TONS LIGHTOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2017 AND 2016

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.

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Tons Lightology Inc.

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

Wang, Yu-Chuan

Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

November 3, 2017

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

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

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2017, DECEMBER 31, 2016 AND SEPTEMBER 30, 2016
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

			September 30, 2017		December 31, 2016		September 30, 2016	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 343,199	25	$ 489,064	34	$ 503,314	36
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		112,981	8	71,505	5	58,462	4
1150	Notes receivable, net		839	-	5,189	-	1,020	-
1170	Accounts receivable, net		146,295	11	163,547	12	171,421	12
1180	Accounts receivable - related	7						
	parties		17	-	-	-	-	-
1200	Other receivables		4,251	-	2,073	-	1,741	-
130X	Inventories, net	6(4)	159,371	12	147,574	10	145,683	11
1410	Prepayments		27,004	2	22,530	2	35,530	3
1470	Other current assets	6(5)	76,370	5	82,213	6	31,653	2
11XX	**Current Assets**		870,327	63	983,695	69	948,824	68
	Non-current assets							
1523	Available-for-sale financial assets -	6(6)						
	non-current		121,723	9	121,120	9	122,573	9
1600	Property, plant and equipment, net	6(7)	330,050	24	261,583	18	275,054	20
1780	Intangible assets		5,688	-	1,672	-	1,435	-
1840	Deferred income tax assets	6(22)	3,866	-	5,221	-	4,536	-
1900	Other non-current assets	6(8)	48,314	4	49,514	4	49,656	3
15XX	**Non-current assets**		509,641	37	439,110	31	453,254	32
1XXX	**Total assets**		$ 1,379,968	100	$ 1,422,805	100	$ 1,402,078	100

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2017, DECEMBER 31, 2016 AND SEPTEMBER 30, 2016
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ -	-	$ 2,067	-	$ 639	-
2150	Notes payable		57	-	8	-	9	-
2170	Accounts payable		93,991	7	108,311	7	105,200	7
2180	Accounts payable - related parties	7	19,745	1	-	-	-	-
2200	Other payables	6(9)	105,617	8	110,002	8	112,973	8
2220	Other payables - related parties	7	-	-	-	-	-	-
2230	Current income tax liabilities	6(22)	3,178	-	14,689	1	10,117	1
2300	Other current liabilities		14,215	1	11,566	1	9,161	1
21XX	**Current Liabilities**		236,803	17	246,643	17	238,099	17
	Non-current liabilities							
2550	Provisions for liabilities - noncurrent	6(12)	679	-	1,565	-	1,612	-
2570	Deferred income tax liabilities	6(22)	1,555	-	1,555	-	1,018	-
2600	Other non-current liabilities		13,012	1	12,907	1	12,252	1
25XX	**Non-current liabilities**		15,246	1	16,027	1	14,882	1
2XXX	**Total Liabilities**		252,049	18	262,670	18	252,981	18
	Equity attributable to owners of parent							
	Share capital							
3110	Share capital - common stock	6(13)	398,118	29	390,689	28	389,824	28
3140	Advance receipts for share capital	6(13)	-	-	3,252	-	1,814	-
	Capital surplus							
3200	Capital surplus	6(14)	501,766	36	495,612	35	494,127	35
	Retained earnings							
3310	Legal reserve	6(15)	62,555	5	50,054	4	50,054	4
3320	Special reserve	6(15)	38,429	3	38,429	3	38,429	3
3350	Unappropriated retained earnings	6(15)	145,484	11	187,006	13	170,255	12
	Other equity interest							
3400	Other equity interest	6(16)	(18,433)	(2)	(4,907)	(1)	4,594	-
31XX	**Equity attributable to owners of the parent**		1,127,919	82	1,160,135	82	1,149,097	82
3XXX	**Total equity**		1,127,919	82	1,160,135	82	1,149,097	82
	Significant commitments and contingent liabilities	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 1,379,968	100	$ 1,422,805	100	$ 1,402,078	100

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(REVIEWED, NOT AUDITED)

			Three months ended September 30				Nine months ended September 30			
			2017		2016		2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(17)	$ 268,307	100	$ 280,884	100	$ 724,714	100	$ 909,590	100
5000	**Operating costs**	6(4)	(171,958)	(64)	(185,165)	(66)	(468,255)	(64)	(585,663)	(64)
5900	**Net operating margin**		96,349	36	95,719	34	256,459	36	323,927	36
	Operating expenses	6(20)(21)								
6100	Selling expenses		(28,024)	(11)	(29,486)	(11)	(77,733)	(11)	(88,087)	(10)
6200	General & administrative expenses		(28,524)	(11)	(25,204)	(9)	(76,290)	(10)	(82,202)	(9)
6300	Research and development expenses		(8,809)	(3)	(9,578)	(3)	(25,555)	(4)	(29,029)	(3)
6000	**Total operating expenses**		(65,357)	(25)	(64,268)	(23)	(179,578)	(25)	(199,318)	(22)
6900	**Operating profit**		30,992	11	31,451	11	76,881	11	124,609	14
	Non-operating income and expenses									
7010	Other income	6(18)	4,491	2	3,844	2	9,768	1	12,803	1
7020	Other gains and losses	6(19)	8,510	3	3,078	1	8,051	1	314	-
7000	**Total non-operating income and expenses**		13,001	5	6,922	3	17,819	2	13,117	1
7900	**Profit before income tax**		43,993	16	38,373	14	94,700	13	137,726	15
7950	Income tax expense	6(22)	(6,952)	(2)	(7,021)	(3)	(17,293)	(2)	(29,985)	(3)
8200	**Profit for the period**		$ 37,041	14	$ 31,352	11	$ 77,407	11	$ 107,741	12
	Other comprehensive income, net									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(16)	$ 10,901	4	($ 25,404)	(9)	($ 14,129)	(2)	($ 49,222)	(6)
8362	Unrealized gain on valuation of available-for-sale financial assets	6(16)	2,366	1	10,584	4	603	-	8,570	1
8399	Income tax relating to the components of other comprehensive income	6(22)	-	-	-	-	-	-	1,032	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		13,267	5	(14,820)	(5)	(13,526)	(2)	(39,620)	(5)
8300	**Total other comprehensive income (loss) for the period**		$ 13,267	5	($ 14,820)	(5)	($ 13,526)	(2)	($ 39,620)	(5)
8500	**Total comprehensive income for the period**		$ 50,308	19	$ 16,532	6	$ 63,881	9	$ 68,121	7
9750	**Basic earnings per share**	6(23)	$	0.93	$	0.80	$	1.95	$	2.74
9850	**Diluted earnings per share**	6(23)	$	0.93	$	0.79	$	1.93	$	2.69

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(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	Advance receipts for share capital	Stock dividends to be distributed	Additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
Nine months ended September 30, 2016												
Balance at January 1, 2016		$ 381,378	$ -	$ -	$ 486,574	$ 5,016	$ 35,593	$ 38,429	$ 191,629	$ 33,197	$ 11,017	$ 1,182,833
Appropriations and distribution of 2015 earnings												
Legal reserve	6(15)	-	-	-	-	-	14,461	-	(14,461)	-	-	-
Stock dividends	6(15)	7,644	-	-	-	-	-	-	(7,644)	-	-	-
Cash dividends	6(15)	-	-	-	-	-	-	-	(107,010)	-	-	(107,010)
Profit for the nine months ended September 30, 2016		-	-	-	-	-	-	-	107,741	-	-	107,741
Other comprehensive (loss) income for the nine months ended September 30, 2016	6(16)	-	-	-	-	-	-	-	-	(49,222)	9,602	(39,620)
Share-based payment transactions-employee stock options	6(11)	802	1,814	-	2,832	(295)	-	-	-	-	-	5,153
Balance at September 30, 2016		$ 389,824	$ 1,814	$ -	$ 489,406	$ 4,721	$ 50,054	$ 38,429	$ 170,255	($ 16,025)	$ 20,619	$ 1,149,097
Nine months ended September 30, 2017												
Balance at January 1, 2017		$ 390,689	$ 3,252	$ -	$ 491,889	$ 3,723	$ 50,054	$ 38,429	$ 187,006	($ 23,355)	$ 18,448	$ 1,160,135
Appropriations and distribution of 2016 earnings												
Legal reserve	6(15)	-	-	-	-	-	12,501	-	(12,501)	-	-	-
Stock dividends	6(15)	3,942	-	-	-	-	-	-	(3,942)	-	-	-
Cash dividends	6(15)	-	-	-	-	-	-	-	(102,486)	-	-	(102,486)
Profit for the nine months ended September 30, 2017		-	-	-	-	-	-	-	77,407	-	-	77,407
Other comprehensive (loss) income for the nine months ended September 30, 2017	6(16)	-	-	-	-	-	-	-	-	(14,129)	603	(13,526)
Share-based payment transactions-employee stock options	6(11)	3,487	(3,252)	-	6,728	(574)	-	-	-	-	-	6,389
Balance at September 30, 2017		$ 398,118	$ -	$ -	$ 498,617	$ 3,149	$ 62,555	$ 38,429	$ 145,484	($ 37,484)	$ 19,051	$ 1,127,919

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2017	Nine months ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 94,700	$ 137,726
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(20)	32,966	34,845
Amortisation	6(20)	1,432	1,179
Reversal of doubtful accounts		(1,232)	(418)
(Reversal of) provision for warranty expenses	6(12)	(877)	934
Interest income	6(18)	(6,672)	(7,681)
Dividend income		(1,248)	(2,226)
Wages and salaries-employee stock options	6(11)	1,482	1,345
Net gain on financial asssets and liablities at fair value through profit or loss	6(19)	(6,016)	(1,998)
Gain on disposal of property, plant and equipment	6(7)(19)	1	(342)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		4,305	375
Accounts receivable, net		18,013	13,347
Accounts receivable due from related parties	7(2)	(17)	-
Other receivables		(2,224)	2,664
Inventories	6(4)	(13,665)	23,229
Prepayments		(7,589)	(18,526)
Other current assets		308	(2,528)
Changes in operating liabilities			
Notes payable		51	9
Accounts payable		(12,646)	(10,655)
Accounts payable due from related parties	7(2)	19,489	-
Other payables		(6,325)	(2,147)
Advance receipts		624	(239)
Other current liabilities		1,622	(799)
Other non-current liabilities		22	(2,684)
Non-current provisoins		394	-
Cash inflow generated from operations		116,898	165,410
Interest received		6,693	8,277
Dividend received		1,248	2,226
Income tax paid	6(22)	(27,364)	(35,935)
Net cash flows from operating activities		97,475	139,978

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss	6(2)	($ 38,621)	($ 57,441)
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		-	5,862
Decrease (increase) in other non-current assets		2,210	(28,065)
Acquisition of property, plant and equipment	6(25)	(90,041)	(15,124)
Proceeds from disposal of property, plant and equipment	6(7)	204	1,409
Acquisition of intangible assets		(5,453)	(677)
Increase in refundable deposits		(431)	(687)
Increase in other non-current assets		(6,387)	(7,396)
Net cash flows used in investing activities		(138,519)	(102,119)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in guarantee deposits received		83	(68)
Cash dividends paid	6(15)	(102,486)	(107,010)
Excercise of employee stock options	6(11)	4,907	3,808
Net cash flows used in financing activities		(97,496)	(103,270)
Effect of exchange rate changes on cash equivalents		(7,325)	(26,857)
Net decrease in cash and cash equivalents		(145,865)	(92,268)
Cash and cash equivalents at beginning of period		489,064	595,582
Cash and cash equivalents at end of period		$ 343,199	$ 503,314

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

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. ORGANIZATION 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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on November 3, 2017.

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 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments' with IFRS 4 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1,'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'

The amendment clarifies that the fair value of a cash-settled award is determined on a basis consistent with that used for equity-settled awards. The amendment also clarifies the accounting for modifications that change an award from cash-settled to equity-settled. Besides, the amendment introduces an exception that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

B. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

C. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining bene fits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s).

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

D. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

E. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

F. IFRIC 22, 'Foreign currency transactions and advance consideration'

The Interpretation states that the date of the transaction for a foreign currency-denominated contract should be the date of initial recognition of the non-monetary asset or non-monetary liability arising from the receipt or payment of the advance consideration.

(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 IFRS as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	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. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 16, 'Leases'

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. Long-term interests in associates and joint ventures (amendments to IAS 28)

The amendment clarifies that, for any long-term interest that, in substance, form part of the entity's net investment in an associate or joint venture, an entity should apply IFRS 9 to such interests before it applies IAS 28 to recognise losses.

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, 2016, 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, 2016.

(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) Available-for-sale financial assets measured at fair value.

(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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment 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, 2016.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2017	Ownership (%) December 31, 2016	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	Note 1
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 1
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	100	Note 2
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 1
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100	-	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2016	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	Note 1
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 1
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 1
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	

Note 1: The subsidiary is material to the Company.

Note 2: On July 11, 2016, the Board of Directors approved the establishment of a subsidiary, Luminous Holding Incorporated, for business development. The establishment was completed in the same year.

Note 3: On July 11, 2016, the Board of Directors approved the reinvestment in Mainland China and the establishment of a subsidiary, Shanghai Tons Lightology Co., Ltd., through Luminous Holding Incorporated for business development. The establishment was completed on January 2017.

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.

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

There have been no significant changes as of September 30, 2017. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2016.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand	$ 1,022	$ 1,295	$ 607
Checking accounts and demand deposits	91,913	80,538	77,274
Time deposits	250,264	402,234	419,444
Cash equivalents	-	4,997	5,989
	$ 343,199	$ 489,064	$ 503,314

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. Cash equivalents are notes issued under repurchase agreement and meets requirements of short-term and high liquidity.

C. The Group's time deposits with maturity over three months that did not meet short-term cash commitments were classified as 'other current assets', please refer to Note 6 (5).

D. The Group has no cash and cash equivalents pledged to others.

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

Items	September 30, 2017	December 31, 2016	September 30, 2016
Financial asset items:			
Listed stocks	$ 111,494	$ 74,040	$ 58,090
Valuation adjustment	135	(2,535)	372
Financial assets held for trading	111,629	71,505	58,462
Non-hedging derivatives			
- Forward foreign exchange contracts	1,352	-	-
Total	$ 112,981	$ 71,505	$ 58,462
Financial liability items:			
Financial liabilities held for trading			
Non-hedging derivatives			
- Forward foreign exchange contracts	$ -	($ 2,067)	($ 639)

A. The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2017	
Financial instruments	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousands	2017.10.10~2018.9.22

	December 31, 2016	
Financial instruments	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousands	2017.1.16~2017.12.24

	September 30, 2016	
Financial instruments	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousands	2016.10.12~2017.9.15

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 ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, the Group recognised net gain of $578 thousand , $392 thousand, $3,346 thousand and $475 thousand, respectively.

B. The Group recognised net gain of $6,199 thousand, $5,389 thousand, $2,670 thousand and $1,523 thousand on financial assets designated as at fair value through profit or loss for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

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

(3) Accounts receivable, net – related parties

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable	$ 146,577	$ 165,080	$ 172,048
Accounts receivable due from related parties	17	-	-
Less: Allowance for bad debts	(282)	(1,533)	(627)
	$ 146,312	$ 163,547	$ 171,421

A. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	September 30, 2017	December 31, 2016	September 30, 2016
Group 1	$ 88,002	$ 99,472	$ 87,724
Group 2	23,760	24,889	34,282
Group 3	13,017	12,857	20,718
Group 4	2,584	1,765	3,712
	$ 127,363	$ 138,983	$ 146,436

Group 1: Existing customers (more than 6 months from the first transaction) who are within the list of top 10 customers of the Group.

Group 2: Existing customers (more than 6 months from the first transaction) who are within the list of top 11~30 customers of the Group.

Group 3: Other customers.

Group 4: New customers (less than 6 months from the first transaction).

B. The ageing analysis of financial assets that were past due but not impaired is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 30 days	$ 18,494	$ 21,079	$ 22,546
31 to 60 days	451	1,219	909
61 to 90 days	4	2,575	1,876
91 to 120 days	-	237	12
121 to 150 days	-	-	122
151 to 180 days	-	294	-
181 to 210 days	-	-	64
	$ 18,949	$ 25,404	$ 25,529

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired and the Group's provision for impairment of accounts receivable are as follows:

As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group's accounts receivable that were impaired amounted to $282 thousand, $693 thousand and $83 thousand, respectively.

	2017		
	Individual provision	Group provision	Total
At January 1	$ 693	$ 840	$ 1,533
Reversal of impairment	(411)	(821)	(1,232)
Effects of foreign exchange	-	(19)	(19)
At September 30	$ 282	$ -	$ 282

	2016		
	Individual provision	Group provision	Total
At January 1	$ 1,771	$ 1,079	$ 2,850
Provision for impairment	83	-	83
Reversal of impairment	-	(501)	(501)
Write-offs during the period	(1,771)	-	(1,771)
Effects of foreign exchange	-	(34)	(34)
At September 30	$ 83	$ 544	$ 627

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

(4) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 96,979	($ 7,207)	$ 89,772
Work in process	20,181	(1,200)	18,981
Semi-finished goods	35,296	(3,737)	31,559
Finished goods	26,243	(7,184)	19,059
Total	$ 178,699	($ 19,328)	$ 159,371

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 87,516	($ 7,313)	$ 80,203
Work in process	16,699	(1,065)	15,634
Semi-finished goods	37,442	(4,706)	32,736
Finished goods	25,584	(6,583)	19,001
Total	$ 167,241	($ 19,667)	$ 147,574

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 94,144	($ 9,463)	$ 84,681
Work in process	14,769	(852)	13,917
Semi-finished goods	37,275	(6,074)	31,201
Finished goods	24,111	(8,227)	15,884
Total	$ 170,299	($ 24,616)	$ 145,683

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2017	2016
Cost of goods sold	$ 170,387	$ 183,851
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories	(775)	420
Gain from sale of scraps	(603)	(585)
Gain on physical inventory	(8)	-
Loss on scrapping inventory	2,900	1,578
Provision for (reversal of) warranty expenses	57	(99)
	$ 171,958	$ 185,165

	Nine months ended September 30,	
	2017	2016
Cost of goods sold	$ 464,281	$ 583,294
Gain on reversal of market value decline and obsolete and slow-moving inventories	(125)	(1,430)
Gain from sale of scraps	(2,172)	(2,456)
Gain on physical inventory	(12)	(18)
Loss on scrapping inventory	6,254	6,207
Provision for warranty expenses	29	66
	$ 468,255	$ 585,663

The Group reversed a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group for the nine months ended September 30, 2016.

(5) Other current assets

	September 30, 2017	December 31, 2016	September 30, 2016
Time deposits	$ 72,635	$ 78,108	$ 27,140
Other	3,735	4,105	4,513
	$ 76,370	$ 82,213	$ 31,653

The time deposits mentioned above did not meet the requirement of short-term commitments.

(6) Available-for-sale financial assets- non-current

Items	September 30, 2017	December 31, 2016	September 30, 2016
Non-current items:			
Listed stocks	$ 89,834	$ 89,834	$ 89,834
Unlisted stocks	11,393	11,393	11,393
Valuation adjustment	20,496	19,893	21,346
Total	$ 121,723	$ 121,120	$ 122,573

The Group recognised gain of $2,366 thousand, $10,584 thousand, $603 thousand and $9,602 thousand in other comprehensive income for fair value change for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively, and did not reclassify any amount from equity to profit or loss for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016.

(7) Property, plant and equipment

	Nine months ended September 30, 2017					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At September 30
Cost						
Buildings and structures	$ 298,539	$ 72,999	$ -	$ 4,873	($ 3,242)	$ 373,169
Molding equipment	149,181	7,783	(4,243)	924	(2,073)	151,572
Machinery	135,410	1,784	(5,483)	1,215	(2,427)	130,499
Research and development equipment	26,864	-	(54)	-	(385)	26,425
Transportation equipment	15,369	1,190	(1,264)	-	(197)	15,098
Others	83,982	2,403	(1,787)	7,219	(1,138)	90,679
Construction in progress	5,185	8,132	-	(4,066)	(17)	9,234
	$ 714,530	$ 94,291	($ 12,831)	$ 10,165	($ 9,479)	$ 796,676
Accumulated depreciation						
Buildings and structures	($ 126,022)	($ 12,195)	$ -	$ -	$ 1,640	($ 136,577)
Molding equipment	(129,398)	(8,837)	4,243	-	1,789	(132,203)
Machinery	(92,062)	(5,233)	5,339	-	1,780	(90,176)
Research and development equipment	(22,257)	(826)	54	-	308	(22,721)
Transportation equipment	(8,868)	(1,683)	1,264	-	116	(9,171)
Others	(74,340)	(4,192)	1,726	-	1,028	(75,778)
	($ 452,947)	($ 32,966)	$ 12,626	$ -	$ 6,661	($ 466,626)
	$ 261,583					$ 330,050

	Nine months ended September 30, 2016					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At September 30
Cost						
Buildings and structures	$ 326,307	$ -	$ -	$ -	($ 19,730)	$ 306,577
Molding equipment	154,354	9,535	(9,393)	4,128	(9,528)	149,096
Machinery	145,097	173	(877)	1,395	(8,478)	137,310
Research and development equipment	29,015	-	-	62	(1,757)	27,320
Transportation equipment	16,287	572	(368)	-	(896)	15,595
Others	88,103	3,200	(2,058)	1,126	(5,217)	85,154
Construction in progress	5,655	263	-	(496)	(331)	5,091
	$ 764,818	$ 13,743	($ 12,696)	$ 6,215	($ 45,937)	$ 726,143
Accumulated depreciation						
Buildings and structures	($ 120,779)	($ 12,530)	$ -	$ -	$ 7,877	($ 125,432)
Molding equipment	(133,977)	(10,770)	8,419	-	8,209	(128,119)
Machinery	(92,239)	(5,873)	850	-	5,497	(91,765)
Research and development equipment	(22,696)	(1,059)	-	-	1,421	(22,334)
Transportation equipment	(7,284)	(2,000)	368	-	482	(8,434)
Others	(79,090)	(2,613)	1,992	-	4,706	(75,005)
	($ 456,065)	($ 34,845)	$ 11,629	$ -	$ 28,192	($ 451,089)
	$ 308,753					$ 275,054

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

(8) Other non-current assets

	September 30, 2017	December 31, 2016	September 30, 2016
Land use right	$ 32,148	$ 33,279	$ 34,052
Other non-current assets	16,166	16,235	15,604
	$ 48,314	$ 49,514	$ 49,656

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 $218 thousand, $228 thousand, $647 thousand and $708 thousand for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

(9) Other payables

	September 30, 2017	December 31, 2016	September 30, 2016
Salary and bonus payable	$ 35,541	$ 52,621	$ 41,733
Insurance and pension expense payable	14,643	14,910	14,127
Payable for consumables and purchases	13,406	14,465	12,189
Exhibition fee and advertisement expenses payable	8,543	142	12,967
Housing fund payable	5,147	5,367	5,617
Others	28,337	22,497	26,340
	$ 105,617	$ 110,002	$ 112,973

(10) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 $31 thousand, $53 thousand, $93 thousand and $159 thousand for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amounts to $124.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 subsidiaries have a defined contribution plan. Monthly contributions to endowment insurance or pension reserves in accordance with the pension regulations of local government are based on certain percentage of employees' monthly salaries and wages.

(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 January 1, 2017 and 2016, abovementioned contribution percentage was both 13%. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Group for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, were $3,819 thousand, $3,619 thousand, $11,585 thousand and $10,941 thousand, respectively.

(11) Share-based payment

A. For the nine months ended September 30, 2017 and 2016, 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 2017	Actual turnover rate in the third quarter of 2016	Estimated future turnover rate
Third (1) employee stock options	2012.03.21	600	5 years	2~4 years' service	0%	0%	0%
Third (2) employee stock options	2012.12.26	70	5 years	2~4 years' service	0%	0%	0%
Fourth employee stock options	2014.11.13	600	5 years	2~4 years' service	3.57%	3.33%	0%
Fifth employee stock options	2016.12.23	600	5 years	2~4 years' service	13.04%	-	0%

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

(a) Third (1) employee stock options

	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	86	$ 22.70	276	$ 24.90
Options exercised	-	-	(75)	26.90
Options exercised	(86)	22.70	(78)	22.70
Options outstanding at September 30	-	-	123	22.70(Note)
Options exercisable at September 30	-		123	

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

(b) Third (2) employee stock options

	2017		2016	
	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	4	$ 21.90	14	$ 24.00
Options exercised	-	-	(5)	24.00
Options exercised	(4)	21.90	(2)	21.90 (Note)
Options outstanding at September 30	-		7	21.90 (Note)
Options exercisable at September 30	-		3	

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

(c) Fourth employee stock options

	2017		2016	
	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	390	$ 23.80	508	$ 26.10
Options forfeited	-	-	(3)	26.10
Options forfeited	(2)	21.70	-	-
Options exercised	(120)	23.80	-	-
Options outstanding at September 30	268	21.70 (Note)	505	23.80 (Note)
Options exercisable at September 30	22		-	

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

(d) Fifth employee stock options

	2017		2016	
	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	$ 34.95	-	$ -
Options forfeited	(21)	34.95		
Options forfeited	(4)	31.80	-	-
Options outstanding at September 30	575	31.80 (Note)	-	-
Options exercisable at September 30	-		-	

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

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

		September 30, 2017		December 31, 2016	
	Expiry date	No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Third (1) employee stock options	2017.3.20	-	$ -	86	$ 22.70
Third (2) employee stock options	2017.12.25	-	-	4	21.90
Fourth employee stock options	2019.11.12	268	21.70	390	23.80
Fifth employee stock options	2021.12.22	575	31.80	600	34.95

		September 30, 2016	
	Expiry date	No. of options (in thousands)	Exercise price
Third (1) employee stock options	2017.3.20	123	$ 22.70
Third (2) employee stock options	2017.12.25	7	21.90
Fourth employee stock options	2019.11.12	505	23.80

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

	Three months ended September 30,	
	2017	2016
Equity-settled - employee stock options	$ 487	$ 428

	Nine months ended September 30,	
	2017	2016
Equity-settled - employee stock options	$ 1,482	$ 1,345

(12) Provisions – non-current

	Warranty provisions
	2017
At January 1	$ 1,565
Unused amounts reversed	(877)
Effects of foreign exchange	(9)
At September 30	$ 679

Analysis of total provisions:

	September 30, 2017	December 31, 2016	September 30, 2016
Non-current	$ 679	$ 1,565	$ 1,612

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

(13) Share capital

A. As of September 30, 2017, 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 $398,118 thousand with a par value of $10 (in dollars) per share. Total share capital was $398,118 thousand.

B. The stockholders at their annual stockholders' meeting on May 26, 2017 adopted a resolution to increase capital for 394 thousand shares with a par value of $10 (in dollars), through capitalization of unappropriated retained earnings of $3,942 thousand. The capital increase had been resolved by the Board of Directors and the effective date had been set on July 24, 2017. On August 4, 2017, the registration was completed.

C. The stockholders at their annual stockholders' meeting on May 31, 2016 adopted a resolution to increase capital for 764 thousand shares with a par value of $10 (in dollars), through capitalization of unappropriated retained earnings of $7,644 thousand. The capital increase had been resolved by the Board of Directors and the effective date has been set on August 1, 2016. On August 16, 2016, the registration was completed.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: shares in Thousands)

	2017	2016
At January 1	39,207	38,138
Employee stock options exercised	211	160
Stock dividend	394	764
At September 30	39,812	39,062

(14) 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.

(15) 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 year's operating status and shall report to the shareholders for a resolution.

B. 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.

C. (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.

D. The appropriations of 2016 and 2015 earnings, respectively, resolved by the shareholders on May 26, 2017 and May 31, 2016 are as follows:

	Years ended December 31,			
	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 12,501		$ 14,461	
Stock dividends	3,942	$ 0.1	7,644	$ 0.2
Cash dividends	102,486	2.6	107,010	2.8
	$ 118,929		$ 129,115	

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(16) Other equity items

	2017		2016	
	Currency translation	Available-for-sale investment	Currency translation	Available-for-sale investment
At January 1	($ 23,355)	$ 18,448	$ 33,197	$ 11,017
Currency translation differences: -				
Group	(14,129)	-	(49,222)	-
Revaluation	-	603	-	8,570
Revaluation - tax	-	-	-	1,032
At September 30	($ 37,484)	$ 19,051	($ 16,025)	$ 20,619

(17) Operating revenue

	Three months ended September 30,	
	2017	2016
Sales revenue	$ 268,307	$ 280,884

	Nine months ended September 30,	
	2017	2016
Sales revenue	$ 724,714	$ 905,590

(18) Other income

	Three months ended September 30,	
	2017	2016
Interest income:		
Interest income from bank deposits	$ 2,194	$ 2,282
Other interest income	2,297	1,562
	$ 4,491	$ 3,844

	Nine months ended September 30,	
	2017	2016
Interest income:		
Interest income from bank deposits	$ 6,672	$ 7,681
Other interest income	3,096	5,122
	$ 9,768	$ 12,803

(19) Other gains and losses

	Three months ended September 30, 2017	Three months ended September 30, 2016
Net currency exchange gain (loss)	$ 2,869	($ 2,647)
Net gain on financial assets at fair value through profit or loss	6,777	5,781
Loss on disposal of property, plant and equipment	(3)	(50)
Others	(1,133)	(6)
	$ 8,510	$ 3,078

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net currency exchange gain (loss)	$ 3,177	($ 2,014)
Net gain on financial assets at fair value through profit or loss	6,016	1,998
(Loss) gain on disposal of property, plant and equipment	(1)	342
Others	(1,141)	(12)
	$ 8,051	$ 314

(20) Expenses by nature

	Three months ended September 30, 2017	Three months ended September 30, 2016
Employee benefit expense	$ 67,270	$ 68,002
Depreciation charges on property, plant and equipment	11,895	11,181
Amortisation expense	678	393

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Employee benefit expense	$ 185,526	$ 217,078
Depreciation charges on property, plant and equipment	32,966	34,845
Amortisation expense	1,432	1,179

(21) Employee benefit expense

	Three months ended September 30, 2017	Three months ended September 30, 2016
Wages and salaries	$ 58,519	$ 59,846
Employee stock options	487	428
Labour and health insurance fees	2,113	1,980
Pension costs	3,850	3,672
Other personnel expenses	2,301	2,076
	$ 67,270	$ 68,002

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Wages and salaries	$ 159,656	$ 190,727
Employee stock options	1,482	1,345
Labour and health insurance fees	6,406	6,730
Pension costs	11,678	11,100
Other personnel expenses	6,304	7,176
	$ 185,526	$ 217,078

Note: For the nine months ended September 30, 2017 and 2016, the Group had 739 and 839 employees, respectively.

A. A ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 8% to 12% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. If a company has accumulated deficit, earnings should be retained to cover losses.

B. For the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, the accrued employees' compensation and directors' and supervisors' remuneration is as follows:

	Three months ended September 30, 2017	Three months ended September 30, 2016
Employees' compensation	$ 3,994	$ 3,059
Directors' and supervisors' remuneration	705	382
	$ 4,699	$ 3,441

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Employees' compensation	$ 8,446	$ 10,730
Directors' and supervisors' remuneration	1,491	1,341
	$ 9,937	$ 12,071

The aforementioned amounts were recognised in salary expenses. For the nine months ended September 30, 2017, employees' compensation and directors' and supervisors' remuneration were accrued based on 8.5% and 1.5%, respectively, of the pretax income that has not been accrued for the above expenses of the current period. For the nine months ended September 30, 2016, employees' compensation and directors' and supervisors' remuneration was accrued based on 8 % and 1%, respectively, of the pretax income that has not been accrued for the above expenses of the current period.

Employees' compensation and directors' and supervisors' remuneration for 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements. The employees' compensation will be distributed in the form of cash.

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30, 2017	Three months ended September 30, 2016
Current tax:		
Current tax on profits for the period	$ 6,681	$ 6,547
Prior year income tax underestimation (overestimation)	(3)	(17)
Total current tax	6,678	6,530
Deferred tax:		
Origination and reversal of temporary differences	274	491
Income tax expense	$ 6,952	$ 7,021

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Current tax:		
Current tax on profits for the period	$ 15,974	$ 28,637
Tax on undistributed surplus earnings	556	1,463
Prior year income tax (overestimation) underestimation	(592)	832
Total current tax	15,938	30,932
Deferred tax:		
Origination and reversal of temporary differences	1,355	(947)
Income tax expense	$ 17,293	$ 29,985

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

	Three months ended September 30, 2017	Three months ended September 30, 2016
Unrealised gain (loss) on available-for-sale financial assets	$ -	$ -

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Unrealised gain (loss) on available-for-sale financial assets	$ -	($ 1,032)

B. The Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and after 1998	$ 145,484	$ 187,006	$ 170,255

D. As of September 30, 2017, December 31, 2016, and September 30, 2016, the balance of the imputation tax credit account was $10,324 thousand, $17,724 thousand and $8,012 thousand, respectively. The creditable tax rate was 12.83% for the year ended December 31, 2015 and is estimated to be 15.16% for the year ended December 31, 2016.

(23) Earnings per share

Earnings per share of odinary shares

	Three months ended September 30, 2017		
	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	$ 37,041	39,812	$ 0.93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	37,041	39,404	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	135	
- Employee stock options	-	71	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 37,041	39,610	$ 0.93

	Three months ended September 30, 2016		
	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	$ 31,352	39,404	$ 0.80
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	31,352	39,404	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	89	
- Employee stock options	-	277	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 31,352	39,770	$ 0.79

	Nine months ended September 30, 2017		
	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	$ 77,407	39,787	$ 1.95
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	77,407	39,787	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	286	
- Employee stock options	-	96	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 77,407	40,169	$ 1.93

	Nine months ended September 30, 2016		
	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	$ 107,741	$ 39,369	$ 2.74
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	107,741	39,369	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	313	
- Employee stock options	-	312	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 107,741	39,994	$ 2.69

The abovementioned weighted average number of outstanding shares was retrospectively adjusted proportionately to the capitalised amount of unappropriated earnings for the years ended December 31, 2016 and 2015.

(24) Operating leases

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 $4,465 thousand, $4,287 thousand, $13,387 thousand and $12,682 thousand, for these leases in profit or loss for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	$ 7,310	$ 13,928	$ 13,962
Later than one year but not later than five years	6,645	10,632	14,145
	$ 13,955	$ 24,560	$ 28,107

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30,	
	2017	2016
Purchase of property, plant and equipment	$ 94,291	$ 13,743
Add: Opening balance of payable on equipment	497	2,151
Less: Ending balance of payable on equipment	(4,747)	(770)
Cash paid during the period	$ 90,041	$ 15,124

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 parties (Note)

Note: On June 20, 2017, the Group was elected as juristic person director of HEP TECH CO., LTD. (hereinafter "HEP"), and the Group became a related party of "HEP " and its subsidiaries starting from the same day. The sales transactions included the period from June 20, 2017 to September 30, 2017, and listed below are the accounts receivable, accounts payable and other payables based on the balances on September 30, 2017.

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30, 2017
Sales of goods:	
- Other related parties	$ 14

	From June 20, 2017 to September 30, 2017
Sales of goods:	
- Other related parties	$ 14

B. Accounts receivable

	September 30, 2017
Accounts receivable:	
- Other related parties	$ 17

C. Purchases

	Three months ended September 30, 2017
Purchases of raw materials:	
- Other related parties	$ 11,707

	From June 20, 2017 to September 30, 2017
Purchases of raw materials:	
- Other related parties	$ 14,680

The purchases from related parties mostly were starter, ballast and transformer, the payment term was 90 days after monthly billing.

D. Accounts payable

	September 30, 2017
Accounts payable:	
- Other related parties	$ 19,745

(3) Key management compensation

	Three months ended September 30,	
	2017	2016
Short-term employee benefits	$ 7,908	$ 6,811
Post-employment benefits	175	157
Share-based payments	275	256
	$ 8,358	$ 7,224

	Nine months ended September 30,	
	2017	2016
Short-term employee benefits	$ 21,160	$ 23,137
Post-employment benefits	527	473
Share-based payments	824	813
	$ 22,511	$ 24,423

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

Details of the endorsements/guarantees provided for subsidiaries are provided in Note 13(1).

(2) Commitments

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

Lessee	Leased object	Period	Monthly rent
TONS LIGHTOLOGY INC.	4F., No.236, Bo'ai St., New Taipei City, Taiwan	2017.1.1 ~ 2019.12.31	$ 443
ZHONGSHAN TONS LIGHTING CO., LTD.	No. 6 HuaCheng Rd., ZhongShan, GuangDong Province, China	2016.1.1 ~ 2017.12.31	665

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt. The

Group monitors capital on the basis of the debt-to-asset ratio. This ratio is calculated as net debt divided by total assets.

During the year ended December 31, 2017, the Group's strategy, which was unchanged from 2016, was to maintain the debt-to-asset ratio within 20% to 40%. The debt-to-asset ratios at September 30, 2017, December 31, 2016 and September 30, 2016 were as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Total liabilities	$ 252,049	$ 262,670	$ 252,981
Total assets	$ 1,379,968	$ 1,422,805	$ 1,402,078
Gearing ratio	18.26%	18.46%	18.04%

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	September 30, 2017			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 112,981	$ 111,629	$ 1,352	$ -
Available-for-sale financial assets	121,723	101,832	-	19,891
	$ 234,704	$ 213,461	$ 1,352	$ 19,891

	December 31, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 71,505	$ 71,505	$ -	$ -
Available-for-sale financial assets	121,120	101,229	-	19,891
	$ 192,625	$ 172,734	$ -	$ 19,891

	September 30, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 58,462	$ 58,462	$ -	$ -
Available-for-sale financial assets	122,573	106,907	-	15,666
	$ 181,035	$ 165,369	$ -	$ 15,666

(b) The methods and assumptions of fair value measurement are as follows:

i. Financial assets at fair value through profit or loss: If there is a quoted price in an active market, the fair value is based on the market price; if there is no quoted market price available, the fair value is determined by using valuation techniques or counterparty quotes.

ii Available-for-sale financial assets: There is no quoted market price available, the fair value is determined by using valuation techniques or counterparty quotes.

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. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(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. 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 various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use natural hedge to decrease the risk exposure in the foreign currency, transacted with Group treasury.

iii. The Group treasury's risk management policy is to hedge anticipated cash flows (mainly from export sales and purchase of inventory) in each major foreign currency.

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iv. 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, 2017					
				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	$ 3,570	30.210	$ 107,850	1%	$ 1,079	$ -
HKD : NTD	744	3.843	2,859	1%	29	-
EUR : NTD	1,511	35.550	53,716	1%	537	-
RMB : NTD	19,839	4.526	89,791	1%	898	-
RMB : USD	13,374	0.150	60,531	1%	(605)	-
USD : RMB	5,234	6.649	158,119	1%	1,581	-
EUR : RMB	116	7.855	4,124	1%	41	-
USD : RMB (Note)	1,800	6.713	1,352	1%	551	-
Non-monetary items						
USD : NTD	$ 337	30.210	$ 10,181	1%	$ -	$ 102
Financial liabilities						
Monetary items						
USD : NTD	$ 6,341	30.310	$ 192,196	1%	($ 1,922)	$ -
EUR : NTD	118	35.950	4,242	1%	(42)	-
RMB : NTD	7,941	4.576	36,338	1%	(363)	-
RMB : USD	6,492	0.151	29,707	1%	297	-

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, 2016						
				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	$ 4,565	32.200	$ 146,993	1%	$ 1,470	$ -
EUR：NTD	1,197	33.700	40,339	1%	403	-
RMB：NTD	29,015	4.592	133,237	1%	1,332	-
RMB：USD	25,152	0.143	115,498	1%	(1,155)	-
USD：RMB	4,227	6.985	136,109	1%	1,361	-
Non-monetary items						
USD：NTD	$ 337	32.200	$ 10,851	1%	$ -	$ 109
Financial liabilities						
Monetary items						
USD：NTD	$ 5,570	32.300	$ 179,911	1%	($ 1,799)	$ -
RMB：NTD	8,232	4.642	38,213	1%	(382)	-
RMB：USD	7,748	0.144	35,966	1%	360	-
USD：RMB (Note)	1,800	6.973	2,067	1%	(580)	-

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, 2016					
				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	$ 6,143	31.310	$ 192,337	1%	$ 1,923	$ -
EUR：NTD	1,664	34.880	58,040	1%	580	-
RMB：NTD	22,690	4.668	105,917	1%	1,059	-
RMB：USD	20,811	0.149	97,146	1%	(971)	-
USD：RMB	4,247	6.682	132,974	1%	1,330	-
Non-monetary items						
USD：NTD	$ 337	31.310	$ 10,551	1%	$ -	$ 106
Financial liabilities						
Monetary items						
USD：NTD	$ 6,724	31.410	$ 211,201	1%	($ 2,112)	$ -
RMB：NTD	4,136	4.718	19,514		($ 195)	
RMB：USD	3,945	0.149	18,613		$ 186	
USD：RMB (Note)	1,800	6.692	639	1%	(566)	-

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.

E. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended September 30, 2017 and 2016,and nine months ended September 30, 2017 and 2016, amounted to $2,869 thousand, ($2,647) thousand, $3,177 thousand and ($2,014) thousand, respectively.

Interest rate risk

For the nine months ended September 30, 2017 and 2016, the Group has no items with impact on profit (loss) due to changes in interest rates.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. 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, other components of equity for the nine months ended September 30, 2017 and 2016 would have increased/decreased by $1,217 and $1,226, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

(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. 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. 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 management. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

ii. For the nine months ended September 30, 2017 and 2016, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(3) Accounts receivable.

iv. The ageing analysis of financial assets that were past due but not impaired is provided in Note 6(3) Accounts receivable.

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(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, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable and accounts payable	$ 94,048	$ -	$ -	$ -	$ -
Accounts payable -related parties	19,745	-	-	-	-
Other payables	105,617	-	-	-	-

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable and accounts payable	$ 108,319	$ -	$ -	$ -	$ -
Other payables	110,002	-	-	-	-

Non-derivative financial liabilities:

September 30, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable and accounts payable	$ 105,200	$ -	$ -	$ -	$ -
Other payables	112,973	-	-	-	-

Derivative financial liabilities:

September 30, 2017	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	$ -	$ -	$ -	$ -	$ -

Derivative financial liabilities:

December 31, 2016	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	$ 2,067	$ -	$ -	$ -	$ -

Derivative financial liabilities:

September 30, 2016	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	$ 639	$ -	$ -	$ -	$ -

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. 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.

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 at September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 111,629	$ 1,352	$ -	$ 112,981
Available-for-sale financial assets - Equity securities	$ 101,832	$ -	$ 19,891	$ 121,723

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 71,505	$ -	$ -	$ 71,505
Available-for-sale financial assets - Equity securities	$ 101,229	$ -	$ 19,891	$ 121,120
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 2,067	$ -	$ 2,067

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 58,462	$ -	$ -	$ 58,462
Available-for-sale financial assets - Equity securities	$ 106,907	$ -	$ 15,666	$ 122,573
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 639	$ -	$ 639

D. 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.

E. For the nine months ended September 30, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine months ended September 30, 2017 and 2016:

	2017			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1 and September 30	$ 19,891	$ -	$ -	$ 19,891

	2016			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1	$ 65,937	$ -	$ -	$ 65,937
Transfers out from level 3 (Note)	(50,271)	-	-	(50,271)
At September 30	$ 15,666	$ -	$ -	$ 15,666

Note: As the Group's private entity's shares of StrongLED Lighting Systems (Cayman) Co., Ltd. started to be traded in the Taipei Exchange from March 2016, the Group has transferred the fair value from Level 3 into Level 1 at the end of month when the event occurred.

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

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

	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	$ 19,891	Market comparable companies	Net equity ratio and price to earnings ratio	0.91~9.07	The higher the multiple, the higher the fair value

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	$ 19,891	Market comparable companies	Net equity ratio and price to earnings ratio	0.91~9.07	The higher the multiple, the higher the fair value

	Fair value at September 30, 2016		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non derivative equity instrument:						
Unlisted shares	$	15,666	Market comparable companies	Net equity ratio and price to earnings ratio	0.83~9.16	The higher the multiple, the higher the fair value

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

			September 30, 2017			
			Recognised in other comprehensive income			
	Input	Change	Favourable change		Unfavourable change	
Financial assets						
Equity securities	Net equity ratio and price to earnings ratio	±5%	$	945	($	945)

			December 31, 2016			
			Recognised in other comprehensive income			
	Input	Change	Favourable change		Unfavourable change	
Financial assets						
Equity securities	Net equity ratio and price to earnings ratio	±5%	$	996	($	996)

			September 30, 2016			
			Recognised in other comprehensive income			
	Input	Change	Favourable change		Unfavourable change	
Financial assets						
Equity securities	Net equity ratio and price to earnings ratio	±5%	$	775	($	775)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

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 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

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, 2017. As of September 30, 2017, financial assets at fair value through profit or loss of $1,352 thousand was recognised.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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, 2017 is provided in Note 13(1) J.

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 organization is divided into Tons Lightology Inc., Titan Lighting Co., Ltd., Zhongshan Tons Lighting Co., Ltd. and other segments 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, 2017			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 663,093	$ 3,392	$ 58,229	$ 724,714
Revenue from internal customers	20,153	541,576	7,605	569,334
Segment revenue	$ 683,246	$ 544,968	$ 65,834	$ 1,294,048
Segment profit (loss) before tax	$ 67,393	$ 28,037	($ 958)	$ 94,472

	Nine months ended September 30, 2016			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 831,327	$ 5,447	$ 72,816	$ 909,590
Revenue from internal customers	19,554	668,620	4,739	692,913
Segment revenue	$ 850,881	$ 674,067	$ 77,555	$ 1,602,503
Segment profit (loss) before tax	$ 76,612	$ 60,977	$ 4,928	$ 142,517

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,	
	2017	2016
Reportable operating segments revenue after adjustment	$ 1,294,048	$ 1,602,503
Other operating segments revenue after adjustment	543,086	679,439
Total operating segments revenue	1,837,134	2,281,942
Elimination of intersegment revenue	(1,112,420)	(1,372,352)
Total consolidated operating revenue	$ 724,714	$ 909,590

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,	
	2017	2016
Reportable operating segments income before tax after adjustment	$ 94,472	$ 142,517
Other operating segments income (loss) before tax after adjustment	561	(5,046)
Total operating segments revenue	95,033	137,471
Elimination of intersegment (loss) revenue	(333)	255
Income before tax from continuing operations	$ 94,700	$ 137,726

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2017	Balance at September 30, 2017	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	Other receivables	Yes	$ 62,590	$ -	$ -	1.65	Financing	$ -	Operation requirements	$ -	None	$ -	$ 451,167	$ 451,167	(Note 4) (Note 6)
1	ZHONGSHAN TONS LIGHTING CO., LTD.	SHANGHAI TONS LIGHOLOGHY CO.,LTD.	Other receivables	Yes	15,757	-	-	1.50	Financing	-	Operation requirements	-	None	-	32,451	32,451	(Note 5) (Note 6)

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

(1) The Company is '0'.

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

Note 2: For companies with short-term financing needs, ceiling on loans is 40% of the lending company's net assets. As all the borrowing companies are wholly-owned companies held by Tons Lightology Inc., they are not limited to the 40% restriction.

Note 3: Ceiling on total loans granted to others is 40% of the lending company's net assets.

Note 4: The Board of Directors has approved the financing to Greatsuper Technology Limited at USD $0 million. As of September 30, 2017, the amount drawn down was USD $0 thousand (calculated at the buying spot rate on September 30, 2017)

Note 5: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors, which was translated at the average buying and selling spot rate on September 30, 2017.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Nine months ended September 30, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2017 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2017 (Note 5)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 6)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 6)	Provision of endorsements/ guarantees to the party in Mainland China (Note 6)	Footnote
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	(3)	$ 225,584	$ 45,975	$ 45,390	$ -	$ -	4.02	$ 451,167	Y	N	N	-

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

(1) The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

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

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

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

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Ceiling on total endorsements/guarantees to others is 40% of the Company's current net assets.

Limit on endorsements/guarantees to a single party is 20% of the Company's current net assets.

Note 4: Maximum outstanding endorsement/guarantee amount of USD $1.5 million was translated into NTD using the average rate of buying and selling spot rate of the month when the maximum amount incurred.

Note 5: Ending balance of endorsements/guarantees of USD $1.5million as of September 30, 2017 was the balance as approved by the Board of Directors. As of September 30, 2017, the actual amount drawn down by Greatsuper Technology Limited was USD $0 thousand, which was translated at the average buying and selling spot rate on September 30, 2017.

Note 6: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2017

Table 3

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, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Available-for-sale financial assets – non-current	1,900	$ 10,885	19.00	$ 10,885	-
TONS LIGHTOLOGY INC.	Share ownership / GRIFFIN LIGHTING CO., LTD.	None	Available-for-sale financial assets – non-current	66,500	8,129	19.00	8,129	-
TONS LIGHTOLOGY INC.	Share ownership / ANDERSEN LIGHTING CO., LTD	None	Available-for-sale financial assets – non-current	-	877	19.00	877	Note 2
TONS LIGHTOLOGY INC.	Stock / HEP TECH CO., LTD.	None	Available-for-sale financial assets – non-current	3,860,760	59,842	12.73	59,842	-
TONS LIGHTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Available-for-sale financial assets – non-current	1,700,000	41,990	4.59	41,990	-
HONG BO INVESTMENT CO., LTD.	Stock / HEP TECH CO., LTD.	None	Financial assets at fair value through profit or loss – current	2,093,000	32,441	6.90	32,441	-
HONG BO INVESTMENT CO., LTD.	Stock / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss – current	3,206,000	79,188	8.66	79,188	-
				Total	233,352	Total	233,352	

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, 2017

Table 4

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	$ 544,607	98	30~60 days after purchases of goods	Note 1	Note 2	($ 209,234)	(97)	Note 4
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	Same ultimate parent	Purchases	528,468	100	30~60 days after purchases of goods	Note 3	Note 2	(176,642)	(100)	Note 4

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 30~60 days after the purchases and payment is made timely according to the capital needs of subsidiaries.
Note 2: There are no purchases (sales) of the same products, thus, no third party transaction can be compared with.
Note 3: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 30~60 days after the shipment of goods.
Note 4 : The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2017 (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 $209,234	3.52	$ -	-	$ 65,585	$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable $176,642	4.09	-	-	65,475	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of November 3, 2017.

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, 2017

Table 6

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)	($ 544,607)	30~60 days after purchases of goods	75.15
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable)	(209,234)	30~60 days after purchases of goods	15.16
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases)	(528,468)	30~60 days after purchases of goods	72.92
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable)	176,624	30~60 days after purchases of goods	12.80

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, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Ownership (%)	Shares held as at September 30, 2017: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2017	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017	Footnote
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 545,972	$ 503,130	18,333,402	100	$ 846,940	$ 19,288	$ 18,955	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	110,000	90,000	11,000,000	100	111,801	3,085	3,085	Subsidiary (Note 3)
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD.	Belize	Sales of various lighting products and accessories	1,625	1,625	500,000	100	10,003	(3,427)	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	30,357	3,250,000	100	100,113	(1,708)	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,606	100	722,142	24,490	-	Indirect subsidiary (Note 2, 3)

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

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

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

Table 8

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2017

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, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017 — Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee as of September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	$ 370,761	(2)	$ 368,845	$ -	$ -	$ 368,845	$ 22,616	100.00	$ 22,616	$ 613,449	$ 20,066	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	108,936	(2)	110,585	-	-	110,585	(718)	100.00	(718)	81,128	-	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	96,832	(2)	-	42,842	-	42,842	(1,674)	100.00	(1,674)	98,632	-	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	-	13.25	-	-	-	Note 1,7
Grand Canyon Opto Tech (Su Zhou) Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	319,276	(2)	43,299	-	-	43,299	-	13.25	-	-	510	Note 1,7

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

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

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. reinvested through World Extend Holding Inc.; ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd.)

(3) Others.

Note 2: Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 is based on financial statements audited and attested by R.O.C. parent company's CPA.

Note 3: Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017, 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

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.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
TONS LIGHTOLOGY INC.	$ 566,472	$ 606,815	$ 676,751

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017 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 $18,593 thousand and NTD $44,200 thousand, and has been translated at the average buying and selling spot rate on September 30, 2017.

Note 3: The approved USD $18,593 thousand includes USD $1,800 thousand, own funds of the investee located in the third area, World Extend Holding Inc.

Note 4: 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.