

**TONS LIGHTOLOGY INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2020 AND 2019**

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.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries (the "Group") as at June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 6(7), the financial statements of investees accounted for using the equity method were not reviewed by independent auditors. The balance of these investments accounted for using the equity method amounted to NT\$42,447 thousand and NT\$66,139 thousand, constituting 3% and 5% of the consolidated total assets as at June 30, 2020 and 2019, and the share of profit of associates and joint ventures accounted for using the equity method amounted to NT\$7,791 thousand, NT\$3,861 thousand, NT\$14,430 thousand and NT\$3,861 thousand, constituting 14%, 15%, 114% and 8% of the

consolidated total profit before tax and constituting 10%, 406%, 520% and 9% of the total comprehensive income for the three months and six months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of investees accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months and its consolidated cash flows for the six months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Hung, Shu-Hua

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

July 31, 2020

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 independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

Assets	Notes	June 30, 2020		December 31, 2019		June 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 265,816	21	\$ 309,160	23	\$ 373,911	26
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		80,751	6	125,461	9	133,051	9
1136	Current financial assets at	6(3) and 8						
	amortised cost		111,057	9	66,193	5	33,183	2
1150	Notes receivable, net	6(4)	986	-	305	-	3,388	-
1160	Notes receivable due from related	6(4) and 7(2)						
	parties, net		-	-	-	-	200	-
1170	Accounts receivable, net	6(4)	150,998	12	148,801	11	164,857	11
1180	Accounts receivable - related	6(4) and 7(2)						
	parties		-	-	187	-	189	-
1200	Other receivables		2,627	-	4,961	-	2,711	-
130X	Inventories	6(5)	154,380	12	163,065	12	165,102	11
1410	Prepayments		18,593	1	18,304	1	21,120	2
1470	Other current assets		3,000	-	3,949	-	3,557	-
11XX	Current Assets		<u>788,208</u>	<u>61</u>	<u>840,386</u>	<u>61</u>	<u>901,269</u>	<u>61</u>
Non-current assets								
1517	Non-current financial assets at fair	6(6)						
	value through other comprehensive							
	income		134,321	10	128,394	9	131,309	9
1550	Investments accounted for using	6(7)						
	the equity method		42,447	3	56,877	4	66,139	5
1600	Property, plant and equipment	6(8)	276,864	21	299,446	22	313,306	21
1755	Right-of-use assets	6(9)	44,297	4	32,589	3	36,700	3
1780	Intangible assets		590	-	1,681	-	2,521	-
1840	Deferred income tax assets		3,275	-	4,437	-	5,235	-
1900	Other non-current assets	6(10) and 8	7,658	1	10,301	1	19,482	1
15XX	Non-current assets		<u>509,452</u>	<u>39</u>	<u>533,725</u>	<u>39</u>	<u>574,692</u>	<u>39</u>
1XXX	Total assets		<u>\$ 1,297,660</u>	<u>100</u>	<u>\$ 1,374,111</u>	<u>100</u>	<u>\$ 1,475,961</u>	<u>100</u>

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2020		December 31, 2019		June 30, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
2120	Financial liabilities at fair value	6(2)					
	through profit or loss - current		\$ 382	-	\$ 318	-	\$ 596
2150	Notes payable		15	-	45	-	17
2170	Accounts payable		56,088	4	79,446	6	99,904
2180	Accounts payable - related parties	7(2)	-	-	10,159	1	8,259
2200	Other payables	6(11)	166,822	13	101,471	7	207,625
2230	Current income tax liabilities		15,037	1	7,662	-	13,442
2250	Provisions for liabilities - current		-	-	323	-	885
2280	Current lease liabilities		7,932	1	2,577	-	4,969
2300	Other current liabilities	6(18)	13,692	1	8,086	1	8,530
21XX	Current Liabilities		<u>259,968</u>	<u>20</u>	<u>210,087</u>	<u>15</u>	<u>344,227</u>
Non-current liabilities							
2550	Provisions for liabilities - noncurrent		264	-	375	-	808
2570	Deferred income tax liabilities		2,276	-	9,421	1	5,312
2580	Non-current lease liabilities		8,894	1	1,280	-	1,117
2600	Other non-current liabilities		8,740	1	10,766	1	10,971
25XX	Non-current liabilities		<u>20,174</u>	<u>2</u>	<u>21,842</u>	<u>2</u>	<u>18,208</u>
2XXX	Total Liabilities		<u>280,142</u>	<u>22</u>	<u>231,929</u>	<u>17</u>	<u>362,435</u>
Equity attributable to owners of parent							
	Share capital	6(14)					
3110	Share capital - common stock		402,533	31	401,253	29	400,408
3140	Advance receipts for share capital		-	-	303	-	560
	Capital surplus	6(15)					
3200	Capital surplus		513,272	40	510,666	37	508,795
	Retained earnings	6(16)					
3310	Legal reserve		95,799	7	85,219	6	85,219
3320	Special reserve		54,323	4	38,429	3	38,429
3350	Unappropriated retained earnings		93,179	7	194,627	14	123,441
	Other equity interest	6(17)					
3400	Other equity interest		(60,967)	(5)	(54,323)	(4)	(9,334)
3500	Treasury shares	6(14)	(80,621)	(6)	(33,992)	(2)	(33,992)
31XX	Equity attributable to owners of the parent		<u>1,017,518</u>	<u>78</u>	<u>1,142,182</u>	<u>83</u>	<u>1,113,526</u>
3XXX	Total equity		<u>1,017,518</u>	<u>78</u>	<u>1,142,182</u>	<u>83</u>	<u>1,113,526</u>
3X2X	Total liabilities and equity		<u>\$ 1,297,660</u>	<u>100</u>	<u>\$ 1,374,111</u>	<u>100</u>	<u>\$ 1,475,961</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18) and 7	\$ 226,801	100	\$ 294,439	100	\$ 354,996	100	\$ 520,219	100
5000 Operating costs	6(5) and 7	(139,768)	(62)	(181,287)	(62)	(229,730)	(65)	(327,094)	(63)
5900 Net operating margin		<u>87,033</u>	<u>38</u>	<u>113,152</u>	<u>38</u>	<u>125,266</u>	<u>35</u>	<u>193,125</u>	<u>37</u>
Operating expenses	6(22)(23)								
6100 Selling expenses		(26,586)	(12)	(35,333)	(12)	(47,076)	(13)	(62,835)	(12)
6200 General and administrative expenses		(19,603)	(8)	(23,320)	(8)	(38,004)	(11)	(45,031)	(9)
6300 Research and development expenses		(8,262)	(4)	(10,075)	(3)	(15,980)	(4)	(18,338)	(3)
6000 Total operating expenses		(54,451)	(24)	(68,728)	(23)	(101,060)	(28)	(126,204)	(24)
6900 Operating profit		<u>32,582</u>	<u>14</u>	<u>44,424</u>	<u>15</u>	<u>24,206</u>	<u>7</u>	<u>66,921</u>	<u>13</u>
Non-operating income and expenses									
7100 Interest income	6(19)	1,387	1	1,864	1	2,978	-	3,975	1
7010 Other income	6(20)	2,571	1	547	-	3,301	1	832	-
7020 Other gains and losses	6(21)	27,677	12	(17,200)	(6)	(3,118)	(1)	(16,632)	(3)
7050 Finance costs	6(22)	(120)	-	(52)	-	(247)	-	(92)	-
7060 Share of loss of associates and joint ventures accounted for using the equity method	6(7)	(7,791)	(3)	(3,861)	(1)	(14,430)	(4)	(3,861)	(1)
7000 Total non-operating income and expenses		<u>23,724</u>	<u>11</u>	<u>(18,702)</u>	<u>(6)</u>	<u>(11,516)</u>	<u>(4)</u>	<u>(15,778)</u>	<u>(3)</u>
7900 Profit before income tax		56,306	25	25,722	9	12,690	3	51,143	10
7950 Income tax expense	6(25)	(11,168)	(5)	(11,858)	(4)	(11,831)	(3)	(16,518)	(3)
8200 Profit for the period		<u>\$ 45,138</u>	<u>20</u>	<u>\$ 13,864</u>	<u>5</u>	<u>\$ 859</u>	<u>-</u>	<u>\$ 34,625</u>	<u>7</u>
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Total expenses, by nature	6(17)	\$ 43,543	19	(\$ 3,084)	(1)	\$ 24,498	7	(\$ 2,034)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	-	-	-	-	(134)	-	-	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>43,543</u>	<u>19</u>	<u>(3,084)</u>	<u>(1)</u>	<u>24,364</u>	<u>7</u>	<u>(2,034)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(17)	(13,797)	(6)	(9,829)	(4)	(22,446)	(6)	8,811	2
8360 Components of other comprehensive income that will be reclassified to profit or loss		(13,797)	(6)	(9,829)	(4)	(22,446)	(6)	8,811	2
8300 Total other comprehensive income for the period		<u>\$ 29,746</u>	<u>13</u>	<u>(\$ 12,913)</u>	<u>(5)</u>	<u>\$ 1,918</u>	<u>1</u>	<u>\$ 6,777</u>	<u>1</u>
8500 Total comprehensive income for the period		<u>\$ 74,884</u>	<u>33</u>	<u>\$ 951</u>	<u>-</u>	<u>\$ 2,777</u>	<u>1</u>	<u>\$ 41,402</u>	<u>8</u>
Basic earnings per share	6(26)								
9750 Total basic earnings per share		\$ 1.19		\$ 0.35		\$ 0.02		\$ 0.88	
Diluted earnings per share	6(26)								
9850 Total diluted earnings per share		\$ 1.19		\$ 0.35		\$ 0.02		\$ 0.87	

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

TONS LIGHTLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
 (Expressed in thousands of New Taiwan dollars)
 (UNAUDITED)

Notes	Equity attributable to owners of the parent										Total equity		
	Capital			Capital reserves			Retained earnings					Other equity interest	
	Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
Six months ended June 30, 2019													
Balance at January 1, 2019	\$ 399,628	\$ -	\$ 501,714	\$ 4,111	\$ 74,663	\$ 38,429	\$ 191,466	(\$ 48,777)	\$ 32,666	\$ -	\$ -	\$ 1,193,900	
Profit for the period	-	-	-	-	-	-	34,625	-	-	-	-	34,625	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	8,811	(2,034)	-	-	6,777	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	8,811	(2,034)	-	-	4,777	
Appropriation and distribution of 2018 retained earnings	-	-	-	-	-	-	34,625	8,811	(2,034)	-	-	41,402	
Legal reserve	-	-	-	-	10,556	-	(10,556)	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(92,094)	-	-	-	-	(92,094)	
Share-based payment transaction - employee stock options	780	560	2,873	97	-	-	-	-	-	-	-	4,310	
Treasury share transactions	-	-	-	-	-	-	-	-	-	-	-	(33,992)	
Balance at June 30, 2019	\$ 400,408	\$ 560	\$ 504,587	\$ 4,208	\$ 85,219	\$ 38,429	\$ 123,441	(\$ 39,966)	\$ 30,632	(\$ 33,992)	(\$ 33,992)	\$ 1,113,526	
Six months ended June 30, 2020													
Balance at January 1, 2020	\$ 401,253	\$ 303	\$ 505,787	\$ 4,879	\$ 85,219	\$ 38,429	\$ 194,627	(\$ 81,791)	\$ 27,468	(\$ 33,992)	(\$ 33,992)	\$ 1,142,182	
Profit for the period	-	-	-	-	-	-	859	-	-	-	-	859	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	(22,446)	24,364	-	-	1,918	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	(22,446)	24,364	-	-	2,777	
Appropriations and distribution of 2019 retained earnings	-	-	-	-	-	-	859	(22,446)	24,364	-	-	-	
Legal reserve	-	-	-	-	10,580	-	(10,580)	-	-	-	-	-	
Special reserve	-	-	-	-	-	15,894	(15,894)	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(84,395)	-	-	-	-	(84,395)	
Share-based payment transaction - employee stock options	1,280	(303)	2,333	273	-	-	-	-	-	-	-	3,583	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	8,562	-	(8,562)	-	-	-	
Treasury stock transactions	-	-	-	-	-	-	-	(\$ 104,237)	\$ 43,270	(\$ 46,629)	(\$ 46,629)	(46,629)	
Balance at June 30, 2020	\$ 402,533	\$ -	\$ 508,120	\$ 5,152	\$ 95,799	\$ 54,323	\$ 93,179	(\$ 104,237)	\$ 43,270	(\$ 80,621)	(\$ 80,621)	\$ 1,017,518	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 12,690	\$ 51,143
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(23)	24,302	25,419
Depreciation-right-of-use assets	6(9)(23)	4,554	5,197
Amortisation	6(23)	1,207	1,193
Expected credit loss (gain)	12(2)	4,376	(239)
Net loss on financial assets and liabilities at fair value through profit or loss	6(21)	7,534	18,814
Interest expense - lease liability	6(22)	247	92
Interest income	6(19)	(2,978)	(3,975)
Dividend income		-	(89)
Wages and salaries-employee stock options	6(13)	866	1,167
Share of loss of associates and joint ventures accounted for using the equity method	6(7)	14,430	3,861
(Gain) loss on disposal of property, plant and equipment	6(21)	(166)	687
Reversal of warranty expense		(109)	(353)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(680)	(2,005)
Notes receivable due from related parties		-	(200)
Accounts receivable, net		(6,713)	(6,956)
Accounts receivable due from related parties		185	(190)
Other receivables		2,695	(355)
Inventories		4,628	6,745
Prepayments		(627)	1,433
Other current assets		1,827	337
Changes in operating liabilities			
Notes payable		(30)	17
Accounts payable		(21,657)	1,745
Accounts payable to related parties		(10,054)	(9,164)
Other payables		(15,309)	6,176
Contract liabilities		3,567	(4,704)
Other current liabilities		1,782	1,562
Other non-current liabilities		(2,026)	(939)
Cash inflow generated from operations		24,541	96,419
Interest received		2,563	3,624
Dividend received		-	89
Interest paid		(247)	(92)
Income tax paid		(10,441)	(20,676)
Net cash flows from operating activities		<u>16,416</u>	<u>79,364</u>

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 9,050)	(\$ 2,704)
Proceeds from disposal of financial assets at fair value through profit or loss		44,787	-
(Increase) decrease in financial assets at amortised cost		(46,250)	17,446
Acquisition of investments accounted for using the equity method		-	(70,000)
Acquisition of property, plant and equipment	6(27)	(6,889)	(9,959)
Proceeds from disposal of property, plant and equipment		209	271
(Increase) decrease in refundable deposits		(44)	29,325
Acquisition of intangible deposits		(115)	(144)
Increase in other non-current assets		(638)	(4,883)
Increase in other financial assets		(948)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		18,572	-
Net cash flows used in investing activities		(366)	(40,648)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in guarantee deposits received	6(28)	-	(40)
Repayment of principal portion of lease liabilities	6(9)(28)	(4,047)	(4,968)
Exercise of employee stock options		2,717	3,143
Repurchase of treasury stock	6(14)	(46,629)	(33,992)
Net cash flows used in financing activities		(47,959)	(35,857)
Effect of exchange rate changes on cash equivalents		(11,435)	4,154
Net (decrease) increase in cash and cash equivalents		(43,344)	7,013
Cash and cash equivalents at beginning of period		309,160	366,898
Cash and cash equivalents at end of period		<u>\$ 265,816</u>	<u>\$ 373,911</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. ORGANISATION AND OPERATIONS

Tons Lightology Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C) on August 20, 1992. On June 17, 2013, the Company’s stocks were officially listed on the Taipei Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading of lighting equipment and lamps.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on July 31, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission(“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020

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

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2021
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRSs 2018-2020 cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as

endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			June 30, 2020	December 31, 2019
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	100
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD. (TL)	Sales of various lighting products and accessories	100	100
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	100
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	100
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			June 30, 2020	December 31, 2019
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100	100

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			June 30, 2019	
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD. (TL)	Sales of various lighting products and accessories	100	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)
			June 30, 2019
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

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

(5) Income tax

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

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

There have been no significant change as of June 30, 2020. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash on hand	\$ 712	\$ 816	\$ 632
Checking accounts and demand deposits	52,479	47,364	68,285
Time deposits	212,625	260,980	304,994
	<u>\$ 265,816</u>	<u>\$ 309,160</u>	<u>\$ 373,911</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group's time deposits that did not meet short-term cash commitments were classified as 'financial assets at amortised cost', please refer to Note 6 (3).

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

<u>Items</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Listed stocks	\$ 110,958	\$ 129,394	\$ 126,770
Valuation adjustment	(30,207)	(3,933)	6,281
	<u>\$ 80,751</u>	<u>\$ 125,461</u>	<u>\$ 133,051</u>
Financial liabilities held for trading			
Derivative instruments - forward foreign exchange contracts	(\$ 382)	(\$ 318)	(\$ 596)

- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	\$ 24,723	(\$ 20,624)
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Net loss on financial assets (liabilities) at fair value through profit or loss	(\$ 7,534)	(\$ 18,814)

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

June 30, 2020		
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2020.07.10~2021.06.18
December 31, 2019		
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2020.01.11~2020.12.15
June 30, 2019		
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2019.07.25~2020.06.18

The Group entered into forward foreign exchange contracts to sell (sell USD and buy RMB) to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

(3) Financial assets at amortised cost

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits	\$ 111,057	\$ 66,193	\$ 33,813

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

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 986	\$ 305	\$ 3,388
Less: Allowance for bad debts	-	-	-
	<u>\$ 986</u>	<u>\$ 305</u>	<u>\$ 3,388</u>
Notes receivable due from related parties	\$ -	\$ -	\$ 200
Less: Allowance for bad debts	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Accounts receivable	\$ 155,498	\$ 148,926	\$ 165,641
Less: Allowance for bad debts	(4,500)	(125)	(784)
	<u>\$ 150,998</u>	<u>\$ 148,801</u>	<u>\$ 164,857</u>
Accounts receivable due from related parties	\$ -	\$ 187	\$ 189
Less: Allowance for bad debts	-	-	-
	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 189</u>

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

	<u>June 30, 2020</u>		<u>December 31, 2019</u>		<u>June 30, 2019</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 986	\$ 135,399	\$ 201	\$ 140,353	\$ 3,483	\$ 137,275
Up to 30 days	-	15,002	104	8,583	105	27,429
31 to 120 days	-	331	-	47	-	227
Over 120 days	-	4,766	-	130	-	899
	<u>\$ 986</u>	<u>\$ 155,498</u>	<u>\$ 305</u>	<u>\$ 149,113</u>	<u>\$ 3,588</u>	<u>\$ 165,830</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, all the Group's accounts and notes receivable arose from contracts with customers.

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

D. As at June 30, 2020, December 31, 2019 and June 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

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

(5) Inventories

	<u>June 30, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 83,075	(\$ 3,214)	\$ 79,861
Work in progress	19,010	(728)	18,282
Semi-finished goods	36,458	(3,146)	33,312
Finished goods	31,189	(8,264)	22,925
	<u>\$ 169,732</u>	<u>(\$ 15,352)</u>	<u>\$ 154,380</u>

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 92,588	(\$ 2,250)	\$ 90,338
Work in progress	20,989	(334)	20,655
Semi-finished goods	38,776	(1,789)	36,987
Finished goods	23,879	(8,819)	15,060
Inventory in transit	25	-	25
	<u>\$ 176,257</u>	<u>(\$ 13,192)</u>	<u>\$ 163,065</u>
	June 30, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 89,458	(\$ 2,198)	\$ 87,260
Work in progress	18,533	(845)	17,688
Semi-finished goods	36,946	(1,572)	35,374
Finished goods	32,485	(7,705)	24,780
	<u>\$ 177,422</u>	<u>(\$ 12,320)</u>	<u>\$ 165,102</u>

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2020	2019
Cost of goods sold	\$ 137,817	\$ 181,001
Loss on (gain on reversal of) market price decline and obsolescence	(1,271)	(119)
Loss on scrapping inventory	3,801	959
Expenses related to inventory	(579)	(554)
	<u>\$ 139,768</u>	<u>\$ 181,287</u>
	Six months ended June 30,	
	2020	2019
Cost of goods sold	\$ 224,162	\$ 325,142
Loss on market price decline and obsolescence	2,408	1,941
Loss on scrapping inventory	4,160	1,785
Expenses related to inventory	(1,000)	(1,774)
	<u>\$ 229,730</u>	<u>\$ 327,094</u>

The Group reversed from a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold or disposed by the Group for the three months ended June 30, 2020 and 2019.

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

Items	June 30, 2020	December 31, 2019	June 30, 2019
Non-current items:			
Equity instruments			
Listed stocks	\$ 82,742	\$ 89,834	\$ 89,834
Unlisted stocks	8,481	11,393	11,393
Valuation adjustment	<u>43,098</u>	<u>27,167</u>	<u>30,082</u>
	<u>\$ 134,321</u>	<u>\$ 128,394</u>	<u>\$ 131,309</u>

- A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$134,321 thousand, \$128,394 thousand and \$131,309 thousand, respectively, as at June 30, 2020, December 31, 2019 and June 30, 2019, respectively.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended June 30,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 35,005	(\$ 3,084)
Reclassified to retained earnings due to derecognition	<u>8,538</u>	<u>-</u>
	<u>\$ 43,543</u>	<u>(\$ 3,084)</u>
	Six months ended June 30,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 15,930	(\$ 2,034)
Reclassified to retained earnings due to derecognition	<u>8,568</u>	<u>-</u>
	<u>\$ 24,498</u>	<u>(\$ 2,034)</u>

- C. As at June 30, 2020, December 31, 2019 and June 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$134,321 thousand, \$128,394 thousand and \$131,309 thousand, respectively.
- D. The Group did not pledge non-current financial assets at fair value through other comprehensive income to others as collateral.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using the equity method

A. Associate:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Insignificant associate:			
Art So Trading Limited	<u>\$ 42,447</u>	<u>\$ 56,877</u>	<u>\$ 66,139</u>

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

Company name	Principal place of business	Shareholding ratio(%)			Nature of relationship	Methods of measurement
		June 30, 2020	December 31, 2019	June 30, 2019		
Art So Trading Limited	Samoa	48.57%	48.57%	48.57%	Owens at least 20% of the voting rights	Equity method

(b) To meet the industrial investment requirement, the Board of Directors resolved to increase its investment in Art So Trading Limited on July 27, 2018. The Company acquired 48.57% equity interests in Art So Trading Limited on April 12, 2019, and goodwill of \$589 thousand arising from the acquisition of such investee was recognised as the cost of the investment in associate.

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

Investee	Three months ended June 30,	
	2020	2019
Art So Trading Limited	<u>(\$ 7,791)</u>	<u>(\$ 3,861)</u>

Investee	Six months ended June 30,	
	2020	2019
Art So Trading Limited	<u>(\$ 14,430)</u>	<u>(\$ 3,861)</u>

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(8) Property, plant and equipment

Six months ended June 30, 2020

	At January 1	Additions	Disposals	Transfers	Net exchange differences	At June 30
Cost						
Buildings and structures	\$ 381,590	\$ 316	\$ -	\$ -	\$ 10,112	\$ 371,794
Molding equipment	170,357	4,840	(49)	1,184	(4,602)	171,730
Machinery and equipment	129,114	177	(472)	614	(3,426)	126,007
Research and development equipment	27,747	63	(200)	28	(733)	26,905
Transportation equipment	15,029	67	(1,980)	985	(363)	13,738
Others	60,600	825	(7,577)	339	(1,444)	52,743
Construction in progress	10,603	-	-	-	(280)	10,323
	<u>\$ 795,040</u>	<u>\$ 6,288</u>	<u>\$ 10,278</u>	<u>\$ 3,150</u>	<u>\$ 20,960</u>	<u>\$ 773,240</u>
Accumulated depreciation						
Buildings and structures	(\$ 171,225)	\$ 10,119	\$ -	\$ -	\$ 4,701	(\$ 176,643)
Molding equipment	(145,107)	(7,808)	49	-	(3,965)	(148,901)
Machinery and equipment	(93,975)	(2,755)	452	-	(2,526)	(93,752)
Research and development equipment	(23,832)	(700)	200	-	(639)	(23,693)
Transportation equipment	(12,216)	(841)	1,980	-	(288)	(10,789)
Others	(49,239)	(2,079)	7,554	-	(1,166)	(42,598)
	<u>(\$ 495,594)</u>	<u>(\$ 24,302)</u>	<u>\$ 10,235</u>	<u>\$ -</u>	<u>\$ 13,285</u>	<u>(\$ 496,376)</u>
	<u>\$ 299,446</u>					<u>\$ 276,864</u>

Six months ended June 30, 2019

	At January 1	Additions	Disposals	Transfers	Net exchange differences	At June 30
Cost						
Buildings and structures	\$ 387,342	\$ 2,123	\$ -	\$ 5,097	\$ 4,181	\$ 398,743
Molding equipment	166,247	6,563	(1,790)	498	1,773	173,291
Machinery and equipment	128,349	279	(2,984)	404	1,277	127,325
Research and development equipment	28,638	-	(31)	-	314	28,921
Transportation equipment	14,811	-	(527)	-	144	14,428
Others	70,721	1,372	(7,948)	903	747	65,795
Construction in progress	16,211	(54)	-	(5,245)	223	11,135
	<u>\$ 812,319</u>	<u>\$ 10,283</u>	<u>(\$ 13,280)</u>	<u>\$ 1,657</u>	<u>\$ 8,659</u>	<u>\$ 819,638</u>
Accumulated depreciation						
Buildings and structures	(\$ 157,597)	\$ 10,269	\$ -	\$ -	(\$ 1,639)	(\$ 169,505)
Molding equipment	(144,896)	(6,990)	1,368	-	(1,540)	(152,058)
Machinery and equipment	(95,538)	(2,848)	2,784	-	897	(96,499)
Research and development equipment	(23,597)	(706)	20	-	(254)	(24,537)
Transportation equipment	(11,488)	(849)	527	-	(106)	(11,916)
Others	(55,083)	(3,757)	7,623	-	(600)	(51,817)
	<u>(\$ 488,199)</u>	<u>(\$ 25,419)</u>	<u>\$ 12,322</u>	<u>\$ -</u>	<u>(\$ 5,036)</u>	<u>(\$ 506,332)</u>
	<u>\$ 324,120</u>					<u>\$ 313,306</u>

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

(9) Leasing arrangements-lessee

A. The Group leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 1 to 47 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 27,392	\$ 28,551	\$ 30,417
Buildings	16,853	3,931	6,254
Machinery and equipment	<u>52</u>	<u>107</u>	<u>29</u>
	<u>\$ 44,297</u>	<u>\$ 32,589</u>	<u>\$ 36,700</u>

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 202	\$ 219
Buildings	2,068	2,352
Machinery and equipment	<u>27</u>	<u>28</u>
	<u>\$ 2,297</u>	<u>\$ 2,599</u>

	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 409	\$ 438
Buildings	4,092	4,702
Machinery and equipment	<u>53</u>	<u>57</u>
	<u>\$ 4,554</u>	<u>\$ 5,197</u>

C. For the six months ended June 30, 2020 and 2019, the additions to right-of-use assets amounted to \$17,127 thousand and \$3,392 thousand, respectively.

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

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 120	\$ 52

	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 247	\$ 92

E. For the six months ended June 30, 2020 and 2019, the Group's total cash outflow for leases amounted to \$4,294 thousand and \$5,060 thousand, respectively.

(10) Other non-current assets

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Guarantee deposits paid	\$ 2,789	\$ 2,763	\$ 2,831
Prepayments for business facilities	3,165	5,531	13,483
Other non-current assets	<u>1,704</u>	<u>2,007</u>	<u>3,168</u>
	<u>\$ 7,658</u>	<u>\$ 10,301</u>	<u>\$ 19,482</u>

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

(11) Other payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash dividends payable	\$ 84,395	\$ -	\$ 92,094
Salary and bonus payable	33,853	53,454	46,923
Payable for consumables and purchases	12,587	13,841	13,252
Insurance and pension expense payable	9,258	11,179	13,159
Others	<u>26,729</u>	<u>22,997</u>	<u>42,197</u>
	<u>\$ 166,822</u>	<u>\$ 101,471</u>	<u>\$ 207,625</u>

(12) Pensions

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

(b) For the aforementioned pension plan, the Group recognised pension costs of \$18 thousand, \$26 thousand, \$36 thousand and \$53 thousand for the three months and six months ended June 30, 2020 and 2019, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to \$72 thousand.

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

- (b) The Company's Hong Kong branch contributes 5% of employees' salaries and wages (below the ceiling of HKD1,500) pursuant to the mandatory provident fund schemes. The accrued benefits is deposited in a specialised account in Manulife (International) Limited and can only be withdrawn when scheme members reach the age of 65. Other than the monthly contributions, the Group has no further obligations.
- (c) Titan Lighting Co. Ltd. and Zhongshan Tons Lighting Co. Ltd. have a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. On June 30, 2020 and 2019, abovementioned contribution percentage was both 13%. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2020 and 2019 were \$329 thousand, \$4,151 thousand, \$1,959 thousand and \$8,406 thousand, respectively.

(13) Share-based payment

- A. As at June 30, 2020, December 31, 2019 and June 30, 2019, 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 second quarter of 2020	Actual turnover rate in 2019
Fourth employee stock options	2014.11.13	600	5 years	2~4 years' service	-	-
Fifth employee stock options	2016.12.23	600	5 years	2~4 years' service	2.70%	2.63%
Sixth employee stock options	2018.11.02	600	5 years	2~4 years' service	5.00%	2.44%

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

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

(a) Fourth employee stock options

	2020		2019	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	-	116	\$ 20.50
Options exercised	-	-	(78)	20.50
Options exercised	-	-	(2)	19.00 (Note)
Options outstanding at June 30	-	-	<u>36</u>	19.00 (Note)
Options exercisable at June 30	-	-	<u>36</u>	

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

(b) Fifth employee stock options

	2020		2019	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise (in dollars)
Options outstanding at January 1	493	\$ 27.80(Note)	571	\$ 30.00
Options forfeited	(1)	27.80(Note)	-	-
Options exercised	(98)	27.80(Note)	(54)	27.80(Note)
Options outstanding at June 30	<u>394</u>	25.70(Note)	<u>517</u>	27.80(Note)
Options exercisable at June 30	<u>253</u>		<u>231</u>	

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

(c) Sixth employee stock options

	2020		2019	
	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	598	\$ 27.80(Note)	600	\$ 29.90
Options forfeited	(12)	27.80(Note)	-	-
Options outstanding at June 30	<u>586</u>	25.70(Note)	<u>600</u>	27.80(Note)
Options exercisable at June 30	<u>-</u>		<u>-</u>	

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

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

	Expiry date	June 30, 2020		December 31, 2019	
		No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Fifth employee stock options	2021.12.22	394	\$ 25.70	493	\$ 27.80
Sixth employee stock options	2023.11.01	586	25.70	598	27.80

	Expiry date	June 30, 2019	
		No. of options (in thousands)	Exercise price
Fourth employee stock options	2019.11.12		36 \$ 19.00
Fifth employee stock options	2021.12.22		517 27.80
Sixth employee stock options	2023.11.01		600 27.80

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

Type of arrangement	Grant day	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share options	2014.11.13	28.20	28.20	38.16%	5 years	-	0.53%	9.36
Employee share options	2016.12.23	34.95	34.95	17.40%	5 years	-	0.94%	5.99
Employee share options	2018.11.02	29.90	29.90	28.28%	5 years	-	0.75%	7.75

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

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

	Three months ended June 30,	
	2020	2019
Equity-settled - employee stock options	\$ 456	\$ 583

	Six months ended June 30,	
	2020	2019
Equity-settled - employee stock options	\$ 866	\$ 1,167

(14) Share capital

A.As of June 30, 2020, 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 \$402,533 thousand with a par value of \$10 (in dollars) per share. The total share capital was \$402,533 thousand.

- B. The employees exercised options for 12 thousand shares and 116 thousand shares of common stock during the period from November 6, 2019 to February 17, 2020, and the subscription price was NT\$19 and NT\$27.8 per share, respectively. The share issuance became effective on March 4, 2020, as resolved at the meeting of Board of Directors on February 26, 2020. The registration was completed on March 30, 2020.
- C. The employees exercised options for 27 thousand shares and 58 thousand shares of common stock during the period from June 24, 2019 to October 31, 2019, and the subscription price was NT\$19 and NT\$27.8 per share, respectively. The share issuance became effective on November 6, 2019, as resolved at the meeting of Board of Directors on November 1, 2019. The registration was completed on November 26, 2019.
- D. The employees exercised options for 78 thousand shares of common stock during the period from January 1, 2019 to February 15, 2019, and the subscription price was NT\$20.5 per share. The share issuance became effective on March 6, 2019, as resolved at the meeting of Board of Directors on February 26, 2019. The registration was completed on March 25, 2019.

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

	(Unit: shares in thousands)	
	2020	2019
At January 1	39,156	39,963
Employee stock options exercised	97	134
Purchase of treasury share	(1,600)	(1,000)
At June 30	37,653	39,097

E. Treasury shares

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

	Six months ended June 30, 2020			
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reason for reacquisition				
Reissued to employees	1,000	1,000	-	2,000
To enhance the Company's credit rating and the stockholders' equity	-	600	-	600
	1,000	1,600	-	2,600
	Six months ended June 30, 2019			
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reason for reacquisition				
Reissued to employees	-	1,000	-	1,000

- (b) The Board of Directors during its meeting on June 29, 2020 adopted a resolution to change the purpose of the 3rd purchase of treasury shares from "reissued to the employees" to "to

enhance the Company's credit rating and the stockholders' equity". It was approved by the Financial Supervisory Commission on July 8, 2020 and the retirement should be registered with the Ministry of Economic Affairs within six months of acquisition.

- (c) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting on April 26, 2020 adopted a resolution to purchase 600 thousand treasury shares for the third time at a price between \$25 to \$35 per share from April 27, 2020 to June 26, 2020, which will be transferred to employees. As of June 30, 2020, the Company has purchased 600 thousand treasury shares with the price amounting to \$317,885 thousand.
- (d) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting on February 26, 2020 adopted a resolution to purchase 1,000 thousand treasury shares for the second time at a price between \$25 to \$35 per share from February 27, 2020 to April 26, 2020, which will be transferred to employees. As of June 30, 2020, the Company has purchased 1,000 thousand treasury shares with the price amounting to \$28,744 thousand.
- (e) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting on February 26, 2019 adopted a resolution to purchase 1,000 thousand treasury shares for the first time at a price between \$25 to \$45 per share from February 27, 2019 to April 26, 2019, which will be transferred to employees. As of June 30, 2019, the Company has purchased 1,000 thousand treasury shares with the price amounting to \$33,992 thousand.
- (f) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (g) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (h) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
 - (a) Offset prior years' operating losses, if any.
 - (b) Set aside 10% of the remaining amount as legal reserve, and set aside or reverse special reserve when necessary.
 - (c) The remainder along with the unappropriated earnings of prior years is the accumulated distributable earnings. The appropriation of accumulated distributable earnings shall be proposed by the Board of Directors and be resolved by the shareholders.

The Company is at the development stage. In line with current and future development plans and investment environment, and to respond to capital needs and domestic and foreign competition,

as well as shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc., the earnings shall be appropriated in compliance with the above regulations. The ratio of dividends to shareholders shall account for at least 50% of the accumulated distributable earnings, of which the ratio of cash dividends shall account for at least 10% of the total dividends distributed. However, the Board of Directors shall adjust the ratios based on current operating status and shall report to the shareholders for a resolution.

- B. Under a resolution made by the Board of Directors, which has more than 2/3 directors attended the meeting and more than 1/2 attended directors agreed, full or partial of the distributable dividends and bonus, capital surplus or legal reserve will be distributed in the form of cash, and it will be reported to the shareholders. The regulation in relation to approval from the shareholders as above mentioned is not applicable.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was \$38,429 thousand.
- E. The appropriations of 2019 earnings as proposed by the Board of Directors on February 26, 2020 and the appropriations of 2018 earnings as resolved at the shareholders' meeting on May 29, 2019 are detailed as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 10,580		\$ 10,556	
Special reserve	15,894		-	
Cash dividends	<u>84,395</u>	\$ 2.24	<u>92,094</u>	\$ 2.3
	<u>\$ 110,869</u>		<u>\$ 102,650</u>	

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

(17) Other equity items

	2020		2019	
	Currency translation	Unrealised gains (losses) on valuation	Currency translation	Unrealised gains (losses) on valuation
At January 1	(\$ 81,791)	\$ 27,468	(\$ 48,777)	\$ 32,666
Currency translation differences:				
- Group	(22,446)	-	8,811	-
Revaluation transferred to retained earnings – gross	-	24,364	-	(2,034)
Revaluation transferred to retained earnings – tax	-	(8,568)	-	-
Revaluation	-	6	-	-
At June 30	<u>(\$ 104,237)</u>	<u>\$ 43,270</u>	<u>(\$ 39,966)</u>	<u>\$ 30,632</u>

(18) Operating revenue

	Three months ended June 30,	
	2020	2019
Sales revenue	<u>\$ 226,801</u>	<u>\$ 294,439</u>
	Six months ended June 30,	
	2020	2019
Sales revenue	<u>\$ 354,996</u>	<u>\$ 520,219</u>

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A. Disaggregation of revenue from contracts with customers

		Six months ended June 30, 2020						TONS LIGHTING CO., LTD.			
		TITAN LIGHTING CO., LTD.			Others			TONS LIGHTING CO., LTD.			
		Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Total
Revenue from contracts		\$262,988	\$42,239	\$21,930	\$624	\$1,919	\$2,691	\$271	\$-	\$10,484	\$354,996
		Six months ended June 30, 2019						TONS LIGHTING CO., LTD.			
		Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Total
Revenue from contracts		\$349,546	\$63,763	\$27,607	\$1,342	\$1,201	\$180	\$230	\$9	\$70,663	\$520,219

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Contract liabilities:			
Contract liabilities	\$ 10,807	\$ 7,286	\$ 6,888
Revenue recognised that was included in the contract liability balance at the beginning of the period:			
Three months ended June 30,			
2020			2019
\$	97	\$	320
Revenue recognised that was included in the contract liability balance at the beginning of the period			
Six months ended June 30,			
2020			2019
\$	5,444	\$	10,106

(19) Interest income

	Three months ended June 30,	
	2020	2019
Interest income from bank deposits	\$ 1,387	\$ 1,864
	Six months ended June 30,	
	2020	2019
Interest income from bank deposits	\$ 2,978	\$ 3,975

(20) Other income

	Three months ended June 30,	
	2020	2019
Other income - others	\$ 2,751	\$ 547
	Six months ended June 30,	
	2020	2019
Other income - others	\$ 3,301	\$ 832

(21) Other gains and losses

	Three months ended June 30,	
	2020	2019
Loss on disposal of property, plant and equipment	(\$ 43)	(\$ 592)
Net currency exchange gain	3,006	4,024
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	24,723	(20,624)
Other losses	(9)	(8)
	\$ 27,677	(\$ 17,200)
	Six months ended June 30,	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$ 166	(\$ 757)
Net currency exchange gain	4,260	2,947
Net loss on financial assets (liabilities) at fair value through profit or loss	(7,534)	(18,814)
Other losses	(10)	(8)
	(\$ 3,118)	(\$ 16,632)

(22) Finance costs

	Three months ended June 30,	
	2020	2019
Interest expense	\$ 120	\$ 52

	Six months ended June 30,	
	2020	2019
Interest expense	\$ 247	\$ 92

Note: Interest expense arose from the lease liabilities discounted over the contract period upon the adoption of IFRS 16 starting from January 1, 2019.

(23) Expenses by nature

	Three months ended June 30,	
	2020	2019
Employee benefit expense	\$ 52,931	\$ 78,292
Depreciation charges on property, plant and equipment	12,018	12,585
Depreciation charges on right-of-use assets	2,297	2,599
Amortisation charges	604	590

	Six months ended June 30,	
	2020	2019
Employee benefit expense	\$98,447	\$143,103
Depreciation charges on property, plant and equipment	24,302	25,419
Depreciation charges on right-of-use assets	4,554	5,197
Amortisation charges	1,207	1,193

(24) Employee benefit expense

	Three months ended June 30,	
	2020	2019
Wages and salaries	\$ 48,206	\$ 69,340
Labour and health insurance fees	1,009	1,180
Pension costs	347	4,177
Directors' remunerations	672	869
Other employee benefit expense	2,697	2,726
	\$ 52,931	\$ 78,292

	Six months ended June 30,	
	2020	2019
Wages and salaries	\$ 88,953	\$ 126,080
Labour and health insurance fees	1,679	1,477
Pension costs	1,995	8,459
Directors' remunerations	1,242	1,747
Other employee benefit expense	4,578	5,340
	\$ 98,447	\$ 143,103

Note: For the six months ended June 30, 2020 and 2019, the Group had 678 and 758 employees, respectively, and had 5 non-employee directors for both periods.

A. In accordance with the Articles of Incorporation of the Company, the current year's earnings, if profit, the Company shall appropriate 5% to 15% as the employees' compensation; if loss, shall

first reserve the offset amount. The ratio before amendment was 8% to 12% for employees' compensation and shall not be higher than 2% for directors' remuneration.

- B. For the three months and six months ended June 30, 2020 and 2019, the accrued employees' compensation and directors' remuneration is as follows:

	Three months ended June 30,	
	2020	2019
Employees' compensation	\$ 559	\$ 1,651
Directors' remuneration	84	248
	<u>\$ 643</u>	<u>\$ 1,899</u>
	Six months ended June 30,	
	2020	2019
Employees' compensation	\$ 559	\$ 3,705
Directors' remuneration	84	556
	<u>\$ 643</u>	<u>\$ 4,261</u>

The aforementioned amounts were recognised in salary expenses. The Group accrued expenses based on 8% and 1.2% of the pre-tax income that has not been accrued for employees' compensation and directors' remuneration, respectively, for the six months ended June 30, 2020 and 2019.

Employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. The employees' compensation will be distributed in the form of cash.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2020	2019
Current tax:		
Current tax on profit for the period	\$ 16,513	\$ 9,605
Tax on undistributed surplus earnings	-	146
Prior year income tax underestimation	45	614
Total current tax	16,558	10,365
Deferred tax:		
Origination and reversal of temporary differences	(5,390)	1,493
Income tax expense	<u>\$ 11,168</u>	<u>\$ 11,858</u>

	Six months ended June 30,	
	2020	2019
Current tax:		
Current tax on profit for the period	\$ 18,813	\$ 14,427
Tax on undistributed surplus earnings	-	146
Prior year income tax underestimation	(870)	(702)
Total current tax	17,943	13,871
Deferred tax:		
Origination and reversal of temporary differences	(6,112)	2,647
Income tax expense	<u>\$ 11,831</u>	<u>\$ 16,518</u>

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

	Three months ended June 30,	
	2020	2019
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>

	Six months ended June 30,	
	2020	2019
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ 134</u>	<u>\$ -</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

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(26) Earnings per share

Earnings per share of ordinary shares:

	<u>Three months ended June 30, 2020</u>		
	<u>Amount after</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>tax</u>	<u>number of ordinary</u>	<u>share (in dollars)</u>
		<u>shares outstanding</u>	
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 45,138</u>	<u>37,945</u>	<u>\$ 1.19</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	45,138	37,945	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	20	
- Employee stock options	-	96	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 45,138</u>	<u>38,061</u>	<u>\$ 1.19</u>
	<u>Three months ended June 30, 2019</u>		
	<u>Amount after</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>tax</u>	<u>number of ordinary</u>	<u>share (in dollars)</u>
		<u>shares outstanding</u>	
		<u>(shares in thousands)</u>	

Six months ended June 30, 2020

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 859	38,514	\$ 0.02
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	859	38,514	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	20	
- Employee stock options	-	166	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 859	38,700	\$ 0.02

Six months ended June 30, 2019

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 34,625	39,507	\$ 0.88
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	34,625	39,507	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	119	
- Employee stock options	-	201	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 34,625	39,827	\$ 0.87

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Six months ended June 30,	
	2020	2019
Purchase of property, plant and equipment	\$ 6,288	\$ 10,283
Add: Opening balance of payable on equipment	1,788	834
Less: Ending balance of payable on equipment	(1,187)	(1,158)
Cash paid during the period	<u>\$ 6,889</u>	<u>\$ 9,959</u>

(28) Changes in liabilities from financing activities

	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities - gross
At January 1, 2020	\$ 1,126	\$ 3,857	\$ -	\$ 4,983
Changes in cash flow from financing activities	-	(4,047)	-	(4,047)
Impact of changes in foreign exchange rate items	-	(54)	-	(54)
	<u>-</u>	<u>17,070</u>	<u>84,395</u>	<u>101,465</u>
At June 30, 2020	<u>\$ 1,126</u>	<u>\$ 16,826</u>	<u>\$ 84,395</u>	<u>\$ 102,347</u>

	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities - gross
At January 1, 2019	\$ 1,246	\$ -	\$ -	\$ 1,246
Effect of first-time adoption of IFRS	-	7,312	-	7,312
Changes in cash flow from financing activities	(40)	(4,968)	-	(5,008)
Impact of changes in foreign exchange rate items	(2)	2	-	-
	<u>-</u>	<u>3,740</u>	<u>92,094</u>	<u>95,834</u>
At June 30, 2019	<u>\$ 1,204</u>	<u>\$ 6,086</u>	<u>\$ 92,094</u>	<u>\$ 99,384</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
WeiSen Electronic Co., Ltd	Other related party (Note)
ARTSO INTERNATIONAL, INC.	Associate
BEIJING ARTSO FURNITURE CO.,LTD	Associate
Shanghai Art So Zhong Trading Limited	Associate

Note: On June 22, 2020, the Company was discharged as the corporate director of HEP TECH CO., LTD. (hereinafter "HEP") due to the expiration of the term and, therefore, HEP and its subsidiaries were removed from the related parties. The following purchases and sales

transactions were for the period from January 1, 2020 to June 22, 2020 and the balances of accounts receivable, accounts payable and other payables as of June 22, 2020 were no longer related party transactions.

(2) Significant related party transactions

A. Operating revenue

	Three months ended June 30,	
	2020	2019
Sales of goods:		
- Other related parties	\$ -	\$ 607
- Associates	-	-
	<u>\$ -</u>	<u>\$ 607</u>
	Six months ended June 30,	
	2020	2019
Sales of goods:		
- Other related parties	\$ -	\$ 615
- Associates	578	-
	<u>\$ 578</u>	<u>\$ 615</u>

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

B. Notes and accounts receivable

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable:			
- ARTSO INTERNATIONAL, INC.	\$ -	\$ -	\$ 200
Accounts receivable:			
- BEIJING ARTSO FURNITURE CO., LTD	\$ -	\$ 90	\$ 189
- Shanghai Art So Zhong Trading Limited	-	97	-
- Other related parties	-	-	-
	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 189</u>

C. Purchases

	Three months ended June 30,	
	2020	2019
Purchases of raw materials:		
- Other related parties	\$ 7,302	\$ 5,319
	Six months ended June 30,	
	2020	2019
Purchases of raw materials:		
- Other related parties	\$ 11,327	\$ 12,768

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

D. Accounts payable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Accounts payable:			
- WeiSen Electronic Co., Ltd.	\$ -	\$ 10,159	\$ 8,259

(3) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 4,726	\$ 6,720
Post-employment benefits	130	140
Share-based payments	97	304
	<u>\$ 4,953</u>	<u>\$ 7,164</u>
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 9,714	\$ 13,593
Post-employment benefits	269	280
Share-based payments	339	608
	<u>\$ 10,322</u>	<u>\$ 14,481</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>	
Time deposits (shown as 'financial assets at amortised cost')	\$ 4,191	\$ 4,305	\$ 4,521	Forward foreign exchange
Restricted time deposits (shown as 'other current assets')	948	-	-	Construction deposits paid
Guarantee deposits paid (shown as 'other non-current assets')	2,789	2,763	2,831	Construction and security deposits
	<u>\$ 7,928</u>	<u>\$ 7,068</u>	<u>\$ 7,352</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There has been no significant change as of June 30, 2020. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 80,751	\$ 125,461	\$ 133,051
Financial assets at fair value through other comprehensive income	134,321	128,394	131,309
Cash and cash equivalents	265,816	309,160	373,911
Financial assets at amortised cost	111,057	66,193	33,183
Notes receivable (including related parties)	986	305	3,588
Accounts receivable (including related parties)	150,998	148,988	165,046
Other receivables	2,627	4,961	2,711
Other financial assets - current	948	-	-
Guarantee deposits paid	2,789	2,763	2,831
	<u>\$ 750,293</u>	<u>\$ 786,225</u>	<u>\$ 845,630</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 382	\$ 318	\$ 596
Financial liabilities at amortised cost			
Notes payable	15	45	17
Accounts payable (including related parties)	56,088	89,605	108,163
Other accounts payable	166,822	101,471	207,625
Guarantee deposits received	1,126	1,126	1,204
	<u>\$ 224,433</u>	<u>\$ 192,565</u>	<u>\$ 317,605</u>
Lease liability (including current portion)	<u>\$ 16,826</u>	<u>\$ 3,857</u>	<u>\$ 6,086</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides

written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB income and expenditures. Entities in the Group use natural hedge to decrease the risk exposure in the foreign currency, transacted with Group treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's risk management policy is to hedge anticipated cash flows (mainly from export sales and purchase of inventory) in each major foreign currency.
- v. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

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June 30, 2020

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 2,469	29.580	\$ 73,033	1%	\$ 730	\$ -
HKD : NTD	269	3.793	1,020	1%	10	-
EUR : NTD	1,568	33.070	51,854	1%	519	-
RMB : NTD	26,888	4.166	112,015	1%	1,120	-
RMB : USD	11,901	0.141	49,580	1%	496	-
USD : RMB	6,940	7.070	205,285	-1%	(2,053)	-
EUR : RMB	276	7.938	9,127	1%	91	-
<u>Non-monetary items</u>						
USD : NTD	\$ 270	29.580	\$ 7,987	1%	\$ -	\$ 80
<u>Investments accounted for using the equity method</u>						
USD : NTD	\$ 1,700	29.580	\$ 50,286	1%	\$ -	\$ 503
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 7,717	29.680	\$ 229,041	1%	(\$ 2,290)	\$ -
EUR : NTD	275	33.470	9,204	1%	(92)	-
RMB : NTD	14,652	4.216	61,773	1%	(618)	-
RMB : USD	304	0.142	1,282	1%	(13)	-
USD : RMB (Note)	1,800	7.109	(382)	-1%	537	-

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

December 31, 2019

	Sensitivity analysis					
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 3,563	29.930 \$	106,641	1% \$	1,066 \$	-
HKD : NTD	1,021	3.819	3,899	1%	39	-
EUR : NTD	1,485	33.390	49,584	1%	496	-
RMB : NTD	13,644	4.280	58,396	1%	584	-
RMB : USD	18,501	0.143	79,184	1%	792	-
USD : RMB	7,170	6.964	214,598	-1% (	2,146)	-
EUR : RMB	237	7.803	7,913	1%	79	-
<u>Non-monetary items</u>						
USD : NTD	\$ 337	29.930 \$	10,086	1% \$	- \$	101
<u>Investments accounted for using the equity method</u>						
USD : NTD	\$ 1,700	29.930 \$	50,881	1% \$	- \$	509
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 8,038	30.030 \$	241,381	1% (\$	2,414) \$	-
EUR : NTD	235	33.790	7,941	1% (	79)	-
RMB : NTD	12,730	4.330	55,121	1% (	551)	-
RMB : USD	7,276	0.144	31,505	1% (	315)	-
USD : RMB (Note)	1,800	7.002 (	318)	-1%	543	-

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

June 30, 2019

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 3,314	31.010 \$	102,767	1% \$	1,028 \$	-
HKD : NTD	1,507	3.947	5,948	1%	59	-
EUR : NTD	1,228	35.180	43,201	1%	432	-
RMB : NTD	29,257	4.496	131,539	1%	1,315	-
RMB : USD	19,525	0.145	87,784	1%	878	-
USD : RMB	6,119	6.870	189,750	-1% (	1,898)	-
EUR : RMB	196	7.826	6,895	1%	69	-
<u>Non-monetary items</u>						
USD : NTD	\$ 337	31.010 \$	10,450	1% \$	- \$	105
<u>Investments accounted for using the equity method</u>						
USD : NTD	\$ 1,700	31.010 \$	52,717	1% \$	- \$	527
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 7,014	31.110 \$	218,206	1% (\$	2,182)	\$ -
EUR : NTD	195	35.580	6,938	1% (	69)	-
RMB : NTD	13,840	4.546	62,917	1% (	629)	-
RMB : USD	9,225	0.146	41,937	1% (	419)	-
USD : RMB (Note)	1,800	6.879	596	-1%	561	-

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

- vi. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2020 and 2019 amounted to \$3,006 thousand, \$4,024 thousand, \$4,260 thousand and \$2,947 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Group mainly invests in shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2020 and 2019 would have decreased/increased by \$808 thousand and \$1,331 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by \$1,343 thousand and \$1,313 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

For the six months ended June 30, 2020 and 2019, the Group has no items with impact on profit (loss) due to changes in interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimise credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorised management according to the Group's delegation of authorisation policy. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;

- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with product types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2020, December 31, 2019 and June 30, 2019, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
<u>June 30, 2020</u>					
Expected loss rate	0.00%	0.00%	29.91%	92.34%	
Total book value	<u>\$135,399</u>	<u>\$ 15,002</u>	<u>\$ 331</u>	<u>\$ 4,766</u>	<u>\$ 155,498</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 99)</u>	<u>(\$ 4,401)</u>	<u>(\$ 4,500)</u>
	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
<u>December 31, 2019</u>					
Expected loss rate	0.00%	0.00%	12.77%	91.54%	
Total book value	<u>\$140,353</u>	<u>\$ 8,583</u>	<u>\$ 47</u>	<u>\$ 130</u>	<u>\$ 149,113</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 6)</u>	<u>(\$ 119)</u>	<u>(\$ 125)</u>
	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
<u>June 30, 2019</u>					
Expected loss rate	0.00%	0.00%	12.78%	83.98%	
Total book value	<u>\$137,275</u>	<u>\$ 27,429</u>	<u>\$ 227</u>	<u>\$ 899</u>	<u>\$ 165,830</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 29)</u>	<u>(\$ 755)</u>	<u>(\$ 784)</u>

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

	2020
	Accounts receivable
At January 1	\$ 125
Provision for impairment	4,376
Effect of exchange rate changes	(1)
At June 30	<u>\$ 4,500</u>

	2019
	<u>Accounts receivable</u>
At January 1	\$ 1,021
Transferred to revenue	(239)
Effect of exchange rate changes	<u>2</u>
At June 30	<u>\$ 784</u>

(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 Group invests surplus cash in interest bearing current accounts and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company's undrawn borrowing facilities amounted to \$134,140 thousand, \$105,105 thousand and \$143,885 thousand, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
June 30, 2020					
Notes and accounts payable	\$ 56,103	\$ -	\$ -	\$ -	\$ -
Accounts payable - related parties	-	-	-	-	-
Other payables	166,822	-	-	-	-
Lease liabilities	7,871	6,024	2,827	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2019					
Notes and accounts payable	\$ 79,491	\$ -	\$ -	\$ -	\$ -
Accounts payable - related parties	10,159	-	-	-	-
Other payables	101,471	-	-	-	-
Lease liabilities	2,670	1,290	-	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
June 30, 2019					
Notes and accounts payable	\$ 99,921	\$ -	\$ -	\$ -	\$ -
Accounts payable - related parties	8,259	-	-	-	-
Other payables	207,625	-	-	-	-
Lease liabilities	5,085	1,137	-	-	-

Derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
June 30, 2020					
Forward exchange contracts	\$ 382	\$ -	\$ -	\$ -	\$ -

Derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2019					
Forward exchange contracts	\$ 318	\$ -	\$ -	\$ -	\$ -

Derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
June 30, 2019					
Forward exchange contracts	\$ 596	\$ -	\$ -	\$ -	\$ -

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, notes payable, accounts payable, accounts payable - related parties and other payables) are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

June 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 80,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,751</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 126,702</u>	<u>\$ -</u>	<u>\$ 7,619</u>	<u>\$ 134,321</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ -</u>	<u>\$ 382</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 125,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,461</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 118,505</u>	<u>\$ -</u>	<u>\$ 9,889</u>	<u>\$ 128,394</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ 318</u>

June 30, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 133,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,051</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 122,672</u>	<u>\$ -</u>	<u>\$ 8,637</u>	<u>\$ 131,309</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 596</u>	<u>\$ -</u>	<u>\$ 596</u>

- (b) The Group used market quoted prices as the fair values of the instruments in Level 1. Based on the characteristics, the closing prices are used for emerging shares.
- (c) Forward exchange contracts are usually valued based on the current forward exchange rate.
- D. For the six months ended June 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- E. For the six months ended June 30, 2020, movements on Level 3 are as follows:

	<u>2020</u>	
	<u>Equity instruments</u>	
At January 1	\$	9,889
Gains recognised in other comprehensive income		642
Sold in the period	(	<u>2,912)</u>
At June 30	\$	<u>7,619</u>

- F. For the six months ended June 30, 2019, there was no transfer into or out from Level 3.
- G. Experts and the Group's treasury department are in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 7,619	Market comparable companies	Price to book ratio	0.69	The higher the multiple, the higher the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 9,889	Market comparable companies	Price to book ratio	0.69	The higher the multiple, the higher the fair value
	Fair value at June 30, 2019	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 8,637	Market comparable companies	Price to book ratio	0.59	The higher the multiple, the higher the fair value

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

			June 30, 2020	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity securities	price to book ratio	± 5%	\$ 382	(\$ 382)
			December 31, 2019	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity securities	price to book ratio	± 5%	\$ 510	(\$ 510)
			June 30, 2019	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity securities	price to book ratio	± 5%	\$ 436	(\$ 436)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- 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 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative financial instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the six months ended June 30, 2020. As of June 30, 2020, financial assets at fair value through profit or loss of \$382 thousand was recognised.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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 six months ended June 30, 2020 are provided in Note 13(1) J.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organisation is divided into Tons Lightology Inc., Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. based on the nature. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

(2) Segment information

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

	Six months ended June 30, 2020			Total
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	
Revenue from external customers	\$ 327,781	\$ 4,881	\$ 10,484	\$ 343,146
Inter-segment revenue	6,800	257,498	19,945	284,243
Segment revenue	<u>\$ 334,581</u>	<u>\$ 262,379</u>	<u>\$ 30,429</u>	<u>\$ 627,389</u>
Segment profit (loss) before tax	<u>\$ 10,103</u>	<u>\$ 19,291</u>	<u>(\$ 5,793)</u>	<u>\$ 23,601</u>

	Six months ended June 30, 2019			Total
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	
Revenue from external customers	\$ 442,258	\$ 1,620	\$ 70,663	\$ 514,541
Inter - segment revenue	11,597	370,875	11,189	393,661
Segment revenue	<u>\$ 453,855</u>	<u>\$ 372,495</u>	<u>\$ 81,852</u>	<u>\$ 908,202</u>
Segment profit before tax	<u>\$ 19,207</u>	<u>\$ 31,628</u>	<u>\$ 13,841</u>	<u>\$ 64,676</u>

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

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

D. The Group did not allocate income tax 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:

	Six months ended June 30,	
	2020	2019
Reportable operating segments revenue after adjustment	\$ 627,389	\$ 908,202
Other operating segments revenue after adjustment	204,136	382,200
Total operating segments revenue	831,525	1,290,402
Elimination of intersegment revenue	(476,529)	(770,183)
Total consolidated operating revenue	\$ 354,996	\$ 520,219

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:

	Six months ended June 30,	
	2020	2019
Reportable operating segments income before tax after adjustment	\$ 23,601	\$ 64,676
Other operating segments loss before tax after adjustment	(10,203)	(14,022)
Total operating segments revenue	13,398	50,654
Elimination of intersegment (loss) revenue	(708)	489
Income before tax from continuing operations	\$ 12,690	\$ 51,143

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TONS LIGHTLOGY INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Six months ended June 30, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2020 (Note 4)	Actual amount drawn down (Note 4)	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/ endorsements/ guarantees by guarantees to the party in Mainland China		Footnote
											Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)		Y	N
1	HONG BO INVESTMENT CO., LTD.	TONS LIGHTLOGY INC.	(3)	\$ 90,965	\$ 15,800	\$ 15,800	\$ 15,800	\$ -	12.16	\$ 90,965	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 seven categories, fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of and limit on endorsements/guarantees provided by HONG BO INVESTMENT CO., LTD. to others or a single party both are 70% of its current net assets.

Note 4: It was the joint guarantor for the construction contract undertaken by TONS LIGHTLOGY INC.

Note 5: 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)

Six months ended June 30, 2020

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of June 30, 2020		Expressed in thousands of NTD (Except as otherwise indicated)		
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Financial assets at fair value through other comprehensive income- non-current	1,900	\$ 7,619	19.00	7,619	-
TONS LIGHTOLOGY INC.	Share ownership / HEP TECH CO., LTD.	None	Financial assets at fair value through other comprehensive income- non-current	3,260,760	88,367	10.75	88,367	-
TONS LIGHTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through other comprehensive income- non-current	1,700,000	38,335	4.59	38,335	-
HONG BO INVESTMENT CO., LTD.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss -- current	3,581,000	80,751	9.68	80,751	-
						Total	215,072	215,072

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

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
Six months ended June 30, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
						Unit price	Credit term	Balance			
TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	\$ 193,105	71	90 days after monthly billing for purchases	Note 2	Note 1	(\$ 196,533)	(73)	Note 3
TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	66,676	24	90 days after monthly billing for purchases	Note 2	Note 1	(66,486)	(25)	Note 3
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	Same ultimate parent	Purchases	185,801	100	90 days after monthly billing for purchases	Note 2	Note 1	(151,718)	(100)	Note 3

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 90 days after monthly billing for 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: 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

Six months ended June 30, 2020

Table 4

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2020 (Note 2)	Turnover rate		Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
				Amount	Turnover rate	Amount	Action taken		
TONS LIGHTING CO., LTD.	TONS LIGHTOLOGY INC.	Parent company	Accounts receivable \$196,533	1.64	\$ -	-	\$ 41,687	\$ -	
TITAN LIGHTING CO., LTD.	TONS LIGHTOLOGY INC.	Parent company	Accounts receivable \$66,486	2.01	-	-	-	-	
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable \$151,718	1.96	-	-	33,874	-	

Note 1: Subsequent collection is the amount of receivables collected from related parties as of July 31, 2020.

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
Six months ended June 30, 2020

Table 5

Expressed in thousands of NT\$
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Purchases) (\$	193,105)	90 days after monthly billing for purchases	54.40
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable ) (	196,533)	90 days after monthly billing for purchases	15.15
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Purchases ) (	66,676)	90 days after monthly billing for purchases	18.78
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Accounts payable ) (	66,486)	90 days after monthly billing for purchases	5.12
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases ) (	185,801)	90 days after monthly billing for purchases	52.34
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable ) (	151,718)	90 days after monthly billing for purchases	11.69

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

Six months ended June 30, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2020			Net profit (loss) of the investee for the six months ended June 30, 2020	Investment income (loss) recognised by the Company for the six months ended June 30, 2020	Footnote
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	\$ 545,972	\$ 545,972	18,333,402	100	\$ 818,506	\$ 6,622	\$ 5,914	Subsidiary (Note 1, 6)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	135,000	125,000	16,000,000	100	129,951	(9,678)	(9,678)	Subsidiary (Note 6)
TONS LIGHTOLOGY INC.	ART SO TRADING LIMITED	Samoa	Wholesale of furniture	70,000	70,000	1,700,000	48.57	42,447	(28,106)	(14,430)	Note 3
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD.	Samoa	Sales of various lighting products and accessories	1,625	1,625	500,000	100	22,218	(318)	-	Indirect subsidiary (Note 2, 4, 6)
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100	81,689	(2,444)	-	Indirect subsidiary (Note 2, 6)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	699,573	9,368	-	Indirect subsidiary (Note 2, 6)

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

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

Note 3: The investees are the Company's reinvestments accounted for using equity method.

Note 4: On July 26, 2019, the Board of Directors of the Company resolved to dissolve the Company's indirect wholly-owned subsidiary, Tons Lighting Co., Ltd, which was registered in Belize, as a result of increasing compliance costs.

Note 5: The subsidiary, Tons Lighting Co., Ltd, redomiciled from Belize to Samoa on June 9, 2020.

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

TONS LIGHTLOGY INC. AND SUBSIDIARIES
Information on investments in Mainland China
Six months ended June 30, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Net income of investee as of June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020	Footnote
				Amount remitted to Mainland China/ to Taiwan for the six months ended June 30, 2020	Amount remitted from Taiwan to Mainland China as of June 30, 2020							
TITAN LIGHTING CO., LTD.	Main business activities Design of products, manufacturing of hardware parts, and production and trading of lamps and	\$ 363,042	(2)	\$ -	\$ -	\$ 368,845	\$ 15,166	100.00	\$ 15,166	\$ 577,531	\$ 104,414	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	106,668	(2)	-	-	110,585	(5,825)	100.00	(5,825)	94,165	-	Note 1,2,4,5
SHANGHAI TONS LIGHTLOGY CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and	94,816	(2)	-	-	42,842	(2,453)	100.00	(2,453)	80,255	-	Note 1,2,4,5,6
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	33,356	(2)	-	-	901	-	13.88	-	-	-	Note 1,7
Grand Canyon (Su Zhou) Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	356,487	(2)	-	-	43,299	-	13.88	-	-	510	Note 1,7
ART SO ZHONG TRADING LIMITED	Trade of furniture	13,333	(2)	-	-	6,206	-	48.57	-	-	-	Note 1,8
Shanghai Art So Zhong Trading Limited	Trade of furniture	23,889	(2)	-	-	-	-	48.57	-	-	-	Note 1,8
BEIJING ARTSO FURNITURE CO.,LTD	Trade of furniture	23,889	(2)	-	-	17,730	-	48.57	-	-	-	Note 1,8

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

- (1) Directly invest in a company in Mainland China.
 - (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Tian Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. reinvested through World Extend Holding Inc.; Shanghai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd.)
ART SO ZHONG TRADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO., LTD reinvested through ART SO TRADING LIMITED)
 - (3) Others.
- Note 2: Investment income (loss) recognised by the Company for the six months ended June 30, 2020 is based on financial statements reviewed and attested by R.O.C. parent company's CPA.
Note 3: Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020, including \$34,945 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger, and selling spot rate on June 30, 2020.
Note 5: Accumulated investment amount in Tian Lighting Co., Ltd., Zhongshan Tons Lighting Co., Ltd. and SHANGHAI TONS LIGHTLOGY CO., LTD. of USD \$11,816 thousand, USD \$3,577 thousand and USD \$1,400 thousand, respectively, was translated at the exchange rate at the initial investment.
Note 6: SHANGHAI TONS LIGHTLOGY CO., LTD. has USD 3,200 thousand paid-in capital, which was composed by reinvestment of the third party, WORLD EXTEND HOLDING INC, through LUMINOUS HOLDING INCORPORATED of USD 1,800 thousand, and the remittances from Taiwan through WORLD EXTEND HOLDING INC and LUMINOUS HOLDING INCORPORATED to reinvest USD 1,400 thousand.
Note 7: Shanghai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd. The investment was recorded as available-for-sale financial assets - non-current. Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investees in Mainland China.
Note 8: ART SO ZHONG TRADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO., LTD reinvested through ART SO TRADING LIMITED.
Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investees in Mainland China.

	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) June 30, 2020	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)	(Note 3)
Company name	(Note 1)	(Note 2)	(Note 3)
TONS LIGHTLOGY INC.	\$ 590,408	\$ 660,165	\$ 610,511

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020 was USD \$16,793 thousand and NTD \$44,200 thousand, including USD \$1,059 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger, the cash amounts of USD which was calculated at the actual exchange rate at outward remittance.

Note 2: Approved amount was USD \$20,789 thousand and NTD \$44,200 thousand (including own funds of USD \$1,800 thousand of the investee, World Extend Holding Inc., located in the third area and has been translated at the average buying and selling spot rate on June 30, 2020).

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.

TONS LIGHTTOLOGY INC. AND SUBSIDIARIES

Major shareholders information

June 30, 2020

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
TANG,SHIH-CHUAN	3,535,633	8.78%
TONS LIGHTTOLOGY INC.	2,600,000	6.45%

Description: If company applies Taiwan Depository & Clearing Corporation for the information of the table, the followings can be explained in the notes of the table.

(a) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(b) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insiders, please refer to Market Observation Post System.