

**TONS LIGHTOLOGY INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2016 AND 2015**

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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 Generally Accepted Auditing Standard No. 36, "Review of 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 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).


PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers Taiwan

April 29, 2016

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 reviewed 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 reviewed 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
MARCH 31, 2016, DECEMBER 31, 2015 AND MARCH 31, 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2016 AND 2015 ARE REVIEWED, NOT AUDITED)

	Assets	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 626,831	42	\$ 595,582	41	\$ 512,541	37
1110	Financial assets at fair value							
	through profit or loss - current		35,495	2	3,399	-	113	-
1150	Notes receivable, net		1,969	-	1,395	-	6,800	-
1170	Accounts receivable, net	6(2)	158,802	11	185,785	13	175,255	13
1200	Other receivables		5,587	-	5,140	-	9,591	1
130X	Inventories, net	6(3)	169,496	11	178,030	12	201,363	15
1410	Prepayments		22,641	2	18,384	1	26,263	2
1470	Other current assets		4,184	-	2,230	-	2,286	-
11XX	Total current assets		<u>1,025,005</u>	<u>68</u>	<u>989,945</u>	<u>67</u>	<u>934,212</u>	<u>68</u>
Non-current assets								
1523	Available-for-sale financial assets - non-current	6(4)	123,085	8	114,003	8	61,860	4
1600	Property, plant and equipment, net	6(5)	301,687	20	308,753	21	328,840	24
1780	Intangible assets		2,195	-	1,957	-	2,255	-
1840	Deferred tax assets	6(20)	3,574	-	4,030	-	3,964	-
1900	Other non-current assets	6(6)	50,550	4	50,868	4	50,310	4
15XX	Total non-current assets		<u>481,091</u>	<u>32</u>	<u>479,611</u>	<u>33</u>	<u>447,229</u>	<u>32</u>
1XXX	Total assets		<u>\$ 1,506,096</u>	<u>100</u>	<u>\$ 1,469,556</u>	<u>100</u>	<u>\$ 1,381,441</u>	<u>100</u>

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016, DECEMBER 31, 2015 AND MARCH 31, 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2016 AND 2015 ARE REVIEWED, NOT AUDITED)

Liabilities and Equity	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	\$ 39	-	\$ 1,163	-	\$ -	-
2170	Accounts payable	100,546	7	122,262	9	126,528	9
2200	Other payables	131,237	9	119,490	8	101,146	8
2230	Current tax liabilities	20,963	1	15,321	1	12,166	1
2300	Other current liabilities	11,663	1	10,290	1	13,370	1
21XX	Total current liabilities	<u>264,448</u>	<u>18</u>	<u>268,526</u>	<u>19</u>	<u>253,210</u>	<u>19</u>
Non-current liabilities							
2550	Provisions for liabilities - non-current	528	-	698	-	2,063	-
2570	Deferred income tax liabilities	1,718	-	2,491	-	1,407	-
2600	Other non-current liabilities	12,192	1	15,008	1	13,766	1
25XX	Total non-current liabilities	<u>14,438</u>	<u>1</u>	<u>18,197</u>	<u>1</u>	<u>17,236</u>	<u>1</u>
2XXX	Total liabilities	<u>278,886</u>	<u>19</u>	<u>286,723</u>	<u>20</u>	<u>270,446</u>	<u>20</u>
Equity attributable to owners of parent							
Share capital							
3110	Share capital - common stock	382,180	25	381,378	26	367,479	27
3140	Share capital- collected in advance	-	-	-	-	4,567	-
Capital surplus							
3200	Capital surplus	493,270	33	491,590	33	486,499	35
Retained earnings							
3310	Legal reserve	35,593	2	35,593	2	25,558	2
3320	Special reserve	38,429	3	38,429	3	38,429	3
3350	Undistributed earnings	229,515	15	191,629	13	150,160	11
Other equity interest							
3400	Other equity interest	48,223	3	44,214	3	38,303	2
31XX	Equity attributable to owners of the parent	<u>1,227,210</u>	<u>81</u>	<u>1,182,833</u>	<u>80</u>	<u>1,110,995</u>	<u>80</u>
3XXX	Total equity	<u>1,227,210</u>	<u>81</u>	<u>1,182,833</u>	<u>80</u>	<u>1,110,995</u>	<u>80</u>
Commitments and contingent liabilities							
Subsequent events							
3X2X	Total liabilities and equity	<u>\$ 1,506,096</u>	<u>100</u>	<u>\$ 1,469,556</u>	<u>100</u>	<u>\$ 1,381,441</u>	<u>100</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(EXPRESSED IN THOUSAND OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)
 (REVIEWED, NOT AUDITED)

Items	Notes	Three months ended March 31				
		2016		2015		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(15)	\$ 286,373	100	\$ 275,841	100
5000	Operating costs	6(3)	(179,853)	(63)	(198,953)	(72)
5900	Net operating margin		<u>106,520</u>	<u>37</u>	<u>76,888</u>	<u>28</u>
	Operating expenses					
6100	Selling expenses		(26,999)	(10)	(22,269)	(8)
6200	General and administrative expenses		(29,580)	(10)	(23,614)	(9)
6300	Research and development expenses		(9,612)	(3)	(9,420)	(3)
6000	Total operating expenses	6(18)(19)	(66,191)	(23)	(55,303)	(20)
6900	Operating profit		<u>40,329</u>	<u>14</u>	<u>21,585</u>	<u>8</u>
	Non-operating income and expenses					
7010	Other income	6(16)	3,816	1	3,868	1
7020	Other gains and losses	6(17)	3,073	1	(5,451)	(2)
7000	Total non-operating income and expenses		<u>6,889</u>	<u>2</u>	<u>(1,583)</u>	<u>(1)</u>
7900	Profit before income tax		<u>47,218</u>	<u>16</u>	<u>20,002</u>	<u>7</u>
7950	Income tax expense	6(20)	(9,332)	(3)	(5,378)	(2)
8200	Profit for the period		<u>\$ 37,886</u>	<u>13</u>	<u>\$ 14,624</u>	<u>5</u>
	Other comprehensive income (loss)					
8361	Financial statements translation differences of foreign operations	6(14)	(\$ 6,105)	(2)	(\$ 7,358)	(3)
8362	Unrealized gain on valuation of available-for-sale financial assets	6(14)	9,082	3	931	1
8399	Income tax relating to the components of other comprehensive income	6(20)	1,032	1	(158)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>4,009</u>	<u>2</u>	<u>(6,585)</u>	<u>(2)</u>
8300	Other comprehensive income (loss) for the period		<u>\$ 4,009</u>	<u>2</u>	<u>(\$ 6,585)</u>	<u>(2)</u>
8500	Total comprehensive income		<u>\$ 41,895</u>	<u>15</u>	<u>\$ 8,039</u>	<u>3</u>
	Basic earnings per share (in dollars)					
9750	Profit for the period	6(21)	\$ 0.99		\$ 0.39	
	Diluted earnings per share					
9850	Profit for the period	6(21)	\$ 0.98		\$ 0.38	

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

TONGS LIGHT TOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Equity attributable to owners of the parent										Total equity
	Capital		Capital Reserves			Retained Earnings			Other Equity Interest		
Notes	Common stock	Collected in advance	Additional paid-in capital	Employee share options	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets		
<u>2015</u>											
Balance at January 1, 2015	\$ 366,978	\$ 170	\$ 479,495	\$ 6,051	\$ 25,558	\$ 38,429	\$ 135,536	\$ 40,459	\$ 4,429	\$ 1,097,105	
Profit for the three months ended March 31, 2015	-	-	-	-	-	-	14,624	-	-	14,624	
Other comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	-	-	-	(7,358)	773	(6,585)	
Share-based payment transactions - employee share options	501	4,397	2,789	(1,836)	-	-	-	-	-	5,851	
Balance at March 31, 2016	\$ 367,479	\$ 4,567	\$ 482,284	\$ 4,215	\$ 25,558	\$ 38,429	\$ 150,160	\$ 33,101	\$ 5,202	\$ 1,110,995	
<u>2016</u>											
Balance at January 1, 2016	\$ 381,378	\$ -	\$ 486,574	\$ 5,016	\$ 35,593	\$ 38,429	\$ 191,629	\$ 33,197	\$ 11,017	\$ 1,182,833	
Profit for the three months ended March 31, 2016	-	-	-	-	-	-	37,886	-	-	37,886	
Other comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	-	-	-	(6,105)	10,114	4,009	
Share-based payment transactions - employee share options	802	-	2,007	(327)	-	-	-	-	-	2,482	
Balance at March 31, 2016	\$ 382,180	\$ -	\$ 488,581	\$ 4,689	\$ 35,593	\$ 38,429	\$ 229,515	\$ 27,092	\$ 21,131	\$ 1,227,210	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 47,218	\$ 20,002
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(19)	11,955	13,949
Amortisation	6(19)	389	498
Provision for doubtful accounts and sales discount	6(2)	321	571
Reversal of warranty expenses	6(10)	(169)	-
Interest income	6(16)	(2,858)	(2,686)
Dividend income		(900)	(558)
Wages and salaries - employee share options	6(9)	488	309
Net gain on financial assets at fair value through profit or loss	6(17)	(1,657)	(563)
(Gain) loss on disposal of property, plant and equipment	6(5)(17)	(402)	40
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(575)	(3,682)
Accounts receivable, net	6(2)	26,589	26,785
Other receivables		(1,020)	1,475
Inventories	6(3)	7,880	(8,564)
Prepayments		(4,344)	(2,055)
Other current assets		(1,995)	(147)
Changes in operating liabilities			
Accounts payable		(21,453)	(10,926)
Other payables	6(7)	(1,150)	(15,240)
Advance receipts		1,390	486
Other current liabilities		7	1
Other non-current liabilities		(2,743)	35
Cash inflow generated from operations		56,971	19,730
Interest received		3,454	2,130
Dividends received		900	558
Income tax paid		(2,933)	(3,625)
Net cash flows from operating activities		<u>58,392</u>	<u>18,793</u>

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 17,458)	\$ -
Acquisition of available-for-sale financial assets	6(4) and 12(3)	-	(44,200)
Acquisition of property, plant and equipment	6(23)	(7,570)	(3,532)
Proceeds from disposal of property, plant and equipment	6(5)	844	552
Acquisition of intangible assets		(629)	(90)
Decrease (increase) in refundable deposits		1	(18)
Decrease (increase) in other non-current assets		<u>52</u>	<u>(279)</u>
Net cash flows used in investing activities		<u>(24,760)</u>	<u>(47,567)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in guarantee deposits received		(74)	-
Employee share options exercised		<u>1,994</u>	<u>5,542</u>
Net cash flows from financing activities		<u>1,920</u>	<u>5,542</u>
Effect of changes in foreign currency exchange rates		<u>(4,303)</u>	<u>(4,427)</u>
Net increase (decrease) in cash and cash equivalents		31,249	(27,659)
Cash and cash equivalents at beginning of period		<u>595,582</u>	<u>540,200</u>
Cash and cash equivalents at end of period		<u>\$ 626,831</u>	<u>\$ 512,541</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

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 April 29, 2016.

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")

None.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
IFRS 9, 'Financial instruments'	January, 1, 2018
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
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
IFRS 15, 'Revenue from contracts with customers'	January, 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customer' (amendments to IFRS 15)	January, 1, 2018
IFRS 16, 'Leases'	January, 1, 2019

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 1)	January, 1, 2016
Disclosure initiative (amendments to IAS 7)	January, 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January, 1, 2017
Clarification of acceptable methods of depreciation and amortisation (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 Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are 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, 2015.

(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) Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - (d) 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:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			March 31, 2016	December 31, 2015	
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	Note 2
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
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			March 31, 2015	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	Note 1
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 June 26, 2015, the Board of Directors has approved the establishment of a subsidiary, HONG BO Investment Co., Ltd. to benefit the flexibility in the Group's investments. The

establishment was completed on July 24, 2015.

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 JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2015.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	\$ 828	\$ 579	\$ 898
Checking accounts and demand deposits	116,826	93,086	113,375
Time deposits	509,177	501,917	400,268
	<u>\$ 626,831</u>	<u>\$ 595,582</u>	<u>\$ 514,541</u>

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

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

(2) Accounts receivable, net

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable	\$ 161,965	\$ 188,635	\$ 179,120
Less: allowance for bad debts	(3,163)	(2,850)	(3,865)
	<u>\$ 158,802</u>	<u>\$ 185,785</u>	<u>\$ 175,255</u>

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:

	March 31, 2016	December 31, 2015	March 31, 2015
Group 1	\$ 81,232	\$ 87,805	\$ 91,714
Group 2	24,023	33,170	31,701
Group 3	14,488	13,167	14,912
Group 4	1,400	1,644	2,201
	<u>\$ 121,143</u>	<u>\$ 135,786</u>	<u>\$ 140,528</u>

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 accounts receivable that were past due but not impaired is as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Up to 30 days	\$ 30,761	\$ 42,838	\$ 20,493
31 to 60 days	3,779	5,362	12,571
61 to 90 days	1,437	1,295	1,792
91 to 120 days	818	268	745
121 to 150 days	100	1,315	14
151 to 180 days	1,526	-	1,206
181 to 210 days	231	-	-
211 to 240 days	399	-	-
	<u>\$ 39,051</u>	<u>\$ 51,078</u>	<u>\$ 36,821</u>

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group's accounts receivable that were impaired amounted to \$1,771 thousand.

D. Movements on the Group's provision for impairment of accounts receivable are as follows:

	Three months ended March 31, 2016		
	Individual provision	Group provision	Total
Equity at beginning of period	\$ 1,771	\$ 1,079	\$ 2,850
Provision for impairment	-	321	321
Effects of foreign exchange	-	(8)	(8)
Equity at end of period	<u>\$ 1,771</u>	<u>\$ 1,392</u>	<u>\$ 3,163</u>
	Three months ended March 31, 2015		
	Individual provision	Group provision	Total
Equity at beginning of period	\$ 1,771	\$ 1,523	\$ 3,294
Provision for impairment	-	571	571
Equity at end of period	<u>\$ 1,771</u>	<u>\$ 2,094</u>	<u>\$ 3,865</u>

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

(3) Inventories

	March 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 105,824	(\$ 9,857)	\$ 95,967
Work in process	16,459	(1,578)	14,881
Semi-finished goods	46,745	(7,191)	39,554
Finished goods	<u>26,369</u>	<u>(7,275)</u>	<u>19,094</u>
	<u>\$ 195,397</u>	<u>(\$ 25,901)</u>	<u>\$ 169,496</u>
	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 111,716	(\$ 9,307)	\$ 102,409
Work in process	20,036	(2,162)	17,874
Semi-finished goods	47,852	(7,006)	40,846
Finished goods	<u>25,659</u>	<u>(8,758)</u>	<u>16,901</u>
	<u>\$ 205,263</u>	<u>(\$ 27,233)</u>	<u>\$ 178,030</u>

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 128,161	(\$ 8,157)	\$ 120,004
Work in process	17,852	(2,600)	15,252
Semi-finished goods	52,453	(7,338)	45,115
Finished goods	28,956	(7,964)	20,992
	<u>\$ 227,422</u>	<u>(\$ 26,059)</u>	<u>\$ 201,363</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31, 2015	
	2015	2014
Cost of goods sold	\$ 181,025	\$ 195,660
(Gain on reversal of) loss on market value decline and obsolete and slow – moving inventories	(1,256)	3,331
Revenue from sales of scraps	(1,137)	(1,509)
Loss on scrapping inventory	1,157	1,471
Warranty cost	64	-
	<u>\$ 179,853</u>	<u>\$ 198,953</u>

The Group reversed a previous inventory write-down as certain obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group during the three months ended March 31, 2016.

(4) Non-current available-for-sale financial assets

Items	March 31, 2016	December 31, 2015	March 31, 2015
Non-current items:			
Listed stocks	\$ 89,834	\$ 45,634	\$ -
Unlisted stocks	11,393	55,593	55,593
Valuation adjustment	21,858	12,776	6,267
	<u>\$ 123,085</u>	<u>\$ 114,003</u>	<u>\$ 61,860</u>

The Group recognised gain of \$10,114 thousand and \$773 thousand in other comprehensive income for fair value change for the three months ended March 31, 2016 and 2015, respectively, and did not reclassify any amount from equity to profit or loss for the three months ended March 31, 2016 and 2015.

(5) Property, plant and equipment, Net

Three months ended March 31, 2016

	At January 1	Additions	Disposal	Transfer	Net exchange differences	At March 31
Cost						
Buildings	\$ 326,307	\$ -	\$ -	\$ -	\$ 1,503	\$ 324,804
Molding equipment	154,354	5,005	(2,890)	-	(744)	155,725
Machinery	145,097	-	-	-	(601)	144,496
Research and development equipment	29,015	-	-	-	(134)	28,881
Transportation equipment	16,287	572	(368)	-	(69)	16,422
Others	88,103	779	(334)	538	(415)	88,671
Construction in progress	5,655	269	-	(507)	(23)	5,394
	<u>764,818</u>	<u>6,625</u>	<u>(\$ 3,592)</u>	<u>\$ 31</u>	<u>(\$ 3,489)</u>	<u>764,393</u>
Accumulated depreciation						
Buildings	(120,779)	\$ 4,288	\$ -	\$ -	622	(124,445)
Molding equipment	(133,977)	(3,719)	2,460	-	636	(134,600)
Machinery	(92,239)	(2,051)	-	-	391	(93,899)
Research and development equipment	(22,696)	(371)	-	-	111	(22,956)
Transportation equipment	(7,284)	(689)	368	-	40	(7,565)
Others	(79,090)	(837)	322	-	364	(79,241)
	<u>(456,065)</u>	<u>\$ 11,955</u>	<u>\$ 3,150</u>	<u>\$ -</u>	<u>2,164</u>	<u>(462,706)</u>
	<u>\$ 308,753</u>					<u>\$ 301,687</u>

Three months ended March 31, 2015

	At January 1	Additions	Disposal	Transfer	Net exchange differences	At March 31
Cost						
Buildings	\$ 332,567	\$ 247	\$ -	\$ 173	\$ 3,134	\$ 329,507
Molding equipment	147,974	4,133	-	14	1,399	150,722
Machinery	144,814	-	-	-	1,083	143,731
Research and development equipment	26,436	1,624	-	944	252	28,752
Transportation equipment	17,123	1,241	2,628	-	153	15,583
Others	89,472	216	306	2,212	831	90,763
Construction in progress	1,876	318	-	2,150	-	44
	<u>760,262</u>	<u>7,779</u>	<u>2,934</u>	<u>847</u>	<u>6,852</u>	<u>759,102</u>
Accumulated depreciation						
Buildings	(105,431)	\$ 4,499	\$ -	\$ 173	\$ 998	(108,759)
Molding equipment	(122,834)	4,332	-	-	1,161	(126,005)
Machinery	(86,721)	2,268	-	-	878	(88,111)
Research and development equipment	(21,650)	358	-	-	204	(21,804)
Transportation equipment	(9,210)	519	2,050	-	81	(7,598)
Others	(77,026)	1,973	292	-	722	(77,985)
	<u>(422,872)</u>	<u>\$ 13,949</u>	<u>\$ 2,342</u>	<u>\$ 173</u>	<u>\$ 4,044</u>	<u>(430,262)</u>
	<u>\$ 337,390</u>					<u>\$ 328,840</u>

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

(6) Other non-current assets

	March 31, 2016	December 31, 2015	March 31, 2015
Land use right	\$ 36,554	\$ 36,963	\$ 38,052
Other long-term prepaid rents	13,996	13,905	12,258
	<u>\$ 50,550</u>	<u>\$ 50,868</u>	<u>\$ 50,310</u>

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 \$242 thousand and \$242 thousand for the three months ended March 31, 2016 and 2015, respectively.

(7) Other payables

	March 31, 2016	December 31, 2015	March 31, 2015
Salary and bonus payable	\$ 54,996	\$ 62,010	\$ 38,249
Payable for consumables and purchases	16,603	17,595	16,798
Insurance and pension expense payable	14,427	15,047	15,930
Payable for investment	14,382	265	-
Housing fund payable	6,423	6,669	6,370
Others	24,406	17,904	23,799
	<u>\$ 131,237</u>	<u>\$ 119,490</u>	<u>\$ 101,146</u>

(8) 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 and its domestic subsidiaries 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 qualify for retirement in the following 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 \$53 thousand and \$59 thousand for the three months ended March 31, 2016 and 2015, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 amounts to \$212 thousand.
- 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) Titan Lighting Co. Ltd and Zhongshan Tons Lighting Co. Ltd have a defined contribution plan. Monthly contributions 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 certain percentage of employees' monthly salaries and wages. Starting from May 1, 2015, abovementioned contribution percentage increased from 10% to 13%. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2016 and 2015 were \$3,668 thousand and \$3,106 thousand, respectively.

(9) Share-based payment

A. For the three months ended March 31, 2016 and 2015, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions	Actual turnover rate in the first quarter of 2016	Actual turnover rate in the first quarter of 2015	Estimated future turnover rate
Second employee stock options	2010.07.30	1000	5 years	2~4 years' service	0%	4.17%	0%
Third (1) employee stock options	2012.03.21	600	5 years	2~4 years' service	0%	3.7%	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	3.33%	2.78%	0%

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

(a) Second employee stock options

	2016		2015	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	-	\$ -	232	\$ 21.20
Options exercised	-	-	(232)	21.20
Options outstanding at March 31	-	-	-	-
Options exercisable at March 31	-	-	-	-

(b) Third (1) employee stock options

	2016		2015	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	276	\$ 24.90	444	\$ 26.90
Options forfeited	-	-	(59)	26.90
Options exercised	(75)	24.90	(24)	26.90
Options outstanding at March 31	<u>201</u>	24.90	<u>361</u>	26.90
Options exercisable at March 31	<u>201</u>		<u>250</u>	

(c) Third (2) employee stock options

	2016		2015	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	14	\$ 24.00	16	\$ 26.00
Options exercised	(5)	24.00	-	-
Options outstanding at March 31	<u>9</u>	24.00	<u>16</u>	26.00
Options exercisable at March 31	<u>5</u>		<u>8</u>	

(d) Fourth employee stock options

	2016		2015	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	508	\$ 26.10	600	\$ 28.20
Options forfeited	(3)	26.10	(60)	28.20
Options outstanding at March 31	<u>505</u>	26.10	<u>540</u>	28.20
Options exercisable at March 31	<u>-</u>		<u>-</u>	

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

		March 31, 2016		December 31, 2015	
		No. of options (in thousands)	Exercise price (in dollars)	No. of options (in thousands)	Exercise price (in dollars)
Third (1) employee stock options	2017.3.20	201	\$ 24.90	276	\$ 24.90
Third (2) employee stock options	2017.12.25	9	24.00	14	24.00
Fourth employee stock options	2019.11.12	505	26.10	508	26.10

		March 31, 2015	
		No. of options (in thousands)	Exercise price (in dollars)
Third (1) employee stock options	2017.3.20	361	\$ 26.90
Third (2) employee stock options	2017.12.25	16	26.00
Fourth employee stock options	2019.11.12	540	28.20

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

	Three months ended March 31,	
	2016	2015
Equity-settled - employee stock options	\$ 488	\$ 309

(10) Provisions – non-current

	Warranty provisions	
	2016	
At January 1	\$	698
Additional provisions		76
Unused amounts reversed	(	245)
Effects of foreign exchange	(	1)
At March 31	\$	528

Analysis of total provisions:

	March 31, 2016	December 31, 2015	March 31, 2015
Non-current	\$ 528	\$ 698	\$ 2,063

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

(11) Share capital

A. As of March 31, 2016, the Company's authorized capital was \$500 million, consisting of 50 million shares of ordinary stock (including 5 million shares reserved for employee stock options). The paid-in capital was \$382,180 thousand with a par value of \$10 (in dollars) per share. Total

share capital was \$382,180 thousand.

B. The stockholders at their annual stockholders' meeting on May 28, 2015 adopted a resolution to increase capital for 1,109 thousand shares with a par value of \$10 (in dollars), through capitalization of unappropriated retained earnings of \$11,088 thousand. The capital increase had been resolved by the Board of Directors and the effective date had been set on July 20, 2015. On July 31, 2015, the registration was completed.

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

	(Unit: Thousand)	
	2016	2015
At January 1	38,138	36,706
Employee stock options exercised	80	255
At March 31	<u>38,218</u>	<u>36,961</u>

(12) 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.

(13) 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) Distribute 8%~15% of the remaining amount after deducting items (a) and (b) as employees' bonus. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive stock dividends shall be established by the Board of Directors.
- (d) The remaining amount after deducting items (a) and (b) shall be distributed no more than 2% as directors' and supervisors' remuneration.
- (e) 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 resolved by the shareholders.

The Company is in 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. (a) The appropriation of 2015 earnings as proposed by the Board of Directors on February 26, 2016 and the appropriation of 2014 earnings as resolved by the shareholders on May 28, 2015 are as follows:

	Years ended December 31,			
	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 14,461		\$ 10,035	
Stock dividends	7,644	\$ 0.2	11,088	\$ 0.3
Cash dividends	107,010	2.8	66,530	1.8
	<u>\$ 129,115</u>		<u>\$ 87,653</u>	

As of April 29, 2016, the abovementioned appropriation of 2015 earnings has not yet been approved by the shareholders.

- E. For the information relating to employees' compensation (bonus) and directors' and supervisors' remuneration, please refer to Note 6(19).

(14) Other equity items

	2016		2015	
	Currency translation	Hedging reserve	Currency translation	Hedging reserve
At January 1	\$ 33,197	\$ 11,017	\$ 40,459	\$ 4,429
Currency translation differences– Group	(6,105)	-	(7,358)	-
Revaluation	-	9,082	-	931
Revaluation – tax	-	1,032	-	(158)
At March 31	<u>\$ 27,092</u>	<u>\$ 21,131</u>	<u>\$ 33,101</u>	<u>\$ 5,202</u>

(15) Operating revenue

	Three months ended March 31,	
	2016	2015
Sales revenue	<u>\$ 286,373</u>	<u>\$ 275,841</u>

(16) Other income

	Three months ended March 31,	
	2016	2015
Interest income		
Interest income from bank deposits	\$ 2,858	\$ 2,686
Other interest income	958	1,182
	<u>\$ 3,816</u>	<u>\$ 3,868</u>

(17) Other gains and losses

	Three months ended March 31,	
	2016	2015
Net currency exchange gain (loss)	\$ 1,019	(\$ 5,972)
Net gain on financial assets at fair value through profit or loss	1,657	563
Gain (loss) on disposal of property, plant and equipment	402	(40)
Others	(5)	(2)
	<u>\$ 3,073</u>	<u>(\$ 5,451)</u>

(18) Expenses by nature

	Three months ended March 31,	
	2016	2015
Employee benefit expense	\$ 78,611	\$ 68,713
Depreciation charges on property, plant and equipment	11,955	13,949
Amortisation expense	389	498

(19) Employee benefit expense

	Three months ended March 31,	
	2016	2015
Wages and salaries	\$ 69,212	\$ 60,842
Employee stock options	488	309
Labour and health insurance fees	2,509	1,296
Pension costs	3,721	3,165
Other personnel expenses	2,681	3,101
	<u>\$ 78,611</u>	<u>\$ 68,713</u>

Note: Wages and salaries include wages to contractors. For the three months ended March 31 2016 and 2015, the Group had 912 (not including 84 contractors) and 882 employees (not including 143 contractors), respectively.

A. The Company appropriated employees' compensation (bonus) and directors' and supervisors' remuneration based on the Articles as described in Note 6(13)A. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in

the Articles of Incorporation.

The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on November 3, 2015. According to the amended articles, 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. The amended articles will be resolved in the shareholders' meeting in 2016.

- B. For the three months ended March 31, 2016 and 2015, the accrued employees' compensation (bonus) is as follows:

	Three months ended March 31,	
	2016	2015
Employees' compensation (bonus)	\$ 4,520	\$ 1,975
Directors' and supervisors' remuneration	714	263
	<u>\$ 5,234</u>	<u>\$ 2,238</u>

The aforementioned amounts were recognised in salary expenses. For the three months ended March 31, 2016, employees' compensation (bonus) and directors' and supervisors' remuneration was accrued based on 9.5% and 1.5% of the pretax income that has not been accrued for the above expenses of current period.

The expenses recognised for the three months ended March 31, 2015 were accrued based on the net income of 2015 and the percentage as prescribed by the Company's Articles of Incorporation for employees and directors/supervisors, taking into account other factors such as legal reserve.

Employees' compensation and directors' and supervisors' remuneration of 2015 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2015 financial statements. The employees' compensation will be distributed in the form of cash.

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

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2016	2015
Current tax:		
Current tax on profits for the period	\$ 8,596	\$ 6,188
Adjustments in respect of prior years	21	(200)
Total current tax	8,617	5,988
Deferred tax:		
Origination and reversal of temporary differences	715	(610)
Income tax expense	<u>\$ 9,332</u>	<u>\$ 5,378</u>

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

	Three months ended March 31,	
	2016	2015
Unrealised (loss) gain on available-for-sale financial assets	(\$ 1,032)	\$ 158

B. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	March 31, 2016	December 31, 2015	March 31, 2015
Earnings generated in and after 1998	\$ 229,515	\$ 191,629	\$ 150,160

D. As of March 31, 2016, December 31, 2015 and March 31, 2015, the balance of the imputation tax credit account was \$12,046 thousand, \$12,046 thousand and \$11,639 thousand, respectively. The creditable tax rate was 13.08% for the year ended December 31, 2014 and is estimated to be 6.29% for year ended December 31, 2015.

E. Under the Income Tax Law, for distribution of earnings generated in and after 1998, the imputation tax credit which can be allocated to shareholders residing in R.O.C. is calculated based on the creditable tax rate at the date of dividend distribution. Actual imputation tax credit allocated to shareholders is based on the balance of the imputation tax credit account as of the date of dividend distribution. Therefore, the expected creditable tax rate for the 2015 earnings may differ from the actual creditable tax rate used to allocate imputation tax credits to the shareholders. According to Tai-Cai-Shui-Zi No. 10204562810 issued by the Ministry of Finance, when calculating the creditable tax rate during the year of first-time adoption of IFRSs, the cumulative unappropriated earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

(21) Earnings per share

	Three months ended March 31, 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	\$ 37,886	38,177	\$ 0.99
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	37,886	38,177	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	120	
- Employee stock options	-	321	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 37,886	38,618	\$ 0.98

Three months ended March 31, 2015

	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	\$ 14,624	37,857	\$ 0.39
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	14,624	37,857	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	421	
- Employee stock options	-	305	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 14,624	38,583	\$ 0.38

Starting from 2008, as employees' bonus could be distributed in the form of shares, weighted average number of outstanding shares shall be included in the calculation of diluted earnings per share for assumed conversion of all dilutive potential ordinary shares. The calculation of basic earnings per share shall be the weighted average number of outstanding share as resolved by the shareholders, plus the amount of shares distributed as employees' bonus for the prior year based on the shareholders' resolution. As capitalization of employee bonus is no longer considered as stock grants, thus, basic and diluted earnings per share computations are not adjusted retrospectively.

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

(22) Operating leases

The Group leases in 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 \$4,163 thousand and \$3,825 thousand for these leases in profit or loss for the three months ended March 31, 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than one year	\$ 13,814	\$ 15,011	\$ 11,687
Later than one year but not later than five years	7,382	9,864	3,721
	\$ 21,196	\$ 24,875	\$ 15,408

(23) Supplemental cash flow information

Investing activities with partial cash payments

		Three months ended March 31,	
		2016	2015
Purchase of property, plant and equipment	\$	6,625	\$ 7,779
Add: opening balance of payable on equipment		2,151	757
Less: ending balance of payable on equipment	(	1,206)	(5,004)
Cash paid during the period	\$	7,570	\$ 3,532

7. RELATED PARTY TRANSACTIONS

Key management compensation

		Three months ended March 31,	
		2016	2015
Short-term employee benefits	\$	6,075	\$ 4,944
Post-employment benefits		158	150
Share-based payments		302	44
	\$	6,535	\$ 5,138

8. PLEGGED 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	2013.12.1~2016.12.31	414 thousand
TONS LIGHTOLOGY INC.	Unit B.6/F., Lockhart Centre. 301-307, Lockhart Rd., Hong Kong	2015.11.6~2017.11.5	94 thousand
ZHONGSHAN TONS LIGHTING CO., LTD.	No. 6 HuaCheng Rd., ZhongShan, GuangDong Province, China	2016.1.1~2017.12.31	747 thousand

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, 2016, the Group's strategy, which was unchanged from 2015, was to maintain the debt-to-asset ratio within 20% to 40%. The debt-to-asset ratios at March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Total liabilities	\$ 278,886	\$ 286,723	\$ 270,446
Total capital	\$ 1,506,096	\$ 1,469,556	\$ 1,381,441
Gearing ratio	19%	20%	20%

(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 loans, 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).

	<u>March 31, 2016</u>			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Financial assets at fair value through profit or loss	\$ 35,495	\$ 35,495	\$ -	\$ -
Available-for-sale financial assets	<u>123,085</u>	<u>107,419</u>	<u>-</u>	<u>15,666</u>
	<u>\$ 158,580</u>	<u>\$ 142,914</u>	<u>\$ -</u>	<u>\$ 15,666</u>

	December 31, 2015			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	\$ 3,399	\$ 3,399	\$ -	\$ -
Available-for-sale financial assets	<u>114,003</u>	<u>48,066</u>	<u>-</u>	<u>65,937</u>
	<u>\$ 117,402</u>	<u>\$ 51,465</u>	<u>\$ -</u>	<u>\$ 65,937</u>

	March 31, 2015			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Available-for-sale financial assets	<u>\$ 61,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,860</u>

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

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 co-operation 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

A. 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.

B. 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.
- C. 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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D. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

		March 31, 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)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : NTD	\$	6,927	32.135	\$ 222,599	1%	\$ 2,226	\$ -
EUR : NTD		1,429	36.310	51,887	1%	519	-
RMB : NTD		22,996	4.947	113,761	1%	1,138	-
RMB : USD		6,555	0.154	32,428	1%	(324)	-
USD : RMB		4,363	6.473	140,205	1%	1,402	-
<u>Non-monetary items</u>							
USD : NTD	\$	337	32.135	\$ 10,829	1%	-	\$ 108
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD	\$	6,999	32.235	\$ 225,613	1%	(\$ 2,256)	-
USD : RMB		2,337	6.473	76,533	1%	(753)	-
USD : RMB (Note)		1,800	6.4875	39	1%	(582)	-

Note: The Group's subsidiaries engage in 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, 2015

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Sensitivity analysis	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 7,773	32.775	\$ 254,760	1%	\$ 2,548	\$ -
EUR : NTD	1,355	35.680	48,346	1%	483	-
RMB : NTD	22,819	4.970	113,410	1%	1,134	-
RMB : USD	6,514	0.152	32,375	1%	(324)	-
USD : RMB	4,674	6.572	153,190	1%	1,532	-
<u>Non-monetary items</u>						
USD : NTD	\$ 337	32.775	\$ 11,045	1%	\$ -	\$ 110
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 7,454	32.875	\$ 245,050	1%	(\$ 2,451)	\$ -
USD : RMB	2,328	6.572	76,533	1%	(765)	-
USD : RMB (Note)	1,800	6.535	1,163	1%	(585)	-

Note: The Group's subsidiaries engage in 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.

March 31, 2015

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Sensitivity analysis	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 7,839	31.250	244,969	1%	\$ 2,450	\$ -
EUR : NTD	2,430	33.450	81,284	1%	813	-
RMB : NTD	16,961	5.019	85,127	1%	851	-
RMB : USD	6,353	0.161	31,886	1%	(319)	-
USD : RMB	3,376	6.205	105,500	1%	1,055	-
USD : RMB (Note)	1,600	6.288	113	1%	505	-
<u>Non-monetary items</u>						
USD : NTD	\$ 337	31.250	10,531	1%	\$ -	\$ 105
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 6,409	31.350	200,922	1%	(\$ 2,009)	\$ -
EUR : NTD	210	33.850	7,109	1%	(71)	-
USD : RMB	4,080	6.250	127,908	1%	(1,279)	-

Note: The Group's subsidiaries engage in 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 March 31, 2016 and 2015, amounted to \$1,019 and \$5,972, respectively.

Interest rate risk

For the three months ended March 31, 2016 and 2015, 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 three months ended March 31, 2016 and 2015 would have increased/decreased by \$1,231 and \$619, 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 three months ended March 31, 2016 and 2015, 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(2) accounts receivable.
- iv. The ageing analysis of financial assets that were past due but not impaired is provided in Note 6(2) accounts receivable.
- v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets 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:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
<u>March 31, 2016</u>					
Accounts payable	\$ 100,546	\$ -	\$ -	\$ -	\$ -
Other payables	131,237	-	-	-	-
<u>December 31, 2015</u>					
Accounts payable	\$ 122,262	\$ -	\$ -	\$ -	\$ -
Other payables	119,490	-	-	-	-
<u>March 31, 2015</u>					
Accounts payable	\$ 126,528	\$ -	\$ -	\$ -	\$ -
Other payables	101,146	-	-	-	-

Derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
<u>March 31, 2016</u>					
Forward exchange contracts	\$ 39	\$ -	\$ -	\$ -	\$ -
<u>December 31, 2015</u>					
Forward exchange contracts	\$ 1,163	\$ -	\$ -	\$ -	\$ -

March 31, 2015: None.

(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 March 31, 2016, December 31, 2015 and March 31, 2015 is as follows:

<u>March 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 35,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,495</u>
Available-for-sale financial assets - Equity securities	<u>\$ 107,419</u>	<u>\$ -</u>	<u>\$ 15,666</u>	<u>\$ 123,085</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 39</u>

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss	<u>\$ 3,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,399</u>
Available-for-sale financial assets				
- Equity securities	<u>\$ 48,066</u>	<u>\$ -</u>	<u>\$ 65,937</u>	<u>\$ 114,003</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss	<u>\$ -</u>	<u>\$ 1,163</u>	<u>\$ -</u>	<u>\$ 1,163</u>
<u>March 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 113</u>
Available-for-sale financial				
assets				
- Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,860</u>	<u>\$ 61,860</u>

- 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 three months ended March 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the three months ended March 31, 2016 and 2015:

	2016			
	<u>Non-derivative</u>	<u>Derivative</u>	<u>Investment</u>	<u>Total</u>
	<u>equity instrument</u>	<u>instruments</u>	<u>property</u>	
At January 1	\$ 65,937	\$ -	\$ -	\$ 65,937
Transfers out from				
level 3 (Note 1)	(50,271)	-	-	(50,271)
At March 31	<u>\$ 15,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,666</u>

	2015			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1	\$ 16,729	\$ -	\$ -	\$ 16,729
Gain recognised in other comprehensive income (Note 2)	931	-	-	931
Acquired in the period	44,200	-	-	44,200
At March 31	<u>\$ 61,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,860</u>

Note 1: 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.

Note 2: Recorded as unrealised valuation gain or loss on available-for-sale financial assets.

- G. For the three months ended March 31, 2016 and 2015, there was no transfer into or out from Level 3.
- H. 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.
- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 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

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non derivative equity instrument:					
Unlisted shares	\$ 65,937	Market comparable companies	Net equity ratio and price to earnings ratio	0.83~9.16	The higher the multiple, the higher the fair value

	Fair value at March 31, 2015	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 61,860	Market comparable companies	Net equity ratio and price to earnings ratio	0.85~10.79	The higher the multiple, the higher the fair value

J. 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 different 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:

				March 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%	\$ 792	(\$ 792)	
				December 31, 2015	
				Recognised in other comprehensive income	
Input		Change	Favourable change	Unfavourable change	
Financial assets					
Equity securities	Net equity ratio and price to earnings ratio	±5%	\$ 3,273	(\$ 3,273)	

		March 31, 2015			
		<u>Recognised in other comprehensive income</u>			
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets					
Equity securities	Net equity ratio and price to earnings ratio		±5%	\$ 1,796	(\$ 1,796)

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 \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$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 three months ended March 31, 2016. As of March 31, 2016, financial liabilities at fair value through profit or loss of \$39 thousand were 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 three months ended March 31, 2016 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:

	Three months ended March 31, 2016			Total
	TONS LIGHTOLOG INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	
Revenue from external customers	\$ 265,555	\$ 2,923	\$ 17,895	\$ 286,373
Revenue from internal customers	6,032	211,634	1,467	219,133
Segment revenue	<u>\$ 271,587</u>	<u>\$ 214,557</u>	<u>\$ 19,362</u>	<u>\$ 505,506</u>
Segment profit before tax	<u>\$ 27,303</u>	<u>\$ 19,694</u>	<u>\$ 695</u>	<u>\$ 47,692</u>

	Three months ended March 31, 2015			Total
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	
Revenue from external customers	\$ 257,225	\$ 1,118	\$ 17,498	\$ 275,841
Revenue from internal customers	5,958	222,605	2,928	231,491
Segment revenue	<u>\$ 263,183</u>	<u>\$ 223,723</u>	<u>\$ 20,426</u>	<u>\$ 507,332</u>
Segment profit(loss) before tax	<u>\$ 8,197</u>	<u>\$ 17,479</u>	<u>(\$ 6,268)</u>	<u>\$ 19,408</u>

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 expenses to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the 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 operations during the period is provided as follows:

	Three months ended March 31,	
	2016	2015
Reportable operating segments revenue after adjustment	\$ 505,506	\$ 507,332
Other operating segments revenue after adjustment	215,262	229,954
Total operating segments	720,768	737,286
Elimination of intersegment revenue	(434,395)	(461,445)
Total consolidated operating revenue	<u>\$ 286,373</u>	<u>\$ 275,841</u>

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

	Three months ended March 31,	
	2016	2015
Reportable operating segments income before tax after adjustment	\$ 47,692	\$ 19,408
Other operating segments (loss) income before tax after adjustment	(759)	718
Total operating segments	46,933	20,126
Elimination of intersegment revenue	285	(124)
Income before tax from continuing operations	<u>\$ 47,218</u>	<u>\$ 20,002</u>

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Loans to others

Three months ended March 31, 2016

Table 1

Expressed in thousands of NTDT
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31, 2016	Balance at March 31, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing requirements	Allowance for doubtful accounts	Collateral Item Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote (Note 4) (Note 6)
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	Other receivables	Yes	\$ 83,500	\$ 80,338	\$ 54,630	1.25	Financing	\$ -	Operation requirements	\$ -	None	\$ 490,884	\$ 490,884	(Note 4) (Note 6)
1	GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD.	Other receivables	Yes	33,450	32,136	28,967	1.5	Financing	-	Operation requirements	-	None	284,447	284,447	(Note 5) (Note 6)
1	GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD.	Other receivables	Yes	50,175	48,278	45,059	1.5	Financing	-	Operation requirements	-	None	284,447	284,447	(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: On April 30, 2015, the Board of Directors has approved the financing to Greatsuper Technology Limited at USD\$2,500 thousand. As of March 31, 2016, the amount drawn down was USD\$ 1,700 thousand (calculated at the buying spot rate on March 31, 2016)

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 March 31, 2016.

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Three months ended March 31, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2016 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2016 (Note 5)	Amount of endorsements/ guarantees secured with collateral (Note 5)	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.		(3)	\$ 245,442	\$ 100,350	\$ 96,555	\$ -	7.87	\$ 490,884	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\$3,000 thousand 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\$3,000 thousand as of March 31, 2016 was the balance as approved by the Board of Directors. As of March 31, 2016, the actual amount drawn down by Greatsuper Technology Limited was USD\$0 thousand, which was translated into NTD using the average rate of buying and selling spot rate of the month when the maximum amount incurred.

Note 7: 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)

Three months ended March 31, 2016

Table 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of March 31, 2016			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	9,518	19.00	9,518
TONS LIGHTOLOGY INC.	Share ownership / GRIFFIN LIGHTING CO., LTD.	None	Available-for-sale financial assets - non-current	66,500	5,365	19.00	5,365
TONS LIGHTOLOGY INC.	Share ownership / ANDERSEN LIGHTING CO., LTD	None	Available-for-sale financial assets - non-current	950,000	783	19.00	783
TONS LIGHTOLOGY INC.	Stock / StrongLED Lighting System (Cayman) Co., Ltd.	None	Available-for-sale financial assets - non-current	1,700,000	59,159	4.59	59,159
TONS LIGHTOLOGY INC.	Stock / HEP TECH CO., LTD.	None	Available-for-sale financial assets - non-current	3,860,760	48,260	12.71	48,260
HONG BO INVESTMENT CO., LTD.	Stock / HEP TECH CO., LTD.	None	Financial assets at fair value through profit or loss	1,726,000	21,575	5.68	21,575
HONG BO INVESTMENT CO., LTD.	Stock / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss	400,000	13,920	1.08	13,920
		Total			158,580	Total	158,580

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 and thus, shares are shown as the investment amount.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Three months ended March 31, 2016

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
						Unit price	Credit term	Balance			
TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	\$ 213,947	99	Note 1	Note 2	(\$ 214,559)	-96	Note 4	
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	The same ultimate parent	Purchases	209,114	100	Note 3	Note 2	(139,593)	-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 paid timely according to the capital needs of subsidiaries.

Note 2: There is 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 \$100 million or 20% of paid-in capital or more

Three months ended March 31, 2016

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2016 (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.	Subsidiary of the Company	Accounts receivable \$214,559	3.84	\$ -	-	\$ 67,706	\$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable \$139,593	5.72	-	-	70,807	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of April 29, 2016.

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Three months ended March 31, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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)	(\$	213,947) 30-60 days after purchases of goods	74.71
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable )	(	214,559) 30-60 days after purchases of goods	14.25
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases )	(	209,114) 30-60 days after purchases of goods	73.02
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable )	(	139,593) 30-60 days after purchases of goods	9.27

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: Transaction amounts account for at least 20% of the paid-in capital.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Balance as at		Number of shares	Ownership (%)	Shares held as at March 31, 2016		Net profit (loss) of the investee for the three months ended March 31, 2016	Investment income (loss) recognised by the Company for the three months ended March 31, 2016	Footnote
				March 31, 2016	December 31, 2015			Initial investment amount	Book value			
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	\$ 503,130	\$ 503,130	16,933,402	100	\$ 815,315	\$ 14,237	\$ 14,522	Subsidiary (Note 1, 3)	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	60,000	30,000	6,000,000	100	60,402	524	524	Subsidiary (Note 3)	
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD.	Belize	Sales of various lighting products and accessories	1,625	1,625	50,000	100	107,031	(1,416)	-	Indirect subsidiary (Note 2, 3)	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	711,117	15,653	-	Indirect subsidiary (Note 2, 3)	

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

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
Information on investments in Mainland China
Three months ended March 31, 2016

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Net income of investee for the three months ended March 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote Note
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted back to Taiwan for the three months ended March 31, 2016							
TITAN LIGHTING CO., LTD.	Main business Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	\$ 394,347	(2)	\$ -	\$ -	\$ 368,845	\$ 14,825	100.00	\$ 14,825	\$ 599,949	\$ 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	115,866	(2)	-	-	110,585	695	100.00	695	87,443	-	Note 1,2,4,5
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Sales of LED semiconductor application products	33,356	(2)	-	-	901	(1,233)	5.67	-	-	-	Note 1,6
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	6,777	5.67	-	-	510	Note 1,6

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

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

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

(3) Others.

Note 2: Investment income (loss) recognised by the Company for the three months ended March 31, 2016 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, 2016, 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. and Zhongshan Tons Lighting Co., Ltd. of USD\$12,253 thousand and USD\$3,600 thousand, respectively, was translated at the average buying and selling spot rate on March 31, 2016.

Note 5: Accumulated investment amount in Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. of USD\$11,816 thousand and USD\$3,577 thousand, respectively, was translated at the exchange rate at the initial investment.

Note 6: 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 March 31, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Commission of Investment in Mainland Affairs of MOEA
	(Note 1)	(Note 2)	(Note 3)
TONS LIGHTOLOGY INC.	523,630	\$ 539,613	\$ 736,326

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016 was USD\$15,393 thousand, including \$1,059 thousand for the share ownership in HONG BO investment co., Ltd., an investee company that has conducted a short-form merger, which was calculated at the actual exchange rate at outward remittance.

Note 2: Approved amount was USD\$15,393 thousand and has been translated at the average buying and selling spot rate on March 31, 2016.

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