TONS LIGHTOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 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 September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 6(6), the financial statements of investments accounted for under equity method were not reviewed by independent accountants. Those statements reflect the balance of investments accounted for under equity method of NT$63,443 thousand, constituting 4.8% of the consolidated total assets as at September 30, 2019, loss before tax of NT$2,696 thousand and NT$6,557 thousand, constituting 5.6% and 6.6%, respectively, of the consolidated loss before tax, and total comprehensive loss of NT$2,696 thousand and NT$6,557 thousand, constituting 33.4%, and 19.7%, respectively, of consolidated total comprehensive loss for the three months and nine months then ended.

Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of investments accounted for under equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, 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 September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine 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

November 1, 2019

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	Assets	Notes	September 30, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	September 30, 2018 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 260,662	20	$ 366,898	25	$ 343,630	21
1110	Financial assets at fair value through profit or loss - current	6(2)	124,062	9	152,240	10	255,351	16
1136	Current financial assets at amortised cost	6(3) and 8	32,143	3	49,917	3	70,194	4
1150	Notes receivable, net	6(4)	1,129	-	1,403	-	638	-
1160	Notes receivable due from related parties, net	6(4) and 7(2)	12	-	-	-	-	-
1170	Accounts receivable, net	6(4)	188,104	14	157,687	11	153,855	9
1180	Accounts receivable - related parties	6(4) and 7(2)	562	-	-	-	1	-
1200	Other receivables		2,044	-	1,994	-	1,479	-
1220	Current tax assets		4,629	-	-	-	-	-
130X	Inventories	6(5)	147,943	11	170,022	12	154,704	10
1410	Prepayments		20,675	2	22,176	2	26,326	2
1470	Other current assets		3,838	-	3,850	-	3,561	-
11XX	**Current Assets**		785,803	59	926,187	63	1,009,739	62
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	121,361	9	133,342	9	215,616	13
1550	Investments accounted for using equity method	6(6)	63,443	5	-	-	-	-
1600	Property, plant and equipment	6(8)	298,085	23	324,120	22	317,191	20
1755	Right-of-use assets	6(9)	32,868	3	-	-	-	-
1780	Intangible assets		2,179	-	3,568	-	4,077	-
1840	Deferred income tax assets		4,931	-	5,227	1	4,784	-
1900	Other non-current assets	6(10) and 8	17,898	1	76,091	5	75,233	5
15XX	**Non-current assets**		540,765	41	542,348	37	616,901	38
1XXX	**Total assets**		$ 1,326,568	100	$ 1,468,535	100	$ 1,626,640	100

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	September 30, 2018 AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ 1,974	-	$ 957	-	$ 2,294	-
2150	Notes payable		46	-	-	-	24	-
2170	Accounts payable		63,088	5	97,148	7	86,198	5
2180	Accounts payable - related parties	7(2)	11,940	1	17,158	1	21,840	1
2200	Other payables	6(11)	102,649	8	110,892	8	121,145	8
2230	Current income tax liabilities		9,098	1	20,433	1	17,999	1
2250	Provisions for liabilities - current	6(14)	254	-	152	-	163	-
2280	Current lease liabilities	6(9)	2,807	-	-	-	-	-
2300	Other current liabilities	6(19)	8,914	-	12,306	1	6,769	1
21XX	**Current Liabilities**		200,770	15	259,046	18	256,432	16
	Non-current liabilities							
2550	Provisions for liabilities - noncurrent	6(14)	773	-	1,148	-	550	-
2570	Deferred income tax liabilities		7,221	1	2,488	-	2,120	-
2580	Non-current lease liabilities	6(9)	721	-	-	-	-	-
2600	Other non-current liabilities		10,904	1	11,953	1	11,686	1
25XX	**Non-current liabilities**		19,619	2	15,589	1	14,356	1
2XXX	**Total Liabilities**		220,389	17	274,635	19	270,788	17
	Equity attributable to owners of parent							
	Share capital	6(15)						
3110	Share capital - common stock		400,408	30	399,628	27	398,948	24
3140	Advance receipts for share capital		625	-	-	-	31	-
	Capital surplus	6(16)						
3200	Capital surplus		509,458	38	505,825	34	504,438	31
	Retained earnings	6(17)						
3310	Legal reserve		85,219	6	74,663	5	74,663	5
3320	Special reserve		38,429	3	38,429	3	38,429	2
3350	Unappropriated retained earnings		156,451	12	191,466	13	280,615	17
	Other equity interest	6(18)						
3400	Other equity interest		(50,419)	(3)	(16,111)	(1)	58,728	4
3500	**Treasury shares**	6(15)	(33,992)	(3)	-	-	-	-
31XX	**Equity attributable to owners of the parent**		1,106,179	83	1,193,900	81	1,355,852	83
3XXX	**Total equity**		1,106,179	83	1,193,900	81	1,355,852	83
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 1,326,568	100	$ 1,468,535	100	$ 1,626,640	100

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(UNAUDITED)

	Items	Notes	Three months ended September 30 2019 AMOUNT	%	Three months ended September 30 2018 AMOUNT	%	Nine months ended September 30 2019 AMOUNT	%	Nine months ended September 30 2018 AMOUNT	%
4000	**Sales revenue**	6(19)	$ 284,231	100	$ 287,896	100	$ 804,450	100	$ 793,979	100
5000	**Operating costs**	6(5)	(174,603)	(61)	(189,773)	(66)	(501,697)	(62)	(525,974)	(66)
5900	**Net operating margin**		109,628	39	98,123	34	302,753	38	268,005	34
	Operating expenses	6(23)(24)								
6100	Selling expenses		(26,787)	(9)	(34,661)	(12)	(89,622)	(11)	(92,021)	(12)
6200	General and administrative expenses		(26,856)	(10)	(25,444)	(9)	(71,887)	(9)	(84,939)	(11)
6300	Research and development expenses		(11,726)	(4)	(9,887)	(3)	(30,064)	(4)	(27,858)	(3)
6000	**Total operating expenses**		(65,369)	(23)	(69,992)	(24)	(191,573)	(24)	(204,818)	(26)
6900	**Operating profit**		44,259	16	28,131	10	111,180	14	63,187	8
	Non-operating income and expenses									
7010	Other income	6(20)	9,437	3	8,481	3	14,244	2	14,063	1
7020	Other gains and losses	6(21)	(2,691)	(1)	2,610	1	(19,323)	(3)	142,363	18
7050	Finance costs	6(22)	(48)	-	-	-	(140)	-	-	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	(2,696)	(1)	-	-	(6,557)	(1)	-	-
7000	**Total non-operating income and expenses**		4,002	1	11,091	4	(11,776)	(2)	156,426	19
7900	**Profit before income tax**		48,261	17	39,222	14	99,404	12	219,613	27
7950	Income tax expense	6(25)	(15,251)	(5)	(8,018)	(3)	(31,769)	(4)	(25,101)	(3)
8200	**Profit for the period**		$ 33,010	12	$ 31,204	11	$ 67,635	8	$ 194,512	24
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Total expenses, by nature	6(18)	($ 9,947)	(4)	$ 5,742	2	($ 11,981)	(1)	$ 88,040	11
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	140	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(9,947)	(4)	5,742	2	(11,981)	(1)	88,180	11
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(18)	(31,138)	(11)	(26,020)	(9)	(22,327)	(3)	(19,201)	(2)
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(31,138)	(11)	(26,020)	(9)	(22,327)	(3)	(19,201)	(2)
8300	**Total other comprehensive (loss) income for the period**		($ 41,085)	(15)	($ 20,278)	(7)	($ 34,308)	(4)	$ 68,979	9
8500	**Total comprehensive (loss) income for the period**		($ 8,075)	(3)	$ 10,926	4	$ 33,327	4	$ 263,491	33
	Basic earnings per share	6(26)								
9750	**Total basic earnings per share**		$ 0.84		$ 0.78		$ 1.72		$ 4.88	
	Diluted earnings per share	6(26)								
9850	**Total diluted earnings per share**		$ 0.84		$ 0.78		$ 1.70		$ 4.82	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(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 options	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
Nine months ended September 30, 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 January 1 after adjustments		398,118	537	498,848	3,409	62,555	38,429	189,770	(36,065)	26,013	-	-	1,181,614
Consolidated comprehensive income for the period		-	-	-	-	-	-	194,512	-	-	-	-	194,512
Other comprehensive income (loss) for the period	6(18)	-	-	-	-	-	-	199	(19,201)	87,981	-	-	68,979
Total comprehensive income (loss) for the period		-	-	-	-	-	-	194,711	(19,201)	87,981	-	-	263,491
Appropriation and distribution of 2017 retained earnings	6(17)												
Legal reserve appropriated		-	-	-	-	12,108	-	(12,108)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(91,758)	-	-	-	-	(91,758)
Share-based payment transaction - employee stock options		830	(506)	1,530	651	-	-	-	-	-	-	-	2,505
Balance at September 30, 2018		$ 398,948	$ 31	$ 500,378	$ 4,060	$ 74,663	$ 38,429	$ 280,615	($ 55,266)	$ 113,994	$ -	$ -	$ 1,355,852
Nine months ended September 30, 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
Consolidated comprehensive income for the period		-	-	-	-	-	-	67,635	-	-	-	-	67,635
Other comprehensive income (loss) for the period	6(18)	-	-	-	-	-	-	-	(22,327)	(11,981)	-	-	(34,308)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	67,635	(22,327)	(11,981)	-	-	33,327
Appropriation and distribution of 2018 retained earnings	6(17)												
Legal reserve appropriated		-	-	-	-	10,556	-	(10,556)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(92,094)	-	-	-	-	(92,094)
Share-based payment transaction - employee stock options		780	625	3,017	616	-	-	-	-	-	-	-	5,038
Treasury stock transactions	6(15)	-	-	-	-	-	-	-	-	-	-	(33,992)	(33,992)
Balance at September 30, 2019		$ 400,408	$ 625	$ 504,731	$ 4,727	$ 85,219	$ 38,429	$ 156,451	($ 71,104)	$ 20,685	$ -	($ 33,992)	$ 1,106,179

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 99,404	$ 219,613
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(23)	37,576	36,979
Depreciation - right-of-use assets	6(9)(23)	7,780	-
Amortization	6(23)	1,789	2,036
Expected credit (gain) loss	12(2)	(437)	722
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(21)	29,261	(132,206)
Reversal of warranty expense	6(14)	(370)	(66)
Interest income	6(20)	(5,457)	(6,765)
Interest expense - lease liability	6(22)	140	-
Dividend income		(7,861)	(5,714)
Wages and salaries - employee stock options	6(13)	1,741	1,210
Share of loss of associates and joint ventures accounted for under equity method	6(6)	6,557	-
Loss on disposal of property, plant and equipment	6(21)	586	170
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		274	1,186
Notes receivable due from related parties		(12)	-
Accounts receivable, net		(31,268)	675
Accounts receivable due from related parties		(578)	3
Other receivables		(266)	1,878
Inventories		18,317	(3,025)
Prepayments		1,282	(5,953)
Other current assets		(94)	(70)
Changes in operating liabilities			
Notes payable		46	(36)
Accounts payable		(32,678)	(11,389)
Accounts payable to related parties		(4,936)	10,397
Other payables		(3,735)	13,434
Provision		102	(372)
Contract liabilities		(3,412)	(5,232)
Other current liaiblities		66	296
Other non-current liabilities		(929)	67
Cash inflow generated from operations		112,888	117,838
Interest received		5,620	6,936
Dividend received		7,861	5,714
Interest paid		(140)	-
Income tax paid		(42,397)	(23,016)
Net cash flows from operating activities		83,832	107,472

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2019	Nine months ended September 30, 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 2,704)	($ 18,775)
Proceeds from disposal of financial assets at fair value through profit or loss		-	48,495
Decrease (increase) in financial assets at amortised cost		18,137	(1,852)
Acquisition of investments accounted for using equity method		(70,000)	-
Acquisition of property, plant and equipment	6(28)	(16,333)	(25,114)
Proceeds from disposal of property, plant and equipment		463	12
Decrease (increase) in refundable deposits		29,131	(28,032)
Acquisition of intangible assets		(399)	(1,028)
Increase in other non-current assets		(6,128)	(7,141)
Net cash flows used in investing activities		(47,833)	(33,435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received	6(29)	(112)	-
Lease principal repayment	6(9)(29)	(7,423)	-
Cash dividends paid	6(17)	(92,094)	(91,758)
Exercise of employee stock options		3,297	1,295
Repurchase of treasury stock	6(15)	(33,992)	-
Net cash flows used in financing activities		(130,324)	(90,463)
Effect of exchange rate changes on cash and cash equivalents		(11,911)	(9,107)
Net decrease in cash and cash equivalents		(106,236)	(25,533)
Cash and cash equivalents at beginning of period		366,898	369,163
Cash and cash equivalents at end of period		$ 260,662	$ 343,630

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 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 November 1, 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.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 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 Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

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.

(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 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:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2019	Ownership (%) 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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2019	Ownership (%) December 31, 2018	Description
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 (%) September 30, 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 meet the definition of cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(5) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(6) 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.

(7) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past-service costs are recognised immediately in profit or loss.

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(8) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

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

(9) 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 September 30, 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

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	$ 706	$ 686	$ 1,050
Checking accounts and demand deposits	41,972	67,995	76,269
Time deposits	217,984	298,217	266,311
	$ 260,662	$ 366,898	$ 343,630

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

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

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

Items	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets mandatorily measured at fair value through profit or loss:			
Listed stocks	$ 126,770	$ 126,770	$ 113,159
Valuation adjustment	(2,708)	25,470	142,192
	$ 124,062	$ 152,240	$ 255,351
Financial liabilities held for trading			
Derivative instruments - forward foreign exchange contracts	($ 1,974)	($ 957)	($ 2,294)

A. For the three months and nine months ended September 30, 2019 and 2018, the Group recognises net (losses) gains on financial assets at fair value through profit or loss amounting to ($8,989) thousand, ($543) thousand, ($28,177) thousand and $136,758 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:

	September 30, 2019	
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2019.10.13~2020.09.17

	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

	September 30, 2018	
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2018.10.24~2019.09.15

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 and nine months ended September 30, 2019 and 2018, the Group recognised net loss of $1,458 thousand, $1,260 thousand, $1,084 thousand and $4,552 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

	September 30, 2019	December 31, 2018	September 30, 2018
Time deposits	$ 32,143	$ 49,917	$ 70,194

A. The above mentioned are the time deposits that do 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)

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable	$ 1,129	$ 1,403	$ 638
Less: Allowance for bad debts	-	-	-
	$ 1,129	$ 1,403	$ 638
Notes receivable due from related parties	12	-	-
Less: Allowance for bad debts	-	-	-
	$ 12	$ -	$ -

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts receivable	$ 188,683	$ 158,708	$ 154,671
Less: Allowance for bad debts	(579)	(1,021)	(816)
	$ 188,104	$ 157,687	$ 153,855
Accounts receivable due from related parties	562	-	1
Less: Allowance for bad debts	-	-	-
	$ 562	$ -	$ 1

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

	September 30, 2019		December 31, 2018		September 30, 2018	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 1,141	$ 148,964	$ 1,252	$ 132,858	$ 638	$ 124,076
Up to 30 days	-	35,482	151	15,994	-	28,380
31 to 120 days	-	4,205	-	8,678	-	1,261
over 120 days	-	15	-	157	-	139
	$ 1,141	$ 188,666	$ 1,403	$ 157,687	$ 638	$ 153,856

The above ageing analysis was based on past due date.

B. As of September 30, 2019, December 31, 2018 and September 30, 2018, all the Group's accounts and notes receivable arose from contracts with customers.

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

(5) Inventories

	September 30, 2019					
		Cost		Allowance for valuation loss		Book value
Raw materials	$	83,048	($	2,017)	$	81,031
Work in progress		19,895	(	549)		19,346
Semi-finished goods		32,052	(	1,360)		30,692
Finished goods		25,443	(	8,651)		16,792
Inventory in transit		82		-		82
	$	160,520	($	12,577)	$	147,943

	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

	September 30, 2018					
		Cost		Allowance for valuation loss		Book value
Raw materials and supplies	$	92,914	($	3,892)	$	89,022
Work in progress		21,000	(	575)		20,425
Semi-finished goods		32,441	(	2,350)		30,091
Finished goods		22,435	(	7,269)		15,166
	$	168,790	($	14,086)	$	154,704

The cost of inventories recognised as expense for the period:

	Three months ended September 30,			
		2019		2018
Cost of goods sold	$	173,583	$	188,886
Loss on (gain on reversal of) market price decline and obsolescence		470	(	2,716)
Gain from sale of scraps	(	572)	(	721)
Loss on scrapping inventory		1,138		4,378
Reversal of warranty expenses	(	16)	(	54)
	$	174,603	$	189,773

	Nine months ended September 30,	
	2019	2018
Cost of goods sold	$ 498,725	$ 524,143
Loss on (gain on reversal of) market price decline and obsolescence	2,411	(3,045)
Gain from sale of scraps	(1,852)	(2,140)
Gain on physical inventory	(2)	(2)
Loss on scrapping inventory	2,923	6,972
(Reversal of) provision for warranty expenses	(508)	46
	$ 501,697	$ 525,974

The Group reversed from a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold or disposed by the Group for the three months and nine months ended September 30, 2018.

(6) Investments accounted for using equity method

A. Details are as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Insignificant associate:			
Art So Trading Limited	$ 63,443	$ -	$ -

(a) To meet the industrial investment requirement, the Board of Directors resolved to increase its investment in Art So Trading Limited on July 27, 2018. The Company acquired 48.57% equity interests in Art So Trading Limited on April 12, 2019.

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

	Three months ended September 30,	
Investee	2019	2018
Art So Trading Limited	($ 2,696)	$ -

	Nine months ended September 30,	
Investee	2019	2018
Art So Trading Limited	$ 6,557	$ -

The investments accounted for using equity method are recognised based on share of profit (loss) of associates and joint ventures recognised in the unreviewed self-prepared financial statements provided by associate companies.

B. Associates

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

Company name	Principal place of business	Shareholding ratio (%)			Nature of relationship	Methods of measurement
		September 30, 2019	December 31, 2018	2018		
Art So Trading Limited	Samoa	48.57%	0.00%	0.00%	Owns at least 20% of the voting rights	Equity method

(b) The carrying amount of the Company's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

	Three months ended September 30,	
	2019	2018
Total comprehensive loss for the period	($ 2,696)	$ -

	Nine months ended September 30,	
	2019	2018
Total comprehensive loss for the period	($ 6,557)	$ -

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

Items	September 30, 2019	December 31, 2018	September 30, 2018
Non-current items:			
Equity instruments			
Listed stocks	$ 89,834	$ 89,834	$ 89,834
Unlisted stocks	11,393	11,393	11,393
Valuation adjustment	20,134	32,115	114,389
	$ 121,361	$ 133,342	$ 215,616

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 $121,361 thousand, $133,342 thousand and $215,616 thousand, respectively, as at September 30, 2019, December 31, 2018 and September 30, 2018.

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

	Three months ended September 30,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 9,947)	$ 5,742

	Nine months ended September 30,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 11,981)	$ 87,981

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

(Remainder of page intentionally left blank)

(8) Property, plant and equipment

	Nine months ended September 30, 2019					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At September 30
Cost						
Buildings and structures	$ 387,342	$ 2,105	$ -	$ 5,052	($ 10,837)	$ 383,662
Molding equipment	166,247	11,874	(1,775)	1,755	(4,973)	173,128
Machinery and equipment	128,349	470	(3,333)	1,338	(3,584)	123,240
Research and development equipment	28,638	132	(191)	106	(783)	27,902
Transportation equipment	14,811	-	(527)	-	(359)	13,925
Others	70,721	2,146	(8,500)	1,026	(1,568)	63,825
Construction in progress	16,211	(54)	-	(5,199)	(243)	10,715
	$ 812,319	$ 16,673	($ 14,326)	$ 4,078	($ 22,347)	$ 796,397
Accumulated depreciation						
Buildings and structures	($ 157,597)	($ 15,334)	$ -	$ -	$ 4,877	($ 168,054)
Molding equipment	(144,896)	(10,381)	1,356	-	4,288	(149,633)
Machinery and equipment	(95,538)	(4,118)	3,135	-	2,783	(93,738)
Research and development equipment	(23,597)	(1,050)	175	-	676	(23,796)
Transportation equipment	(11,488)	(1,247)	527	-	319	(11,889)
Others	(55,083)	(5,446)	8,084	-	1,243	(51,202)
	($ 488,199)	($ 37,576)	$ 13,277	$ -	$ 14,186	($ 498,312)
	$ 324,120					$ 298,085

	Nine months ended September 30, 2018					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At September 30
Cost						
Buildings and structures	$ 381,447	$ 2,441	$ -	$ 11,596	($ 11,260)	$ 384,224
Molding equipment	155,109	10,580	(313)	3,282	(4,839)	163,819
Machinery and equipment	131,635	739	(1,728)	64	(3,331)	127,379
Research and development equipment	26,507	647	(44)	647	(792)	26,965
Transportation equipment	15,139	-	-	(56)	(378)	14,705
Others	90,076	4,552	(5,120)	563	(2,360)	87,711
Construction in progress	10,428	8,225	-	(11,773)	(172)	6,708
	$ 810,341	$ 27,184	($ 7,205)	$ 4,323	($ 23,132)	$ 811,511
Accumulated depreciation						
Buildings and structures	($ 141,642)	($ 14,387)	$ -	$ -	$ 4,498	($ 151,531)
Molding equipment	(135,463)	(9,884)	313	-	4,156	(140,878)
Machinery and equipment	(92,143)	(5,260)	1,560	-	2,375	(93,468)
Research and development equipment	(23,043)	(814)	44	-	677	(23,136)
Transportation equipment	(9,735)	(1,518)	-	3	292	(10,958)
Others	(76,407)	(5,116)	5,106	-	2,068	(74,349)
	($ 478,433)	($ 36,979)	$ 7,023	$ 3	$ 14,066	($ 494,320)
	$ 331,908					$ 317,191

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

(9) 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 September 30, 2019		Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Carrying amount		Depreciation charge		Depreciation charge	
Land	$	29,058	$	213	$	651
Buildings		3,810		2,341		7,043
Machinery and equipment		-		29		86
	$	32,868	$	2,583	$	7,780

C. For the nine months ended September 30, 2019 and 2018, the additions to right-of-use assets amounted to $3,362 thousand and $0, respectively.

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

	Three months ended September 30, 2019		Nine months ended September 30, 2019	
Items affecting profit or loss				
Interest expense on lease liabilities	$	48	$	140

E. For the nine months ended September 30, 2019, the Group's total cash outflow for leases amounted to $7,563 thousand.

(10) Other non-current assets

	September 30, 2019		December 31, 2018		September 30, 2018	
Land use right	$	-	$	30,517	$	30,484
Guarantee deposits paid		2,982		32,121		32,118
Prepayments for business facilities		12,414		9,387		8,077
Other non-current assets		2,502		4,066		4,554
	$	17,898	$	76,091	$	75,233

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 $217 thousand and $662 thousand, respectively, for the three months and nine months ended September 30, 2018.

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

(11) Other payables

	September 30, 2019	December 31, 2018	September 30, 2018
Salary and bonus payable	$ 42,504	$ 50,870	$ 44,676
Payable for consumables and purchases	13,888	13,763	12,445
Insurance and pension expense payable	11,856	14,836	14,641
Exhibition and advertisement payable	8,999	41	12,286
Unused compensated absences payable	4,927	3,922	3,907
Housing fund payable	4,751	5,054	4,980
Others	15,724	22,406	28,210
	$ 102,649	$ 110,892	$ 121,145

(12) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $27 thousand, $35 thousand, $80 thousand and $106 thousand for the three months and nine months ended September 30, 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 thousand.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The Company's Hong Kong branch contributes 5% of employees' salaries and wages (below the ceiling of HKD1,500) pursuant to the mandatory provident fund schemes. The accrued benefits is deposited in a specialised account in Manulife (International) Limited and can only be withdrawn when scheme members reach the age of 65.

(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 September 30, 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 and nine months ended September 30, 2019 and 2018, were $4,227 thousand, $3,949 thousand, $12,633 thousand and $11,468 thousand, respectively.

(13) Share-based payment

A. For the nine months ended September 30, 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 third quarter of 2019	Actual turnover rate in the third 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	2.63%	2.56%	0%
Sixth employee stock options	2018.11.02	600	5 years	2~4 years' service	2.44%	0%	0%

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

(a) Fourth employee stock options

	2019		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 exercised	(4)	19.00 (Note)	(1)	20.50
Options outstanding at September 30	34	19.00 (Note)	183	20.5 (Note)
Options exercisable at September 30	34		61	

Note: Price was adjusted due to the ex-rights and ex-dividend.

(b) Fifth employee stock options

	2019		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)	27.80(Note)	(2)	31.80
Options exercised	(58)	27.80(Note)	-	-
Options outstanding at September 30	511	27.80(Note)	571	30.00(Note)
Options exercisable at September 30	231		-	

Note: Price was adjusted due to the ex-rights and ex-dividend.

(c) Sixth employee stock options

	2019		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	600	$ 29.90	-	$ -
Options forfeited	(2)	27.80(Note)	-	-
Options outstanding at September 30	598	27.80(Note)	-	-
Options exercisable at September 30	-		-	

Note: Price was adjusted due to the ex-rights and ex-dividend.

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

		September 30, 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	34	$ 19.00	116	$ 20.50
Fifth employee stock options	2021.12.22	511	27.80	571	30.00
Sixth employee stock options	2023.11.01	598	27.80	600	29.90

	Expiry date	September 30, 2018 No. of options (in thousands)		Exercise price
Fourth employee stock options	2019.11.12	183	$	20.50
Fifth employee stock options	2021.12.22	571		30.00

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share options	2014.11.13	28.2	28.2	38.16%	5 years	-	0.53%	9.29
Employee share options	2016.12.23	34.95	34.95	17.40%	5 years	-	0.94%	5.92
Employee share options	2018.11.02	29.9	29.9	28.28%	5 years	-	0.75%	7.71

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

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

	Three months ended September 30, 2019		2018	
Equity-settled - employee stock options	$	574	$	405

	Nine months ended September 30, 2019		2018	
Equity-settled - employee stock options	$	1,741	$	1,210

(14) Provisions

	2019 Warranty provisions - current		Warranty provisions - non-current	
At January 1	$	152	$	1,148
Additional provisions		102		-
Unused amounts reversed		-	(	370)
Effects of foreign exchange		-	(	5)
At September 30	$	254	$	773

	2018	
	Warranty provisions - current	Warranty provisions - non-current
At January 1	$ 535	$ 625
Unused amounts reversed	(372)	(66)
Effects of foreign exchange	-	(9)
At September 30	$ 163	$ 550

Analysis of total provisions:

	September 30, 2019	December 31, 2018	September 30, 2018
Current	$ 254	$ 152	$ 163
Non-current	773	1,148	550
	$ 1,027	$ 1,300	$ 713

The Group's provision including provision for refund liabilities and provision for warranty on lighting equipment and lamps sold. Provision for refund liabilities is estimated based on historical refund data of lighting equipment and lamps and provision for warranty is estimated based on historical warranty data of lighting equipment and lamps.

(15) Share capital

A. As of September 30, 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. Advance receipts for ordinary shares amounting to $625 thousand (equivalent to 62 thousand shares) arose from exercising employee stock options.The total share capital was $401,033 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	140	60
Purchase of treasury share	(1,000)	-
At September 30	39,103	39,896

E. Treasury shares

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

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
	Nine months ended September 30, 2019			
Reissued to employees	-	1,000	-	1,000

(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 September 30, 2019, the Company has purchased 1,000 thousand treasury shares with the price amounting to \$33,992 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.

(16) 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.

(17) 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. Under a resolution made by the Board of Directors, which has more than 2/3 directors attended the meeting and more than 1/2 attended directors agreed, full or partial of the distributable dividends and bonus, capital surplus or legal reserve will be distributed in the form of cash, and it will be reported to the shareholders. The regulation in relation to approval from the shareholders as above mentioned is not applicable.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with 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 May 29, 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	

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

(18) 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	(22,327)	-	(19,201)	-
Revaluation	-	(11,981)	-	88,040
Revaluation - tax	-	-	-	(59)
At September 30	($ 71,104)	$ 20,685	($ 55,266)	$ 113,994

(19) Operating revenue

	Three months ended September 30, 2019	Three months ended September 30, 2018
Sales revenue	$ 284,231	$ 287,896

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Sales revenue	$ 804,450	$ 793,979

A. Disaggregation of revenue from contracts with customers

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

Nine months ended September 30, 2019	Europe	Asia	Oceania	Others	Total
Revenue from contracts	$ 534,502	$ 218,763	$ 49,347	$ 1,838	$ 804,450

Nine months ended September 30, 2018	Europe	Asia	Oceania	Others	Total
Revenue from contracts	$ 542,234	$ 195,446	$ 52,286	$ 4,013	$ 793,979

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Contract liabilities:			
Contract liabilities	$ 8,056	$ 11,499	$ 5,707

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

	Three months ended September 30, 2019	Three months ended September 30, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 109	$ 29

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 10,215	$ 10,450

(20) Other income

	Three months ended September 30, 2019	Three months ended September 30, 2018
Interest income:		
Interest income from bank deposits	$ 1,482	$ 2,229
Other income - others	7,955	6,252
	$ 9,437	$ 8,481

	Nine months ended September 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 5,457	$ 6,765
Other income - others	8,787	7,298
	$ 14,244	$ 14,063

(21) Other gains and losses

	Three months ended September 30,	
	2019	2018
Gain (loss) on disposal of property, plant and equipment	$ 171	($ 69)
Net currency exchange gain	7,586	4,508
Net loss on financial assets (liabilities) at fair value through profit or loss	(10,447)	(1,803)
Other losses	(1)	(26)
	($ 2,691)	$ 2,610

	Nine months ended September 30,	
	2019	2018
Loss on disposal of property, plant and equipment	($ 586)	($ 170)
Net currency exchange gain	10,533	10,374
Net (loss) gain on financial assets (liabilities) at fair value through profit or loss	(29,261)	132,206
Other losses	(9)	(47)
	($ 19,323)	$ 142,363

(22) Finance costs

	Three months ended September 30,	
	2019	2018
Interest expense	$ 48	$ -

	Nine months ended September 30,	
	2019	2018
Interest expense	$ 140	$ -

(23) Expenses by nature

	Three months ended September 30,	
	2019	2018
Employee benefit expense	$ 76,607	$ 66,683
Depreciation charges on property, plant and equipment	12,157	12,424
Depreciation charges on right-of-use assets	2,583	-
Amortisation charges	596	673

	Nine months ended September 30,	
	2019	2018
Employee benefit expense	$ 219,710	$ 198,557
Depreciation charges on property, plant and equipment	37,576	36,979
Depreciation charges on right-of-use assets	7,780	-
Amortisation charges	1,789	2,036

(24) Employee benefit expense

	Three months ended September 30,	
	2019	2018
Wages and salaries	$ 66,342	$ 56,585
Labour and health insurance fees	1,272	2,431
Pension costs	4,254	3,984
Directors' remunerations	1,063	859
Other employee benefit expense	3,676	2,824
	$ 76,607	$ 66,683

	Nine months ended September 30,	
	2019	2018
Wages and salaries	$ 192,422	$ 169,339
Labour and health insurance fees	2,749	6,222
Pension costs	12,713	11,574
Directors' remunerations	2,810	3,509
Other employee benefit expense	9,016	7,913
	$ 219,710	$ 198,557

Note: For the nine months ended September 30, 2019 and 2018, the Group had 708 and 733 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 and nine months ended September 30, 2019 and 2018, the accrued employees' compensation and directors' remuneration is as follows:

	Three months ended September 30,	
	2019	2018
Employees' compensation	$ 3,352	$ 1,825
Directors' remuneration	502	292
	$ 3,854	$ 2,117

	Nine months ended September 30,	
	2019	2018
Employees' compensation	$ 7,057	$ 11,075
Directors' remuneration	1,058	1,772
	$ 8,115	$ 12,847

For the nine months ended September 30, 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' 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' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
Current tax:	2019	2018
Current tax on profit for the period	$ 13,030	$ 7,165
Prior year income tax under (over)estimation	6	(3)
Total current tax	13,036	7,162
Deferred tax:		
Origination and reversal of temporary differences	2,215	856
Income tax expense	$ 15,251	$ 8,018

	Nine months ended September 30,	
Current tax:	2019	2018
Current tax on profit for the period	$ 27,457	$ 31,528
Tax on undistributed surplus earnings	146	1,783
Prior year income tax (over)underestimation	(696)	336
Total current tax	26,907	33,647
Deferred tax:		
Effect of taxation law amendments	-	(388)
Origination and reversal of temporary differences	4,862	(8,158)
Income tax expense	$ 31,769	$ 25,101

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

	Three months ended September 30,	
	2019	2018
Impact of change in tax rate	$ -	$ -

	Nine months ended September 30,	
	2019	2018
Impact of change in tax rate	$ -	($ 140)

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.

(26) Earnings per share

Earnings per share of ordinary shares:

	Three months ended September 30, 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	$ 33,010	39,102	$ 0.84
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	33,010	39,102	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	110	
- Employee stock options	-	114	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 33,010	39,326	$ 0.84

	Three months ended September 30, 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	$ 31,204	39,896	$ 0.78
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	31,204	39,896	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	52	
- Employee stock options	-	159	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 31,204	40,107	$ 0.78

	Nine months ended September 30, 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	$ 67,635	39,371	$ 1.72
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	67,635	39,371	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	231	
- Employee stock options	-	161	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 67,635	39,763	$ 1.70

	Nine months ended September 30, 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	$ 194,512	39,889	$ 4.88
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	194,512	39,889	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	316	
- Employee stock options	-	166	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 194,512	40,371	$ 4.82

(27) 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 $4,408 thousand and $13,473 thousand for these leases in profit or loss for the three months and nine months ended September 30, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	September 30, 2018
Not later than one year	$ 7,736	$ 7,356
Later than one year but not later than five years	-	1,329
	$ 7,736	$ 8,685

(28) Supplemental cash flow information

Investing activities with partial cash payments:

	Nine months ended September 30,	
	2019	2018
Purchase of property, plant and equipment	$ 16,673	$ 27,184
Add: Opening balance of payable on equipment	834	496
Less: Ending balance of payable on equipment	(1,174)	(2,566)
Cash paid during the period	$ 16,333	$ 25,114

(29) Changes in liabilities from financing activities

	Guarantee deposits received	Lease liabilities	Liabilities from financing activities - gross
At January 1	$ 1,246	$ -	$ 1,246
Effect of first-time adoption of IFRS	-	7,312	7,312
Changes in cash flow from financing activities	(112)	(7,423)	(7,535)
Impact of changes in foreign exchange rate	(8)	(69)	(77)
Changes in other non-cash items	-	3,708	3,708
At September 30	$ 1,126	$ 3,528	$ 4,654

	Guarantee deposits received	Lease liabilities	Liabilities from financing activities - gross
At January 1 and September 30	$ 1,246	$ -	$ 1,246

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
ARTSO INTERNATIONAL, INC.	Associate
BEIJING ARTSO FURNITURE CO.,LTD	Associate
Shanghai Art So Zhong Trading Limited	Associate

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30,	
	2019	2018
Sales of goods:		
- Other related parties	$ 55	$ 1
-Associates	474	-
	$ 529	$ 1

	Nine months ended September 30,	
	2019	2018
Sales of goods:		
- Other related parties	$ 63	$ 9
- Associates	1,081	-
	$ 1,144	$ 9

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

B. Notes and accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable:			
- ARTSO INTERNATIONAL, INC.	$ 12	$ -	$ -
Accounts receivable:			
- BEIJING ARTSO FURNITURE CO., LTD	$ 179	$ -	$ -
- Shanghai Art So Zhong Trading Limited	179	-	-
- ARTSO INTERNATIONAL, INC.	145	-	-
- WeiSen Electronic Co., Ltd.	59	-	1
	$ 562	$ -	$ 1

C. Purchases

	Three months ended September 30,	
	2019	2018
Purchases of raw materials:		
- Other related parties	$ 9,517	$ 15,978

	Nine months ended September 30,	
	2019	2018
Purchases of raw materials:		
- Other related parties	$ 22,285	$ 32,914

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

D. Accounts payable

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts payable:			
- WeiSen Electronic Co., Ltd.	$ 11,940	$ 17,158	$ 21,840

(3) Key management compensation

	Three months ended September 30,	
	2019	2018
Short-term employee benefits	$ 7,932	$ 7,055
Post-employment benefits	139	136
Share-based payments	304	222
	$ 8,375	$ 7,413

	Nine months ended September 30,	
	2019	2018
Short-term employee benefits	$ 21,525	$ 23,896
Post-employment benefits	419	454
Share-based payments	912	663
	$ 22,856	$ 25,013

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	September 30, 2019	December 31, 2018	September 30, 2018	Purpose
Time deposits (shown as 'financial assets at amortised cost')	$ 4,350	$ 4,472	$ 4,436	Forward foreign exchange
Guarantee deposits paid (shown as 'other non-current assets')	2,982	32,121	32,118	Security and investment commitment deposits
	$ 7,332	$ 36,593	$ 36,554	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Details of operating leases are provided in Note 6(27).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There have been no significant change as of September 30, 2019. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

(Remainder of page intentionally left blank)

(2) Financial instruments

A. Financial instruments by category

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 124,062	$ 152,240	$ 255,351
Financial assets at fair value through other comprehensive income	121,361	133,342	215,616
Financial assets at amortised cost			
Cash and cash equivalents	260,662	366,898	343,630
Financial assets at amortised cost	32,143	49,917	70,194
Notes receivable (including related parties)	1,141	1,403	638
Accounts receivable (including related parties)	188,666	157,687	153,856
Other receivables	2,044	1,994	1,479
Guarantee deposits paid	2,982	32,121	32,118
	$ 733,061	$ 895,602	$ 1,072,882

	September 30, 2019	December 31, 2018	September 30, 2018
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 1,974	$ 957	$ 2,294
Financial liabilities at amortised cost			
Notes payable	46	-	24
Accounts payable (including related parties)	75,028	114,306	108,038
Other accounts payable	102,649	110,892	121,145
Guarantee deposits received	1,126	1,246	1,246
	$ 180,823	$ 227,401	$ 232,747
Lease liability (including current portion)	$ 3,528	$ -	$ -

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.

(Remainder of page intentionally left blank)

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:

	September 30, 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	$ 4,208	30.990	$ 130,406	1%	$ 1,304	$ -
HKD : NTD	1,369	3.928	5,377	1%	54	-
EUR : NTD	1,522	33.750	51,368	1%	514	-
RMB : NTD	11,070	4.325	47,878	1%	479	-
RMB : USD	17,365	0.140	75,104	1%	751	-
USD : RMB	7,378	7.136	228,644	-1%	(2,286)	-
EUR : RMB	212	7.805	7,155	1%	72	-
Non-monetary items						
USD : NTD	$ 337	30.990	$ 10,444	1%	$ -	$ 104
Financial liabilities						
Monetary items						
USD : NTD	$ 8,396	31.090	$ 261,032	1%	($ 2,610)	$ -
EUR : NTD	210	34.150	7,172	1%	(72)	-
RMB : NTD	11,629	4.375	50,877	1%	(509)	-
RMB : USD	6,482	0.141	28,359	1%	(284)	-
USD : RMB(Note)	1,800	7.139	1,974	-1%	560	-

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

	December 31, 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)	$ -
HKD : NTD						
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)	-
USD : RMB (Note)	1,800	6.837	957	-1%	551	-

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

	September 30, 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	$ 2,457	30.475	$ 74,877	1%	$ 749	$ -
EUR : NTD	1,584	35.280	55,884	1%	559	-
RMB : NTD	32,714	4.411	144,301	1%	1,443	-
RMB : USD	17,925	0.145	79,067	1%	791	-
USD : RMB	5,303	6.881	161,609	-1%	(1,616)	-
EUR : RMB	171	7.998	6,033	1%	60	-
Non-monetary items						
USD : NTD	$ 337	30.475	10,270	1%	$ -	$ 103
Financial liabilities						
Monetary items						
USD : NTD	$ 5,802	30.575	$ 177,396	1%	($ 1,774)	$ -
EUR : NTD	212	35.680	7,564	1%	(76)	-
RMB : NTD	12,371	4.461	55,187	1%	(552)	-
RMB : USD	9,430	0.146	42,067	1%	(421)	-
USD : RMB(Note)	1,800	6.885	2,294	-1%	551	-

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

vi. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2019 and 2018 amounted to $7,586 thousand, $4,508 thousand, $10,533 thousand and $10,374 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 nine months ended September 30, 2019 and 2018 would have increased/decreased by $1,241 thousand and $2,554 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 $1,214 thousand and $2,156 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 nine months ended September 30, 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 September 30, 2019, December 31, 2018 and September 30, 2018, the loss rate methodology is as follows:

September 30, 2019	Individual	Group	Total
Expected loss rate	-	0.31%	
Total book value	$ -	$ 189,245	$ 189,245
Loss allowance	$ -	$ 579	$ 579

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

September 30, 2018	Individual	Group	Total
Expected loss rate	-	0.53%	
Total book value	$ -	$ 154,672	$ 154,672
Loss allowance	$ -	$ 816	$ 816

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

	2019
	Accounts receivable
At January 1	$ 1,021
Transferred to revenue	(437)
Effect of exchange rate changes	(5)
At September 30	$ 579

	2018
	Accounts receivable
At January 1	$ 111
Provision for impairment	722
Effect of exchange rate changes	(17)
At September 30	$ 816

(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:

September, 30, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes and accounts payable	$ 63,134	$ -	$ -	$ -	$ -
Accounts payable - related parties	11,940	-	-	-	-
Other payables	102,649	-	-	-	-
Lease liabilities	2,941	758	-	-	-

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:

September 30, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes and accounts payable	$ 86,222	$ -	$ -	$ -	$ -
Accounts payable - related parties	21,840	-	-	-	-
Other payables	121,145	-	-	-	-

Derivative financial liabilities:

September 30, 2019	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	$ 1,974	$ -	$ -	$ -	$ -

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:

September 30, 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	$ 2,294	$ -	$ -	$ -	$ -

(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:

September 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 124,062	$ -	$ -	$ 124,062
Financial assets at fair value through other comprehensive income - equity securities	$ 112,724	$ -	$ 8,637	$ 121,361
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 1,974	$ -	$ 1,974

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

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 255,351	$ -	$ -	$ 255,351
Financial assets at fair value through other comprehensive income - equity securities	$ 202,249	$ -	$ 13,367	$ 215,616
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 2,294	$ -	$ 2,294

(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 nine months ended Spetember 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. For the nine months ended September 30, 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 September 30, 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 September 30, 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:

			September 30, 2019	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	± 5%	$ 437	($ 437)

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

			September 30, 2018	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	± 5%	$ 673	($ 673)

(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
September 30, 2018			
Financial assets at amortised cost	$ -	$ 70,194	$ 70,194
Other current assets	73,755	(70,194)	3,561
Other assets	1,552,885	-	1,552,885
Total affected assets	$ 1,626,640	$ -	$ 1,626,640
Total affected liabilities	$ 270,788	$ -	$ 270,788
Total affected equity	$ 1,355,852	$ -	$ 1,355,852
Total affected liabilities and equity	$ 1,626,640	$ -	$ 1,626,640

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 nine months ended September 30, 2019. As of September 30, 2019, financial assets at fair value through profit or loss of $1,974 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 nine months ended September 30, 2019 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:

	Nine months ended September 30, 2019			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 680,551	$ 3,037	$ 105,262	$ 788,850
Inter-segment revenue	18,467	563,227	23,941	605,635
Segment revenue	$ 699,018	$ 566,264	$ 129,203	$ 1,394,485
Segment profit before tax	$ 34,055	$ 57,412	$ 23,591	$ 115,058

	Nine months ended September 30, 2018			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 696,866	$ 3,181	$ 93,398	$ 793,445
Inter-segment revenue	21,871	563,646	14,463	599,980
Segment revenue	$ 718,737	$ 566,827	$ 107,861	$ 1,393,425
Segment profit before tax	$ 54,125	$ 24,397	$ 6,760	$ 85,282

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:

	Nine months ended September 30,	
	2019	2018
Reportable operating segments revenue after adjustment	$ 1,394,485	$ 1,393,425
Other operating segments revenue after adjustment	588,791	566,812
Total operating segments revenue	1,983,276	1,960,237
Elimination of intersegment revenue	(1,178,826)	(1,166,258)
Total consolidated operating revenue	$ 804,450	$ 793,979

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:

	Nine months ended September 30,	
	2019	2018
Reportable operating segments income before tax after adjustment	$ 115,058	$ 85,282
Other operating segments (loss) income before tax after adjustment	(15,934)	133,731
Total operating segments revenue	99,124	219,013
Elimination of intersegment revenue	280	600
Income before tax from continuing operations	$ 99,404	$ 219,613

(Remainder of page intentionally left blank)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

September 30, 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 September 30, 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	63,510	12.73	63,510	-
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	49,215	4.59	49,215	-
HONG BO INVESTMENT CO., LTD.	Share / HEP TECH CO., LTD.	None	Financial assets at fair value through profit or loss - current	2,102,000	34,578	6.93	34,578	-
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	89,484	8.35	89,484	-
				Total	245,423	Total	245,423	

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

Nine months ended September 30, 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	$ 574,212	97	30~60 days after purchases of goods	Note 1	Note 2	($ 285,219)	(98)	Note 4
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	Same ultimate parent	Purchases	541,888	100	30~60 days after purchases of goods	Note 3	Note 2	(236,697)	(100)	Note 4

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The payment 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

Nine months ended September 30, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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 $285,219	3.07	$ -	-	$ 62,094	$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable $236,697	3.46	-	-	61,992	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of November 1, 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

Nine months ended September 30, 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)	($ 574,212)	30~60 days after purchases of goods	71.38
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable)	(285,219)	30~60 days after purchases of goods	21.50
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases)	(541,888)	30~60 days after purchases of goods	67.36
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable)	(236,697)	30~60 days after purchases of goods	17.84

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

Nine months ended September 30, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2019			Net profit (loss) of the investee for the nine months ended September 30, 2019	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 545,972	$ 545,972	18,333,402	100	$ 868,075	$ 70,449	$ 70,729	Subsidiary (Note 1, 4)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	125,000	125,000	15,000,000	100	130,857	(24,695)	(24,695)	Subsidiary (Note 4)
TONS LIGHTOLOGY INC.	ART SO TRADING LIMITED	Samoa	Wholesale of furniture	70,000	-	1,700,000	48.57	63,443	(26,393)	(6,557)	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	24,516	12,157	-	Indirect subsidiary (Note 2, 4, 5)
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100	84,133	(3,844)	-	Indirect subsidiary (Note 2, 4)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	743,237	62,113	-	Indirect subsidiary (Note 2, 4)

Note 1: Including investment income (loss) used to offset against upstream transactions.
Note 2: The investees are the Company's second-tier subsidiaries and investee of such subsidiaries. Investment income (loss) is not disclosed.
Note 3: The investees are the Company's reinvestments accounted for using equity method.
Note 4 : The transactions were eliminated when preparing the consolidated financial statements.
Note 5: On July 26, 2019, the Board of Directors of the Company resolved to dissolve the Company's indirect wholly-owned subsidiary, Tons Lighting Co., Ltd, which was registered in Beliz, as a result of increasing compliance costs.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 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 nine months ended September 30, 2019: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Net income of investee as of September 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019	Book value of investments in Mainland China as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	$ 380,318	(2)	$ 368,845	$ -	$ -	$ 368,845	$ 45,655	100.00	$ 45,655	$ 610,992	$ 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	111,744	(2)	110,585	-	-	110,585	16,647	100.00	16,647	103,886	-	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	99,328	(2)	42,842	-	-	42,842	(3,864)	100.00	(3,864)	82,606	-	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
ART SO ZHONG TRADING LIMITED		13,968	(2)	6,206	-	-	6,206	-	48.57	-	-	-	Note 1,8
Shanghai Art So Zhong Trading Limited		24,795	(2)	-	-	-	-	-	34.09	-	-	-	Note 1,8
BEIJING ARTSO FURNITURE CO.,LTD		24,795	(2)	-	-	-	-	-	34.09	-	-	-	Note 1,8

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

(1) Directly invest in a company in Mainland China.

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

(3) Others.

Note 2: Investment income (loss) recognised by the Company for the nine months ended September 30, 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 September 30, 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 exchange rate at the initial investment.

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

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

Note 8: ART SO ZHONG TRADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO.,LTD reinvested through ART SO TRADING LIMITED. Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investeesin Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Notes 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
TONS LIGHTOLOGY INC.	$ 572,678	$ 689,477	$ 663,707

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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 September 30, 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.