TONS LIGHTOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 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.

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months and nine months then ended , as well as the statements of changes in equity and of cash flows for nine months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Our reviews were made in accordance with the Statement of Auditing Standard No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit 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.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers Taiwan

November 4, 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 audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

	Assets	Notes	September 30, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%	September 30, 2015 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 503,314	36	$ 595,582	41	$ 552,068	37
1110	Financial assets at fair value through profit or loss - current		58,462	4	3,399	-	936	-
1150	Notes receivable, net		1,020	-	1,395	-	2,911	-
1170	Accounts receivable, net	6(2)	171,421	12	185,785	13	202,366	14
1200	Other receivables		1,741	-	5,140	-	6,386	-
130X	Inventories, net	6(3)	145,683	11	178,030	12	187,594	13
1410	Prepayments		35,530	3	18,384	1	29,641	2
1470	Other current assets		31,653	2	2,230	-	2,547	-
11XX	**Total current assets**		948,824	68	989,945	67	984,449	66
	Non-current assets							
1523	Available-for-sale financial assets - noncurrent	6(4)	122,573	9	114,003	8	112,050	8
1600	Property, plant and equipment, net	6(5)	275,054	20	308,753	21	328,811	22
1780	Intangible assets		1,435	-	1,957	-	2,237	-
1840	Deferred income tax assets	6(20)	4,536	-	4,030	-	4,066	-
1900	Other non-current assets	6(6)	49,656	3	50,868	4	50,985	4
15XX	**Non-current assets**		453,254	32	479,611	33	498,149	34
1XXX	**Total assets**		$ 1,402,078	100	$ 1,469,556	100	$ 1,482,598	100

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

			September 30, 2016		December 31, 2015		September 30, 2015	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current		$ 639	-	$ 1,163	-	$ 633	-
2150	Notes payable		9	-	-	-	-	-
2170	Accounts payable		105,200	7	122,262	9	145,200	10
2200	Other payables	6(7)	112,973	8	119,490	8	127,568	8
2230	Current income tax liabilities	6(20)	10,117	1	15,321	1	14,586	1
2300	Other current liabilities		9,161	1	10,290	1	10,556	1
21XX	**Current liabilities**		238,099	17	268,526	19	298,543	20
	Non-current liabilities							
2550	Provisions for liabilities - noncurrent	6(10)	1,612	-	698	-	2,063	-
2570	Deferred income tax liabilities	6(20)	1,018	-	2,491	-	2,034	-
2600	Other non-current liabilities		12,252	1	15,008	1	13,938	1
25XX	**Non-current liabilities**		14,882	1	18,197	1	18,035	1
2XXX	**Total liabilities**		252,981	18	286,723	20	316,578	21
	Equity attributable to owners of parent							
	Share capital							
3110	Share capital - common stock	6(11)	389,824	28	381,378	26	380,697	26
3140	Advance receipts for share capital	6(11)	1,814	-	-	-	1,693	-
	Capital surplus							
3200	Capital surplus	6(12)	494,127	35	491,590	33	490,001	33
	Retained earnings							
3310	Legal reserve	6(13)	50,054	4	35,593	2	35,593	2
3320	Special reserve	6(13)	38,429	3	38,429	3	38,429	3
3350	Unappropriated retained earnings	6(13)	170,255	12	191,629	13	152,532	10
	Other equity interest							
3400	Other equity interest	6(14)	4,594	-	44,214	3	67,075	5
31XX	**Equity attributable to owners of the parent**		1,149,097	82	1,182,833	80	1,166,020	79
3XXX	**Total equity**		1,149,097	82	1,182,833	80	1,166,020	79
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 1,402,078	100	$ 1,469,556	100	$ 1,482,598	100

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(REVIEWED, NOT AUDITED)

			Three months ended September 30				Nine months ended September 30			
			2016		2015		2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(15)	$ 280,884	100	$ 357,168	100	$ 909,590	100	$ 992,801	100
5000	**Operating costs**	6(3)	(185,165)	(66)	(233,567)	(65)	(585,663)	(64)	(684,050)	(69)
5900	**Net operating margin**		95,719	34	123,601	35	323,927	36	308,751	31
	Operating expenses									
6100	Selling expenses		(29,486)	(11)	(29,560)	(8)	(88,087)	(10)	(77,468)	(8)
6200	General and administrative expenses		(25,204)	(9)	(33,898)	(10)	(82,202)	(9)	(88,754)	(9)
6300	Research and development expenses		(9,578)	(3)	(11,410)	(3)	(29,029)	(3)	(32,249)	(3)
6000	**Total operating expenses**	6(18)(19)	(64,268)	(23)	(74,868)	(21)	(199,318)	(22)	(198,471)	(20)
6900	**Operating profit**		31,451	11	48,733	14	124,609	14	110,280	11
	Non-operating income and expenses									
7010	Other income	6(16)	3,844	2	3,477	1	12,803	1	11,173	1
7020	Other income and losses	6(17)	3,078	1	12,846	3	314	-	12,960	2
7000	**Total non-operating income and expenses**		6,922	3	16,323	4	13,117	1	24,133	3
7900	**Profit before income tax**		38,373	14	65,056	18	137,726	15	134,413	14
7950	Income tax expense	6(20)	(7,021)	(3)	(12,729)	(3)	(29,985)	(3)	(29,764)	(3)
8200	**Profit for the year**		$ 31,352	11	$ 52,327	15	$ 107,741	12	$ 104,649	11
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statement translation differences of foreign operations	6(14)	($ 25,404)	(9)	$ 34,963	10	($ 49,222)	(6)	$ 16,858	2
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(14)	10,584	4	(8,837)	(3)	8,570	1	5,487	-
8399	Income tax relating to the components of other comprehensive income	6(20)	-	-	-	-	1,032	-	(158)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(14,820)	(5)	26,126	7	(39,620)	(5)	22,187	2
8300	**Total other comprehensive (loss) income for the period**		($ 14,820)	(5)	$ 26,126	7	($ 39,620)	(5)	$ 22,187	2
8500	**Total comprehensive income for the period**		$ 16,532	6	$ 78,453	22	$ 68,121	7	$ 126,836	13
	Basic earnings per share (in dollars)									
9750	**Total basic earnings per share**	6(21)	$ 0.80		$ 1.35		$ 2.76		$ 2.70	
	Diluted earnings per share (in dollars)									
9850	**Total diluted earnings per share**	6(21)	$ 0.80		$ 1.33		$ 2.72		$ 2.65	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent									
		Share Capital		Capital Surplus		Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Advance receipts for share capital	Additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
Nine months ended September 30, 2015											
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
Appropriations and distribution of 2014 earnings											
Legal reserve	6(13)	-	-	-	-	10,035	-	(10,035)	-	-	-
Stock dividends	6(13)	11,088	-	-	-	-	-	(11,088)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	-	(66,530)	-	-	(66,530)
Profit for the nine months ended September 30, 2015		-	-	-	-	-	-	104,649	-	-	104,649
Other comprehensive income for the nine months ended September 30, 2015	6(14)	-	-	-	-	-	-	-	16,858	5,329	22,187
Share-based payment transactions-employee stock options	6(9)	2,631	1,523	6,066	(1,611)	-	-	-	-	-	8,609
Balance at September 30, 2015		$ 380,697	$ 1,693	$ 485,561	$ 4,440	$ 35,593	$ 38,429	$ 152,532	$ 57,317	$ 9,758	$1,166,020
Nine months ended September 30, 2016											
Balance at January 1, 2016		$ 381,378	$ -	$ 486,574	$ 5,016	$ 35,593	$ 38,429	$ 191,629	$ 33,197	$ 11,017	$1,182,833
Appropriations and distribution of 2015 earnings											
Legal reserve	6(13)	-	-	-	-	14,461	-	(14,461)	-	-	-
Stock dividends	6(13)	7,644	-	-	-	-	-	(7,644)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	-	(107,010)	-	-	(107,010)
Profit for the nine months ended September 30, 2016		-	-	-	-	-	-	107,741	-	-	107,741
Other comprehensive income for the nine months ended September 30, 2016	6(14)	-	-	-	-	-	-	-	(49,222)	9,602	(39,620)
Share-based payment transactions-employee stock options	6(9)	802	1,814	2,832	(295)	-	-	-	-	-	5,153
Balance at September 30, 2016		$ 389,824	$ 1,814	$ 489,406	$ 4,721	$ 50,054	$ 38,429	$ 170,255	($ 16,025)	$ 20,619	$1,149,097

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 137,726	$ 134,413
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(18)	34,845	39,929
Amortisation	6(18)	1,179	1,246
Provision for doubtful accounts	6(2)	(418)	163
Provision for warranty expenses	6(10)	934	-
Interest income	6(16)	(7,681)	(8,162)
Dividend income		(2,226)	(558)
Wages and salaries - employee stock options	6(9)	1,345	1,374
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	6(17)	(1,998)	285
Gain on disposal of property, plant and equipment	6(5)(17)	(342)	(42)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		375	207
Accounts receivable, net	6(2)	13,347	82
Other receivables		2,664	4,124
Inventories	6(3)	23,229	5,153
Prepayments		(18,526)	(8,622)
Other current assets		(2,528)	(408)
Changes in operating liabilities			
Notes payable		9	-
Accounts payable		(10,655)	7,746
Other payable	6(7)	(2,147)	15,146
Advance receipts		(239)	(3,236)
Other current liabilities		(799)	909
Other non-current liabilities		(2,684)	110
Cash inflow generated from operations		165,410	189,859
Interest received		8,277	7,585
Dividend received		2,226	558
Income tax paid		(35,935)	(25,276)
Net cash flows from operating activities		139,978	172,726

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 57,441)	($ 826)
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		5,862	-
Increase in other current assets		(28,065)	-
Acquisition of available-for-sale financial assets-non-current	6(4) and 12(3)	-	(89,834)
Acquisition of property, plant and equipment	6(23)	(15,124)	(19,062)
Proceeds from disposal of property, plant and equipment	6(5)	1,409	663
Acquisition of intangible assets		(677)	(814)
Increase in refundable deposits		(687)	(31)
Increase in other non-current assets		(7,396)	(8,906)
Net cash flows used in investing activities		(102,119)	(118,810)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in guarantee deposits received		(68)	96
Cash dividends paid		(107,010)	(66,530)
Exercise of employee stock options		3,808	7,235
Net cash flows used in financing activities		(103,270)	(59,199)
Effect of exchange rate changes on cash equivalents		(26,857)	17,151
Net (decrease) increase in cash and cash equivalents		(92,268)	11,868
Cash and cash equivalents at beginning of period		595,582	540,200
Cash and cash equivalents at end of period		$ 503,314	$ 552,068

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 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 November 4, 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

New standards, interpretations and amendments endorsed by the FSC effective from 2017 are as follows:

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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	January 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 IFRS as endorsed by the FSC effctive from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments' with IFRS 4 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 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
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

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

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

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

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

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

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

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

D. IFRS 16, 'Leases'

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

E. Amendments to IAS 7, 'Disclosure initiative'

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

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 "Regulation 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 should be read along 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(%) September 30, 2016	Ownership(%) December 31, 2015	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	Note 1
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	100	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(%) September 30, 2015	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	Note 1
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD (HONG BO)	Reinvestment company	100	Note 2
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 None 5 in the consolidated financial statements for the year ended December 31, 2015.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand	$ 607	$ 579	$ 689
Checking accounts and demand deposits	77,274	93,086	104,720
Time deposits	419,444	501,917	446,659
Cash equivalents	5,989	-	-
	$ 503,314	$ 595,582	$ 552,068

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

B. The Group's time deposits with maturity over three months that did not meet short-term cash commitments were classified as 'other current assets' and amounted to $27,141 thousand, $0 thousand and $0 thousand as of September 30, 2016, December 31, 2015 and September 30, 2015, respectively.

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

(2) Accounts receivable, net

	September 30, 2016	December 31, 2015	September 30, 2015
Accounts receivable	$ 172,048	$ 188,635	$ 205,823
Less: allowance for bad debts	(627)	(2,850)	(3,457)
	$ 171,421	$ 185,785	$ 202,366

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

	September 30, 2016	December 31, 2015	September 30, 2015
Group 1	$ 87,724	$ 87,805	$ 85,595
Group 2	34,282	33,170	61,430
Group 3	20,718	13,167	16,897
Group 4	3,712	1,644	218
	$ 146,436	$ 135,786	$ 164,140

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

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

Group 3: Other customers.

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

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

	September 30, 2016	December 31, 2015	September 30, 2015
Up to 30 days	$ 22,546	$ 42,838	$ 33,081
31 to 60 days	909	5,362	3,076
61 to 90 days	1,876	1,295	2,427
91 to 120 days	12	268	148
121 to 150 days	122	1,315	30
151 to 180 days	-	-	1,001
181 to 210 days	64	-	-
	$ 25,529	$ 51,078	$ 39,763

The above ageing analysis was based on past due date.

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

As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group's accounts receivable that were impaired amounted to $83 thousand, $1,771 thousand and $1,771 thousand, respectively.

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

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

	2015		
	Individual provision	Group provision	Total
At January 1	$ 1,771	$ 1,523	$ 3,294
Provision for impairment	-	-	-
Reversal of impairment	-	163	163
Effects of foreign exchange	-	-	-
At September 30	$ 1,771	$ 1,686	$ 3,457

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

(3) Inventories

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

	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	25,659	(8,758)	16,901
Total	$ 205,263	($ 27,233)	$ 178,030

	September 30, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 120,814	($ 8,525)	$ 112,289
Work in process	24,439	(2,955)	21,484
Semi-finished goods	44,057	(5,852)	38,205
Finished goods	23,746	(8,130)	15,616
Total	$ 213,056	($ 25,462)	$ 187,594

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2016	2015
Cost of goods sold	$ 183,851	$ 231,817
Loss on market value decline and obsolete and slow-moving inventories	420	124
Gain from sale of scraps	(585)	(1,168)
Gain on physical inventory	-	(1)
Loss on scrapping inventory	1,578	2,795
Warranty cost	(99)	-
	$ 185,165	$ 233,567

	Nine months ended September 30,			
	2016		2015	
Cost of goods sold	$	583,294	$	678,772
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories	(	1,430)		2,734
Gain from sale of scraps	(	2,456)	(	4,393)
Gain on physical inventory	(	18)	(	123)
Loss on scrapping inventory		6,207		7,060
Warranty cost		66		-
	$	585,663	$	684,050

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

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

Items	September 30, 2016		December 31, 2015		September 30, 2015	
Non-current items:						
Listed stocks	$	89,834	$	45,634	$	45,634
Unlisted stocks		11,393		55,593		55,593
Valuation adjustment		21,346		12,776		10,823
Total	$	122,573	$	114,003	$	112,050

The Group recognised (loss) gain of $10,584, ($8,837), $9,602 and $5,329 in other comprehensive income for fair value change for the three months and nine months ended September 30, 2016 and 2015, respectively, and did not reclassify any amount from equity to profit or loss for the three months and nine months ended September 30, 2016 and 2015, respectively

(5) Property, plant and equipment

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

	Nine months ended September 30, 2015					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At September 30
Cost						
Buildings	$ 332,567	$ 246	$ -	($ 172)	$ 5,489	$ 338,130
Molding equipment	147,974	8,721	(1,644)	15	2,663	157,729
Machinery	144,814	220	(664)	2,475	2,480	149,325
Research and development equipment	26,436	1,844	-	1,253	533	30,066
Transportation equipment	17,123	1,241	(4,816)	3,044	232	16,824
Others	89,472	1,412	(3,965)	2,778	1,399	91,096
Construction in progress	1,876	5,546	-	(2,150)	166	5,438
	760,262	$ 19,230	($ 11,089)	$ 7,243	$ 12,962	788,608
Accumulated depreciation						
Buildings	(105,431)	($ 13,458)	$ -	$ 436	($ 2,148)	(120,601)
Molding equipment	(122,834)	(12,173)	1,637	-	(2,358)	(135,728)
Machinery	(86,721)	(5,589)	657	-	(1,629)	(93,282)
Research and development equipment	(21,650)	(1,096)	-	-	(392)	(23,138)
Transportation equipment	(9,210)	(1,787)	4,241	-	(62)	(6,818)
Others	(77,026)	(5,826)	3,933	-	(1,311)	(80,230)
	(422,872)	($ 39,929)	$ 10,468	$ 436	($ 7,900)	(459,797)
	$ 337,390					$ 328,811

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

(6) Other non-current assets

	September 30, 2016	December 31, 2015	September 30, 2015
Land use right	$ 34,052	$ 36,963	$ 38,551
Other non-current assets	15,604	13,905	12,434
	$ 49,656	$ 50,868	$ 50,985

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 $228, $241, $708 and $723 for the three months and nine months ended September 30, 2016 and 2015, respectively.

(7) Other payables

	September 30, 2016	December 31, 2015	September 30,
Salary and bonus payable	$ 41,733	$ 62,010	$ 58,917
Insurance and pension expense payable	14,127	15,047	16,570
Exhibition fee and advertisement expenses	12,967	62	7,103
Payable for consumables and purchases	12,189	17,595	16,283
Others	31,957	24,776	28,695
	$ 112,973	$ 119,490	$ 127,568

(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 would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $53, $59, $159 and $178 for the three months and nine months ended September 30, 2016 and 2015, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $212.

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 contribution to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. 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 defined contribution pension plans of the Group for the three months and nine months ended September 30, 2016 and 2015 were $3,619, $4,079, $10,941 and $10,695, respectively.

(9) Share-based payment

A. For the nine months ended September 30, 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 third quarter of 2016	Actual turnover rate in the third quarter of 2015	Estimated future turnover rate
Second employee stock options	2010.07.30	1,000	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%	14.81%	0%
Third (2) employee stock options	2012.12.26	70	5 years	2~4 years' service	0%	25%	0%
Fourth employee stock options	2014.11.13	600	5 years	2~4 years' service	3.33%	16.67%	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 at January 1	-	$ -	232	$ 21.20
Options exercised	-	-	(232)	21.20
Options outstanding at September 30	-	-	-	-
Options exercisable at September 30	-		-	

(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 at January 1	276	$ 24.90	444	$ 26.90
Options forfeited	-	-	(75)	26.90
Options forfeited	-	-	(1)	24.90 (Note)
Options exercised	(75)	24.90	(24)	26.90
Options exercised	(78)	22.70 (Note)	(68)	24.90 (Note)
Options outstanding at September 30	123	22.70 (Note)	276	24.90
Options exercisable at September 30 Price was adjusted due to the ex-rights	123		170	

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

(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 at January 1	14	$ 24.00	16	$ 26.00
Options forfeited	-	-	(2)	26.00
Options exercised	(5)	24.00	-	-
Options exercised	(2)	21.90 (Note)	-	-
Options outstanding at September 30	7	24.00	14	24.00 (Note)
Options exercisable at September 30 Price was adjusted due to the ex-rights	3		7	

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

(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 at January 1	508	$ 26.10	600	$ 28.20
Options forfeited	(3)	26.10	(87)	28.20
Options forfeited	-	-	(5)	26.10 (Note)
Options outstanding at September 30	505	23.80(Note)	508	26.10 (Note)
Options exercisable at September 30				
Price was adjusted due to the ex-rights	-		-	

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

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

		September 30, 2016		December 31, 2015	
	Expiry date	No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Third (1) employee stock options	2017.3.20	123	$ 22.70	276	$ 24.90
Third (2) employee stock options	2017.12.25	7	21.90	14	24.00
Fourth employee stock options	2019.11.12	505	23.80	508	26.10

		September 30, 2015	
	Expiry date	No. of options (in thousands)	Exercise price
Third (1) employee stock options	2017.3.20	276	$ 24.90
Third (2) employee stock options	2017.12.25	14	24.00
Fourth employee stock options	2019.11.12	508	26.10

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

	Three months ended September 30,	
	2016	2015
Equity-settled - employee stock options	$ 428	$ 563

	Nine months ended September 30,	
	2016	2015
Equity-settled - employee stock options	$ 1,345	$ 1,374

(10) Provisions – non-current

	Warranty provisions
	2016
At January 1	$ 698
Additional provisions	934
Effects of foreign exchange	(20)
At September 30	$ 1,612

Analysis of total provisions:

	September 30, 2016	December 31, 2015	September 30, 2015
Non-current	$ 1,612	$ 698	$ 2,063

The Group gives 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 September 30, 2016, the Company's authorized capital was $500 million, consisting of 50,000 thousand shares of ordinary stock (including 5 million shares reserved for employee stock options). The paid-in capital was $389,824 with a par value of $10 (in dollars) per share. Advance receipts for ordinary share amounted to $1,814 (equivalent to 80 thousand shares) was exercised as employee share options, total share capital was $390,624.

B. The stockholders at their annual stockholders' meeting on May 31, 2016 adopted a resolution to increase capital for 764 thousand shares with a par value of $10 (in dollars), through capitalization of unappropriated retained earnings of $7,644. The capital increase had been resolved by the Board of Directors and the effective date has been set on August 1, 2016. As of August 16, 2016, the registration has not yet been completed.

C. 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. The capital increase has been resolved by the Board of Directors and the effective date had been set on July 20, 2015. On July 31, 2015, the registration had been completed.

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	160	323
Stock dividend	764	1,109
At September 30	39,062	38,138

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

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

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

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

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was $38,429.

D. The appropriations of 2015 and 2014 earnings as resolved by the shareholders on May 31, 2016 and May 28, 2015, respectively, 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
	$ 129,115		$ 87,653	

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	Available-for-sale investment	Currency translation	Available-for-sale investment
At January 1	$ 33,197	$ 11,017	$ 40,459	$ 4,429
Currency translation differences:–Group	(49,222)	-	16,858	-
Revaluation	-	8,570	-	5,487
Revaluation – tax	-	1,032	-	(158)
At September 30	($ 16,025)	$ 20,619	$ 57,317	$ 9,758

(15) Operating revenue

	Three months ended September 30,	
	2016	2015
Sales revenue	$ 280,884	$ 357,168

	Nine months ended September 30,	
	2016	2015
Sales revenue	$ 909,590	$ 992,801

(16) Other income

	Three months ended September 30,	
	2016	2015
Interest income:		
Interest income from bank deposits	$ 2,282	$ 2,699
Other interest income	1,562	778
	$ 3,844	$ 3,477

	Nine months ended September 30,	
	2016	2015
Interest income:		
Interest income from bank deposits	$ 7,681	$ 8,162
Other income	5,122	3,011
	$ 12,803	$ 11,173

(17) Other gains and losses

	Three months ended September 30,	
	2016	2015
Net currency exchange (loss) gain	($ 2,647)	$ 14,391
Net gain (loss) on financial assets at fair value through profit or loss	5,781	(899)
(Loss) gain on disposal of property, plant	(50)	108
Others	(6)	(754)
	$ 3,078	$ 12,846

	Nine months ended September 30,	
	2016	2015
Net currency exchange (loss) gain	($ 2,014)	$ 13,352
Net gain on financial assets at fair value through profit or loss	1,998	343
Gain on disposal of property, plant and equipment	342	42
Others	(12)	(777)
	$ 314	$ 12,960

(18) Expenses by nature

	Three months ended September 30,	
	2016	2015
Employee benefit expense	$ 70,940	$ 92,551
Depreciation charges on property, plant and equipment	11,181	12,386
Amortisation expense	393	360

	Nine months ended September 30,	
	2016	2015
Employee benefit expense	$ 228,818	$ 248,759
Depreciation charges on property, plant and equipment	34,845	39,929
Amortisation expense	1,179	1,246

(19) Employee benefit expense

	Three months ended September 30,	
	2016	2015
Wages and salaries	$ 62,784	$ 82,913
Employee stock options	428	563
Labour and health insurance fees	1,980	1,356
Pension costs	3,672	4,138
Other personnel expenses	2,076	3,581
	$ 70,940	$ 92,551

	Nine months ended September 30,	
	2016	2015
Wages and salaries	$ 202,467	$ 222,761
Employee stock options	1,345	1,374
Labour and health insurance fees	6,730	4,016
Pension costs	11,100	10,873
Other personnel expenses	7,176	9,735
	$ 228,818	$ 248,759

Note: Wages and salaries include wages to contractors. For the nine months ended September 30, 2016 and 2015, the Group had 834 (not including 62 contractors) and 934 employees (not including 113 contractors), respectively.

A. For the three months and nine months ended September 30, 2016 and 2015, the accrued employees' compensation is as follows:

	Three months ended September 30,	
	2016	2015
Employees' compensation (bonus)	$ 3,059	$ 7,064
Directors' and supervisors' remuneration	382	942
	$ 3,441	$ 8,006

	Nine months ended September 30,	
	2016	2015
Employees' compensation (bonus)	$ 10,730	$ 14,127
Directors' and supervisors' remuneration	1,341	1,884
	$ 12,071	$ 16,011

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

The expenses recognised for the nine months ended September 30, 2015 were accrued based on the net income for 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 for 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 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 September 30,	
	2016	2015
Current tax:		
Current tax on profits for the period	$ 6,547	$ 11,920
Prior year income tax overestimation	(17)	-
Total current tax	6,530	11,920
Deferred tax:		
Origination and reversal of temporary differences	491	809
Income tax expense	$ 7,021	$ 12,729

	Nine months ended September 30,	
	2016	2015
Current tax:		
Current tax on profits for the period	$ 28,637	$ 28,804
Tax on undistributed surplus earnings	1,463	1,227
Prior year income tax under (over) estimation	832	(180)
Total current tax	30,932	29,851
Deferred tax:		
Origination and reversal of temporary differences	(947)	(87)
Income tax expense	$ 29,985	$ 29,764

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

	Three months ended September 30,	
	2016	2015
Unrealised gain (loss) on available-for-sale financial assets	$ -	$ -

	Nine months ended September 30,	
	2016	2015
Unrealised gain (loss) 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:

	September 30, 2016	December 31, 2015	September 30, 2015
Earnings generated in and after 1998	$ 170,255	$ 191,629	$ 152,532

D. As of September 30, 2016, December 31, 2015 and September 30, 2015, the balance of the imputation tax credit account was $8,012, $12,046 and $6,258, respectively. The creditable tax rate was 13.08% for the year ended December 31, 2014 and is estimated to be 12.83% for the year ended December 31, 2015.

(21) Earnings per share

	Three months ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 31,352	39,014	$ 0.80
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	31,352	39,014	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	89	
- Employee stock options	-	277	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 31,352	39,380	$ 0.80

	Three months ended September 30, 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	$ 52,327	38,866	$ 1.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	52,327	38,866	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	216	
- Employee stock options	-	254	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 52,327	39,336	$ 1.33

	Nine months ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 107,741	38,979	$ 2.76
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	107,741	38,979	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	313	
- Employee stock options	-	312	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 107,741	39,604	$ 2.72

	Nine months ended September 30, 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	$ 104,649	38,773	$ 2.70
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	104,649	38,773	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	433	
- Employee stock options	-	344	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 104,649	39,550	$ 2.65

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 no longer considers stock grants, thus, basic and diluted earnings per share computations are not adjusted retrospectively.

(22) Operating leases

The Group leases real estate under non-cancellable operating lease agreements. The lease terms are between 2 and 3 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased every year to reflect market rental rates. Partial leases are charged extra rents following the changes of local price indexes. The Group recognised rental expenses of $4,287 and, $3,814, $12,682 and $11,392 for these leases in profit or loss for the three months and nine months ended September 30, 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Not later than one year	$ 13,962	$ 13,900	$ 7,190
Later than one year but not later than five years	14,145	8,938	1,241
	$ 28,107	$ 22,838	$ 8,431

(23) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Purchase of property, plant and equipment	$ 13,743	$ 19,230
Add: opening balance of payable on equipment	2,151	757
Less: ending balance of payable on equipment	(770)	(925)
Cash paid during the period	$ 15,124	$ 19,062

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three months ended September 30, 2016	Three months ended September 30, 2015
Short-term employee benefits	$ 6,811	$ 10,028
Post-employment benefits	157	150
Share-based payments	256	345
	$ 7,224	$ 10,523

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Short-term employee benefits	$ 23,137	$ 24,696
Post-employment benefits	473	449
Share-based payments	813	735
	$ 24,423	$ 25,880

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

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

(2) Commitments

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

Lessee	Leased object	Period	Monthly rent
TONS LIGHTOLOGY	4F., No.236, Bo'ai St., New Taipei City, Taiwan	2013.12.1~2016.12.31 2017.1.1 ~ 2019.12.31	$ 414 443
ZHONGSHAN TONS LIGHTING CO., LTD.	No. 6 HuaCheng Rd., ZhongShan, GuangDong Province, China	2016.1.1 ~ 2017.12.31	728

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

To attract and retain the talents required by the Company as well as to encourage employee loyalty and to enhance interests of the Company and its shareholders, the Board of Directors on November 4, 2016 approved "The fifth terms of exercise and issuance of employee stock options". The Company issued 600,000 shares while the total amount of new ordinary shares issued for exercising employee stock options was 600,000 shares.

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 September 30, 2016, December 31, 2015 and September 30, 2015 were as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Total liabilities	$ 252,981	$ 286,723	$ 316,578
Total capital	$ 1,402,078	$ 1,469,556	$ 1,482,598
Gearing ratio	18%	20%	21%

(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).

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

	December 31, 2015			
		Fair value		
	Book 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	114,003	48,066	-	65,937
	$ 117,402	$ 51,465	$ -	$ 65,937

	September 30, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 936	$ 936	$ -	$ -
Available-for-sale financial assets	112,050	50,190	-	61,860
	$ 112,986	$ 51,126	$ -	$ 61,860

(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 cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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.

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:

	September 30, 2016					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 6,143	31.310	$ 192,337	1%	$ 1,923	$ -
EUR : NTD	1,664	34.880	58,040	1%	580	-
RMB : NTD	22,690	4.668	105,917	1%	1,059	-
RMB : USD	20,811	0.149	97,146	1%	(971)	-
USD : RMB	4,247	6.682	132,974	1%	1,330	-
Non-monetary items						
USD : NTD	$ 337	31.310	$ 10,551	1%	$ -	$ 106
Financial liabilities						
Monetary items						
USD : NTD	$ 6,724	31.410	$ 211,201	1%	($ 2,112)	$ -
RMB : NTD	4,136	$ 4.718	19,514	1%	(195)	-
RMB : USD	3,945	0.149	18,613	1%	186	-
USD : RMB (Note)	1,800	6.692	639	1%	(566)	-

Note: The Group's subsidiaries conduct 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					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 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	-
Non-monetary items						
USD : NTD	$ 337	32.775	$ 11,045	1%	$ -	$ 110
Financial liabilities						
Monetary items						
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%	(588)	-

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

	September 30, 2015					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 7,687	32.820	$ 252,287	1%	$ 2,523	$ -
EUR：NTD	1,586	36.720	58,238	1%	582	-
RMB：NTD	22,657	5.151	116,706	1%	1,167	-
RMB：USD	6,458	0.157	33,265	1%	(333)	-
USD：RMB	5,168	6.351	169,614	1%	1,696	-
Non-monetary items						
USD：NTD	$ 337	32.820	$ 11,060	1%	$ -	$ 111
Financial liabilities						
Monetary items						
EUR：NTD	$ 28	37.120	$ 1,039	1%	($ 10)	$ -
USD：NTD	8,025	32.920	264,183	1%	(2,642)	-
USD：RMB	2,344	6.351	77,164	1%	(772)	-
USD：RMB (Note)	1,800	6.413	633	1%	(598)	-

Note: The Group's subsidiaries conduct 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 and nine months ended September 30, 2016 and 2015, amounted to ($2,647), $14,391, ($2,014) and $13,352, respectively.

Interest rate risk

For the nine months ended September 30, 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 nine months ended September 30, 2016 and 2015 would have increased/decreased by $1,226 and $1,121, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

ii. For the nine months ended September 30, 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:

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

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Accounts payable	$ 122,262	$ -	$ -	$ -	$ -
Other payables	119,490	-	-	-	-

Non-derivative financial liabilities:

September 30, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Accounts payable	$ 145,200	$ -	$ -	$ -	$ -
Other payables	127,568	-	-	-	-

Derivative financial liabilities:

September 30, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Forward exchange contracts	$ 639	$ -	$ -	$ -	$ -

Derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Forward exchange contracts	$ 1,163	$ -	$ -	$ -	$ -

Derivative financial liabilities:

September 30, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Forward exchange contracts	$ 633	$ -	$ -	$ -	$ -

(3) Fair value information

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2016, December 31, 2015 and September 30, 2015 is as follows:

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

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

September, 30, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Available-for-sale financial assets	$ 936	$ -	$ -	$ 936
- Equity securities	$ 50,190	$ -	$ 61,860	$ 112,050
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 633	$ -	$ 633

D. The Group used market quoted prices as the fair values of the instruments in Level 1. Based on the characteristics, the closing prices are used for emerging shares.

E. For the nine months ended September 30, 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 nine months ended September 30, 2016 and 2015:

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

	2015			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1	$ 16,729	$ -	$ -	$ 16,729
Gains recognised in other comprehensive income (Note 2)	931	-	-	931
Acquired in the period	44,200	-	-	44,200
At September 30	$ 61,860	$ -	$ -	$ 61,860

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 of available-for-sale financial assets.

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

	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 September 30, 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 difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

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

			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)

			September 30, 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%	$ 1,794	($ 1,794)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

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

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

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

I. Trading in derivative financial instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the nine months ended September 30, 2016. As of September 30, 2016, financial liabilities at fair value through profit or loss of $639 was recognised.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the nine months ended September 30, 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:

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

	Nine months ended September 30, 2015			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 922,761	$ 3,466	$ 66,574	$ 992,801
Revenue from internal customers	18,778	774,749	10,410	803,937
Segment revenue	$ 941,539	$ 778,215	$ 76,984	$ 1,796,738
Segment profit (loss) before tax	$ 67,324	$ 69,988	($ 10,677)	$ 126,635

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

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

D. The Group did not allocate income tax expense to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the chief operating decision-maker.

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

(3) Reconciliation for segment income (loss)

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

	Nine months ended September 30,	
	2016	2015
Reportable operating segments revenue after adjustment	$ 1,602,503	$ 1,796,738
Other operating segments revenue after adjustment	679,439	797,578
Total operating segments	2,281,942	2,594,316
Elimination of intersegment revenue	(1,372,352)	(1,601,515)
Total consolidated operating revenue	$ 909,590	$ 992,801

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

	Nine months ended September 30,	
	2016	2015
Reportable operating segments income before tax after adjustment	$ 142,517	$ 126,635
Other operating segments income (loss) before tax after adjustment	(5,046)	5,656
Total operating segments	137,471	132,291
Elimination of intersegment revenue	255	2,122
Income before tax from continuing operations	$ 137,726	$ 134,413

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2016	Balance at September 30, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	Other receivables	Yes	$ 146,543	$ 62,620	$ 27,240	1.65	Financing	$ -	Operation requirements	$ -	None	$ -	$ 459,639	$ 459,639	(Note 4) (Note 5)
1	GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD.	Other receivables	Yes	33,450	-	-	-	Financing	-	Operation requirements	-	None	-	282,137	282,137	
1	GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD.	Other receivables	Yes	50,175	-	-	-	Financing	-	Operation requirements	-	None	-	282,137	282,137	

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 29, 2015, the Board of Directors has approved the financing to Greatsuper Technology Limited at USD 2 million. As of September 30, 2016, the amount drawn down was USD 870 thousand (calculated at the buying spot rate on September 30, 2016)

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Nine months ended September 30, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2016 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2016 (Note 5)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 6)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 6)	Provision of endorsements/ guarantees to the party in Mainland China (Note 6)	Footnote
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	(3)	$ 229,819	$ 100,350	$ 94,080	$ -	$ -	8.19	$ 459,639	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 million was translated into NTD using the average rate of buying and selling spot rate of the month when the maximum amount incurred.

Note 5: Ending balance of endorsements/guarantees of USD 3 million as of September 30, 2016 was the balance as approved by the Board of Directors. As of September 30, 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 6: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2016

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of September 30, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
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	-	783	19.00	783	Note 2
TONS LIGHTOLOGY INC.	Stock / HEP TECH CO., LTD.	None	Available-for-sale financial assets – non-current	3,860,760	61,772	12.73	61,772	-
TONS LIGHTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Available-for-sale financial assets – non-current	1,700,000	45,135	4.59	45,135	-
HONG BO INVESTMENT CO., LTD.	Stock / HEP TECH CO., LTD.	None	Financial assets at fair value through profit or loss – current	1,953,000	31,248	6.44	31,248	-
HONG BO INVESTMENT CO., LTD.	Stock / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss – current	1,025,000	27,214	2.77	27,214	-
				Total	181,035	Total	181,035	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2016

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	$ 678,554	99	30~60 days after purchases of goods	Note 1	Note 2	($ 220,145)	(98)	Note 4
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	Same ultimate parent	Purchases	660,275	100	30~60 days after purchases of goods	Note 3	Note 2	(148,629)	(100)	Note 4

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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.	Parent company	Accounts receivable $220,145	4.01	$ -	-	$ 53,227	$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable $148,629	5.84	-	-	56,424	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of November 04, 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

Nine months ended September 30, 2016

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 4)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Purchases)	($ 678,554)	30~60 days after purchases of goods	74.60
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable)	(220,145)	30~60 days after purchases of goods	15.70
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases)	(660,275)	30~60 days after purchases of goods	72.59
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable)	(148,629)	30~60 days after purchases of goods	10.60

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at September 30, 2016: Number of shares	Shares held as at September 30, 2016: Ownership (%)	Shares held as at September 30, 2016: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2016	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016	Footnote
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 503,130	$ 503,130	16,933,402	100	$ 801,453	$ 43,384	$ 43,639	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	60,000	30,000	6,000,000	100	61,677	(1,800)	(1,800)	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	98,978	(6,875)	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	705,343	50,259	-	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

Nine months ended September 30, 2016

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2016: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016	Net income of investee as of September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016	Book value of investments in Mainland China as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2016	Footnote
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	$ 384,238	(2)	$ 368,845	$ -	$ -	$ 368,845	$ 46,107	100.00	$ 46,107	$ 596,504	$ 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	112,896	(2)	110,585	-	-	110,585	4,475	100.00	4,475	86,161	-	Note 1,2,4,5
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Sales of LED semiconductor application products	33,356	(2)	901	-	-	901	-	7.36	-	-	-	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	-	-	43,299	-	7.36	-	-	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 nine months ended September 30, 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 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 and USD 3,600, respectively, was translated at the average buying and selling spot rate on September 30, 2016.

Note 5: Accumulated investment amount in Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. of USD 11,816 and USD 3,577, 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 September 30, 2016 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
TONS LIGHTOLOGY INC.	$ 523,630	$ 526,915	$ 689,458

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016 was USD 15,393 thousand, including $1,059 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 September 30, 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.