184	$ 21.70
Fifth employee stock options	2021.12.22	571	31.80

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

	Three months ended March 31	
	2019	2018
Equity-settled - employee stock options	$ 584	$ 399

(13) Provisions – non-current

	Warranty provisions
	2019
At January 1	$ 1,148
Unused amounts reversed	(423)
Effects of foreign exchange	19
At March 31	$ 744

Analysis of total provisions:

	March 31, 2019	December 31, 2018	March 31, 2018
Non-current	$ 744	$ 1,148	$ 579

The Group gives warranties on lighting equipment lamps sold. Provision for warranty is estimated based on historical warranty data of lighting equipment lamps.

(14) Share capital

A. As of March 31, 2019, 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 $400,408 thousand with a par value of $10 (in dollars) per share. The total share capital was $400,408 thousand.

B. On February 26, 2019, the Board of Directors has resolved to subscribe common stock of 78 thousand shares with the effective date on March 6, 2019. The registration was completed on March 25, 2019.

C. The employees exercised options for 68 thousand shares of common stock during the period from July 13, 2018 to December 18, 2018, and the subscription price was NT$20.5 per share. The share issuance became effective on December 26, 2018, as resolved at the meeting of Board of Directors on December 21, 2018. The registration was completed on January 11, 2019.

D. The employees exercised options for 83 thousand shares of common stock during the period from November 13, 2017 to February 6, 2018, and the subscription price was NT$21.7 per share. The share issuance became effective on March 6, 2018, as resolved at the meeting of Board of Directors on February 23, 2018. The registration was completed on March 20, 2018.

(Unit: shares in thousands)

	2019	2018
At January 1	39,963	39,836
Employee stock options exercised	78	59
Purchase of treasury share	(524)	-
At March 31	39,517	39,895

E. Treasury shares

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

	Three months ended March 31, 2019			
Reason for reacquisition	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reissued to employees	-	524,000	-	524,000

(b) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting on February 26, 2019 adopted a resolution to purchase 1,000 thousand treasury shares at a price between $25 to $45 per share from February 27, 2019 to April 26, 2019, which will be transferred to employees. As of March 31, 2019, the Company has purchased 524 thousand treasury shares with the price amounting to $17,664 thousand.

(c) 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.

(d) 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.

(e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-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, and dividends shall be preferably distributed in the form of shares. 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. To comply with the amendments to Company Act No. 240, on February 26, 2019, the Board of Directors proposed amending the Company's Articles authorizing the Board of Directors to distribute cash bonus at the end of the year to shareholders, and pending the approval at the shareholders' meeting on May 29, 2019.

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 Jin-Guan-Zheng-Fa-Zi Letter No. 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 2018 earnings as proposed by the Board of Directors on February 26, 2019 and the appropriations of 2017 earnings as resolved at the shareholders' meeting on May 30, 2018 are detailed as follows:

	Years ended December 31			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 10,556		$ 12,108	
Cash dividends	92,094	$ 2.3	91,758	$ 2.3
	$ 102,650		$ 103,866	

As of April 26, 2019, the aforementioned appropriation proposal of 2018 earnings has not yet been resolved at the meeting of shareholders.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(23).

(17) Other equity items

	2019		2018	
	Currency translation	Unrealised gains (losses) on valuation	Currency translation	Unrealised gains (losses) on valuation
At January 1	($ 48,777)	$ 32,666	($ 36,065)	$ 26,013
Currency translation differences:				
- Group	18,640	-	12,746	-
Revaluation	-	1,050	-	142,297
At March 31	($ 30,137)	$ 33,716	($ 23,319)	$ 168,310

(18) Operating revenue

	Three months ended March 31	
	2019	2018
Sales revenue	$ 225,780	$ 214,999

A. Disaggregation of revenue from contracts with customers

Please refer to Note 14 for details.

B. Contract liabilities (shown as 'other current liabilities')

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

	March 31, 2019	December 31, 2018	March 31, 2018
Contract liabilities:			
Contract liabilities	$ 5,721	$ 11,499	$ 15,236

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

	Three months ended March 31	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 9,786	$ 6,664

(19) Other income

	Three months ended March 31	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 2,111	$ 2,197
Other income-others	285	1,039
	$ 2,396	$ 3,236

(20) Other gains and losses

	Three months ended March 31	
	2019	2018
Loss on disposal of property, plant and equipment	($ 165)	($ 88)
Net currency exchange (loss) gain	(1,077)	136
Net gain on financial assets (liabilities) at fair value through profit or loss	1,810	231,921
Other losses	-	(7)
	$ 568	$ 231,962

(21) Finance costs

	Three months ended March 31	
	2019	2018
Interest expense	$ 40	$ -

(22) Expenses by nature

	Three months ended March 31	
	2019	2018
Employee benefit expense	$ 64,811	$ 69,900
Depreciation charges on property, plant and equipment	12,834	12,162
Depreciation charges on right-of-use assets	2,598	-
Amortisation charges	603	684

(23) Employee benefit expense

	Three months ended March 31	
	2019	2018
Wages and salaries	$ 56,740	$ 59,364
Labour and health insurance fees	297	1,954
Pension costs	4,282	3,792
Directors' remunerations	878	2,513
Other employee benefit expense	2,614	2,277
	$ 64,811	$ 69,900

Note: For the three months ended March 31, 2019 and 2018, the Group had 741 and 696 employees, respectively, and had 5 non-employee directors for both periods.

A. In accordance with the amended Articles of Incorporation as resolved by the shareholders' meeting on May 30, 2018, 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. The ratio before amendment was 8% to 12% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the three months ended March 31, 2019 and 2018, the accrued employees' compensation and directors' and supervisors' remuneration is as follows:

	Three months ended March 31	
	2019	2018
Employees' compensation	$ 2,054	$ 12,161
Directors' and supervisors' remuneration	308	1,946
	$ 2,362	$ 14,107

For the three months ended March 31, 2019 and 2018, the aforementioned amounts were recognised in salary expenses, and accrued based on 8% and 1.2%, as well as 5% and 0.8% respectively, of the pretax income that has not been accrued for the above expenses of the current period.

Employees' compensation and directors' and supervisors' remuneration for 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' and supervisors' 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.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended March 31	
Current tax:	2019	2018
Current tax on profit for the period	$ 4,822	$ 5,243
Prior year income tax (over) underestimation	(1,316)	337
Total current tax	3,506	5,580
Deferred tax:		
Effect of taxation law amendments	-	(528)
Origination and reversal of temporary differences	1,154	735
Income tax expense	$ 4,660	$ 5,787

B. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(25) Earnings per share

Earnings per share of ordinary shares:

	Three months ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 20,761	39,896	$ 0.52
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	20,761	39,896	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	61	
- Employee stock options	-	179	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 20,761	40,136	$ 0.52

	Three months ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 227,074	39,875	$ 5.69
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	227,074	39,875	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	282	
- Employee stock options	-	262	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 227,074	40,419	$ 5.62

(26) Operating leases

Prior to 2019

The Group leases real estate under non-cancellable operating lease agreements. The lease terms are between 2 and 3 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased every year to reflect market rental rates. Partial leases are charged extra rents following the changes of local price indexes. The Group recognised rental expenses of $4,553 thousand for these leases in profit or loss for the three months ended March 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December, 31, 2018	March 31, 2018
Not later than one year	$ 7,736	$ 11,458
Later than one year but not later than five years	-	3,987
	$ 7,736	$ 15,445

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Three months ended March 31	
	2019	2018
Purchase of property, plant and equipment	$ 7,233	$ 8,105
Add: Opening balance of payable on equipment	834	496
Less: Ending balance of payable on equipment	(3,379)	(2,541)
Cash paid during the year	$ 4,688	$ 6,060

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

(2) Significant related party transactions

A. Operating revenue

	Three months ended March 31	
	2019	2018
Sales of goods:		
- Other related parties	$ 8	$ 3

B. Accounts receivable

	March 31, 2019	December 31, 2018	March 31, 2018
Accounts receivable:			
- Other related parties	$ 8	$ -	$ 3

C. Purchases

	Three months ended March 31	
	2019	2018
Purchases of raw materials:		
- Other related parties	$ 7,449	$ 8,267

The purchases from related parties mostly were for starters, ballasts and transformers, and the payment term was 90 days after monthly billing.

D. Accounts payable

	March 31, 2019	December 31, 2018	March 31, 2018
Accounts payable:			
- WeiSen Electronic Co., Ltd.	$ 14,434	$ 17,158	$ 13,466

(3) Key management compensation

	Three months ended March 31	
	2019	2018
Short-term employee benefits	$ 6,873	$ 13,263
Post-employment benefits	140	159
Share-based payments	304	220
	$ 7,317	$ 13,642

8. PLEDGED ASSETS

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

Pledged asset	Book value March 31, 2019	Book value December 31, 2018	Book value March 31, 2018	Purpose
Time deposits (shown as 'financial assets at amortised cost')	$ 4,580	$ 4,472	$ -	Forward foreign exchange
Guarantee deposits paid (shown as 'other non-current assets')	30,660	32,121	3,933	Security and investment commitment deposits
	$ 35,240	$ 36,593	$ 3,933	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Group entered into leases for its plants under non-cancellable operating lease agreements as follows:

Lessee	Leased object	Period	Monthly rent
TONS LIGHTOLOGY INC.	4F., No.236, Bo'ai St., New Taipei City, Taiwan	2017.1.1 ~ 2019.12.31	$443 thousand

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. To make flexible use of the assets of the Company, the Board of Directors during its meeting on April 19, 2019 adopted a resolution to dispose its shares of 'HEP TECH CO., LTD.'. The total shares held by the Group amounted to 5,962,760, which were recognised under 'financial assets at fair value through profit or loss' and 'financial assets at fair value through other comprehensive income'.

B. The Company obtained 700 thousand shares of ART SO TRADING LIMITED on April 12, 2019 for NT$28,000 thousand and participated in its capital increase by acquiring 1,000 thousand shares for NT$42,000 thousand. After the acquisition, the Company holds a total of 1,700 thousand shares, constituting 48.57% of its registered shares. In addition, the Company took back the investment commitment margin paid on August 21, 2018 amounting to NT$28,000 thousand.

C. In order to encourage employees and strengthen loyalty of the Company, the Board of Directors during its meeting on February 26, 2019 adopted a resolution to purchase 1,000 thousand treasury shares. As of April 25, 2019, the purchase has been completed with an average price of $33.99 per share and a total price of $33,992 thousand.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt. The Group monitors capital on the basis of the debt-to-asset ratio. This ratio is calculated as net debt divided by total assets.

During the three month ended March 31, 2019, the Group's strategy, which was unchanged from 2018, was to maintain the debt-to-asset ratio within 20% to 40%. The debt-to-asset ratios at March 31, 2019, December 31, 2018 and March 31, 2018, were as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Total liabilities	$ 245,445	$ 274,635	$ 252,750
Total assets	$ 1,464,315	$ 1,468,535	$ 1,818,144
Gearing ratio	17%	19%	14%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2019	December 31, 2018	March 31, 2018
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 153,074	$ 152,240	$ 332,650
Financial assets at fair value through comprehensive income	134,392	133,342	269,873
Financial assets at amortised cost			
Cash and cash equivalents	356,100	366,898	414,083
Financial assets at amortised cost	72,136	49,917	95,094
Notes receivable	1,384	1,403	789
Accounts receivable (including related parties)	126,713	157,687	126,794
Other receivables	2,228	1,994	2,388
Guarantee deposits paid	30,660	32,121	3,933
	$ 876,687	$ 895,602	$ 1,245,604

	March 31, 2019	December 31, 2018	March 31, 2018
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ -	$ 957	$ -
Financial liabilities at amortised cost			
Notes payable	18	-	15
Accounts payable (including related parties)	94,036	114,306	89,303
Other accounts payable	102,412	110,892	113,788
Guarantee deposits received	1,204	1,246	1,246
	$ 197,670	$ 227,401	$ 204,352

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.

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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:

	March 31, 2019					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 2,607	30.770	$ 80,217	1%	$ 802	$ -
HKD : NTD	1,301	3.896	5,069	1%	51	
EUR : NTD	1,340	34.410	46,109	1%	461	-
RMB : NTD	32,494	4.555	148,010	1%	1,480	-
RMB : USD	15,401	0.148	70,152	1%	702	-
USD : RMB	5,284	6.729	162,589	-1%	(1,626)	-
EUR : RMB	192	7.557	6,607	1%	66	-
Non-monetary items						
USD : NTD	$ 337	30.770	$ 10,369	1%	$ -	$ 104
Financial liabilities						
Monetary items						
USD : NTD	$ 6,054	30.870	$ 186,887	1%	($ 1,869)	$ -
EUR : NTD	188	34.810	6,544	1%	(65)	-
RMB : NTD	9,695	4.605	44,645	1%	(446)	-
RMB : USD	5,867	0.149	27,018	1%	(270)	-

	December 31, 2018					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 3,146	30.665	$ 96,472	1%	$ 965	$ -
HKD : NTD	1,052	3.891	4,093	1%	41	-
EUR : NTD	1,279	35.000	44,765	1%	448	-
RMB : NTD	30,658	4.447	136,336	1%	1,363	-
RMB : USD	14,822	0.145	65,913	1%	659	-
USD : RMB	5,597	6.868	171,632	-1%	(1,716)	-
EUR : RMB	173	7.871	6,055	1%	61	-
Non-monetary items						
USD : NTD	$ 337	30.665	$ 10,334	1%	$ -	$ 103
Financial liabilities						
Monetary items						
USD : NTD	$ 6,353	30.765	$ 195,450	1%	(1,955)	$ -
EUR : NTD	211	35.400	7,469	1%	(75)	-
RMB : NTD	9,209	4.497	41,413	1%	(414)	-
RMB : USD	5,872	0.146	26,406	1%	(264)	-

	March 31, 2018					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 3,441	29.055	$ 99,978	1%	$ 1,000	$ -
HKD：NTD	959	3.678	3,527	1%	35	
EUR：NTD	1,515	35.670	54,040	1%	540	-
RMB：NTD	28,097	4.622	129,864	1%	1,299	-
RMB：USD	18,187	0.159	84,060	1%	841	-
USD：RMB	5,050	6.263	146,728	-1%	(1,467)	-
EUR：RMB	170	7.719	6,064	1%	61	-
Non-monetary items						
USD：NTD	$ 337	29.055	9,792	1%	$ -	$ 98
Financial liabilities						
Monetary items						
USD：NTD	$ 5,998	29.155	$ 174,872	1%	($ 1,749)	$ -
EUR：NTD	216	36.070	7,791	1%	(78)	-
RMB：NTD	12,659	4.672	59,143	1%	(591)	-
RMB：USD	10,703	0.160	50,004	1%	(500)	-

vi. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2019 and 2018 amounted to ($1,077) thousand and $136 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 three months ended March 31, 2019 and 2018 would have increased/decreased by $1,531 thousand and $3,327 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 increased/decreased by $1,344 thousand and $2,699 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 three months ended March 31, 2019 and 2018, 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. The Group manages their credit risk taking into consideration the entire group's concern. The Group regularly examines credit of the bank that the Group used to deposit their capital based on the rating from independently rated parties (if no rating information can be referred, the Group will use loan-to-deposit ratio, non-performing loans ratio and capital adequacy ratio instead). In addition, the Group deposits the capital based on the rating in order to disperse credit risk to avoid centralised deposits. The Group deposits 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 after assessment. 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 reorganization 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 applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On March 31, 2019, December 31, 2018 and March 31, 2018, the loss rate methodology is as follows:

March 31, 2019	Individual	Group	Total
Expected loss rate	-	0.91%	
Total book value	$ -	$ 127,880	$ 127,880
Loss allowance	$ -	$ 1,167	$ 1,167

December 31, 2018	Individual	Group	Total
Expected loss rate	-	0.64%	
Total book value	$ -	$ 158,708	$ 158,708
Loss allowance	$ -	$ 1,021	$ 1,021

March 31, 2018	Individual	Group	Total
Expected loss rate	-	0.099%	
Total book value	$ -	$ 126,920	$ 126,920
Loss allowance	$ -	$ 126	$ 126

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

	2019	2018
	Accounts receivable	Accounts receivable
At January 1	$ 1,021	$ 111
Provision for impairment	137	15
Effect of exchange rate changes	9	-
At March 31	$ 1,167	$ 126

(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 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 non-derivative 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:

March, 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable	$ 18	$ -	$ -	$ -	$ -
Accounts payable	79,602	-	-	-	-
Accounts payable-related parties	14,434	-	-	-	-
Other payables	102,412	-	-	-	-
Lease liabilities	5,307	-	-	-	-

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Accounts payable	$ 97,148	$ -	$ -	$ -	$ -
Accounts payable-related parties	17,158	-	-	-	-
Other payables	110,892	-	-	-	-

Non-derivative financial liabilities:

March 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable	$ 15	$ -	$ -	$ -	$ -
Accounts payable	75,837				
Accounts payable -related parties	13,466	-	-	-	-
Other payables	113,788	-	-	-	-

Derivative financial liabilities:
March 31, 2019: None.

Derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Forward exchange contracts	$ 957	$ -	$ -	$ -	$ -

Derivative financial liabilities:
March 31, 2018: None.

(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:

March 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 152,920	$ 154	$ -	$ 153,074
Financial assets at fair value through other comprehensive income-equity securities	$ 125,755	$ -	$ 8,637	$ 134,392

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 152,240	$ -	$ -	$ 152,240
Financial assets at fair value through other comprehensive income-equity securities	$ 124,705	$ -	$ 8,637	$ 133,342
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 957	$ -	$ 957

March 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 329,665	$ 2,985	$ -	$ 332,650
Financial assets at fair value through other comprehensive income-equity securities	$ 256,506	$ -	$ 13,367	$ 269,873

(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 three months ended March 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. For the three months ended March 31, 2019 and 2018, there was no transfer into or out from Level 3.

F. 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.

G. 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:

	Fair value at March 31, 2019	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	$ 8,637	Market comparable companies	Net equity ratio and price to earnings ratio	0.59	The higher the multiple, the higher the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	$ 8,637	Market comparable companies	Net equity ratio and price to earnings ratio	0.59	The higher the multiple, the higher the fair value

	Fair value at March 31, 2018	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	$ 13,367	Market comparable companies	Net equity ratio and price to earnings ratio	0.96~9.18	The higher the multiple, the higher the fair value

H. 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:

	Input	Change	March 31, 2019 Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	± 5%	$ 434	($ 434)

	Input	Change	December 31, 2018 Recognised in other comprehensive income Favourable change	change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	± 5%	$ 425	($ 425)

	Input	Change	March 31, 2018 Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	± 5%	$ 660	($ 660)

(4) Retrospective restatement

Under IFRS 9, the time deposits, that do not meet short-term cash commitments, are recognised as 'financial assets at amortised cost', but were previously presented as 'other current assets'. Movements are as follows:

Consolidated balance sheet affected items	Before restatement	Adjustments	After restatement
December 31, 2018			
Financial assets at amortised cost	$ -	$ 49,917	$ 49,917
Other current assets	53,767	(49,917)	3,850
Other assets	1,414,768	-	1,414,768
Total affected assets	$ 1,468,535	$ -	$ 1,468,535
Total affected liabilities	$ 274,635	$ -	$ 274,635
Total affected equity	$ 1,193,900	$ -	$ 1,193,900
Total affected liabilities and equity	$ 1,468,535	$ -	$ 1,468,535

Consolidated balance sheet affected items	Before restatement	Adjustments	After restatement
March 31, 2018			
Financial assets at amortised cost	$ -	$ 95,094	$ 95,094
Other current assets	99,281	(95,094)	4,187
Other assets	1,718,863	-	1,718,863
Total affected assets	$ 1,818,144	$ -	$ 1,818,144
Total affected liabilities	$ 252,750	$ -	$ 252,750
Total affected equity	$ 1,565,394	$ -	$ 1,565,394
Total affected liabilities and equity	$ 1,818,144	$ -	$ 1,818,144

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative financial instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the three months ended March 31, 2019. As of March 31, 2019, financial assets at fair value through profit or loss of $154 thousand was recognised.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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 three months ended March 31, 2019 and 2018 are provided in Table 6.

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) Segment information

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

	Three months ended March 31, 2019			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 196,461	$ 852	$ 26,843	$ 224,156
Inter-segment revenue	6,401	164,899	4,354	175,654
Segment revenue	$ 202,862	$ 165,751	$ 31,197	$ 399,810
Segment profit before tax	$ 9,495	$ 7,972	$ 5,083	$ 22,550

	Three months ended March 31, 2018			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 199,888	$ 1,838	$ 13,273	$ 214,999
Inter - segment revenue	9,955	159,487	5,161	174,603
Segment revenue	$ 209,843	$ 161,325	$ 18,434	$ 389,602
Segment profit (loss) before tax	$ 12,810	($ 3,983)	($ 2,542)	$ 6,285

B. The Group's reportable operating segments are the result of the organisation 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.

E. 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 segments.

(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:

	Three months ended March 31	
	2019	2018
Reportable operating segments revenue after adjustment	$ 399,810	$ 389,602
Other operating segments revenue after adjustment	168,523	157,696
Total operating segments revenue	568,333	547,298
Elimination of intersegment revenue	(342,553)	(332,299)
Total consolidated operating revenue	$ 225,780	$ 214,999

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

	Three months ended March 31	
	2019	2018
Reportable operating segments income before tax after adjustment	$ 22,550	$ 6,285
Other operating segments income before tax after adjustment	2,822	225,815
Total operating segments revenue	25,372	232,100
Elimination of intersegment revenue	49	761
Income before tax from continuing operations	$ 25,421	$ 232,861

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

March 31, 2019

Table 1

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 March 31, 2019 Number of shares	Book value	Ownership (%)	Fair value	Footnote
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Financial assets at fair value through other comprehensive income-non-current	1,900	$ 6,602	19.00	$ 6,602	-
TONS LIGHTOLOGY INC.	Share ownership / GRIFFIN LIGHTING CO., LTD.	None	Financial assets at fair value through other comprehensive income-non-current	66,500	1,524	19.00	1,524	-
TONS LIGHTOLOGY INC.	Share ownership / ANDERSEN LIGHTING CO., LTD	None	Financial assets at fair value through other comprehensive income-non-current	-	510	19.00	510	Note 2
TONS LIGHTOLOGY INC.	Share / HEP TECH CO., LTD.	None	Financial assets at fair value through other comprehensive income-non-current	3,860,760	59,456	12.73	59,456	-
TONS LIGHTOLOGY 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	66,300	4.59	66,300	-
HONG BO INVESTMENT CO., LTD.	Share / HEP TECH CO., LTD.	None	Financial assets at fair value through profit or loss – current	2,102,000	32,371	6.93	32,371	-
HONG BO INVESTMENT CO., LTD.	Share / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss – current	3,091,000	120,549	8.35	120,549	-
				Total	287,312	Total	287,312	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Andersen Lighting Co., Ltd. is a limited company. The shareholding ratio is calculated proportionately to the contributed amount.

TONS LIGHTOLOGY 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

Three months ended March 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	$ 167,586	97	30~60 days after purchases of goods	Note 1	Note 2	($ 211,463)	(99)	Note 4
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	Same ultimate parent	Purchases	157,845	100	30~60 days after purchases of goods	Note 3	Note 2	(173,653)	(100)	Note 4

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 30~60 days after the 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: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 30~60 days after the shipment of goods.
Note 4 : 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

March 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2019 (Note 2)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
TONS LIGHTING CO., LTD.	TONS LIGHTOLOGY INC.	Parent company	Accounts receivable $211,463	3.15	$ -	-	$ 62,940	$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable $173,653	3.57	-	-	62,837	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of April 26, 2019.
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

Three months ended March 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Purchases)	($ 167,586)	30~60 days after purchases of goods	74.23
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable)	(211,463)	30~60 days after purchases of goods	14.44
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases)	(157,845)	30~60 days after purchases of goods	69.91
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable)	(173,653)	30~60 days after purchases of goods	11.86

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 20% of the paid-in capital.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2019					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2019	Investment income (loss) recognised by the Company for the three months ended March 31, 2019	Footnote
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 545,972	$ 545,972	18,333,402	100	$ 851,472	$ 13,077	$ 13,126	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	125,000	125,000	15,000,000	100	156,240	689	689	Subsidiary (Note 3)
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD.	Belize	Sales of various lighting products and accessories	1,625	1,625	500,000	100	15,621	3,345	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100	90,334	(2,044)	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	729,701	11,769	-	Indirect subsidiary (Note 2, 3)

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 transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2019: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Net income of investee as of March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019	Footnote
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	$ 377,622	(2)	$ 368,845	$ -	$ -	$ 368,845	$ 6,506	100.00	$ 6,506	$ 603,565	$ 66,296	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	110,952	(2)	110,585	-	-	110,585	4,439	100.00	4,439	96,965	-	Note 1,2,4,5
SHANGHAI TONS LIGHTOLOGY CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	98,624	(2)	42,842	-	-	42,842	(2,050)	100.00	(2,050)	88,832	-	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	-	12.59	-	-	-	Note 1,7
Grand Canyon (Su Zhou) Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	356,487	(2)	43,299	-	-	43,299	-	12.59	-	-	510	Note 1,7,8

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.)

(3) Others.

Note 2: Investment income (loss) recognised by the Company for the three months ended March 31, 2019 is based on financial statements reviewed 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, 2019, 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 Titan 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 March 29, 2019.

Note 5: Accumulated investment amount in Titan 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

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.

Note 8: Grand Canyon Opto Tech (Su Zhou) Co., Ltd. was renamed as Grand Canyon (Su Zhou) Co., Ltd. on January 30, 2018

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Notes 2,3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
TONS LIGHTOLOGY INC.	$ 566,472	$ 684,904	$ 731,322

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019 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 March 29, 2019.

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.