Eastern Technologies Holding Limited and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2017 and 2016 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Eastern Technologies Holding Limited

We have reviewed the accompanying consolidated balance sheets of Eastern Technologies Holding Limited ("KYET") and subsidiaries (collectively, the "Group") as of March 31, 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36, "Review of Financial Statements," issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the International Financial Reporting Standard and International Accounting Standard 34 "Interim Financial Reporting".

As stated in Note 26(a) to the consolidated financial statements, as of March 31, 2017, Eastern Asia Technology (HK) Limited ("EAH"), a subsidiary of KYET, has receivables, net of allowance, amounted to HK$8,654 thousand (equivalent to approximately NT$33,700 thousand) that is related to litigations. And the outcome of it is dependent on the Courts' judgements. The recoverability of any potential awards by the Courts is also subject to the availability of assets by the defendants to the litigations. EAH has assessed that no further allowance is required to be made of the receivables.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2017

Notice to Readers

For the convenience of readers, the auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' review report and consolidated financial statements shall prevail.

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	March 31, 2017 (Reviewed) HK$	March 31, 2017 (Reviewed) NT$	December 31, 2016 (Audited) HK$	December 31, 2016 (Audited) NT$
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 211,598	$ 823,984	$ 225,018	$ 936,412
Financial assets at fair value through profit or loss - current (Note 7)	46	179	40	166
Accounts receivable, net (Notes 8 and 24)	316,384	1,232,031	272,062	1,132,186
Inventories (Notes 10 and 24)	155,059	603,815	119,877	498,868
Assets held for sale (Note 11)	-	-	387	1,611
Restricted assets (Notes 4 and 24)	2,869	11,172	1,397	5,814
Income tax refund receivable	4,802	18,699	3,726	15,506
Other receivables and prepayments (Note 9)	60,160	234,269	59,965	249,544
Prepayments for land lease - current (Note 15)	365	1,421	359	1,494
Total current assets	751,283	2,925,570	682,831	2,841,601
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 12 and 24)	228,879	891,278	234,630	976,413
Financial assets measured at cost (Note 13)	28,632	111,496	27,045	112,548
Intangible assets (Notes 14 and 24)	53,570	208,607	50,770	211,279
Prepayments for land lease - non-current (Note 15)	17,617	68,602	17,580	73,159
Deferred tax assets (Notes 4 and 21)	3,177	12,372	3,119	12,980
Total non-current assets	331,875	1,292,355	333,144	1,386,379
TOTAL	$ 1,083,158	$ 4,217,925	$ 1,015,975	$ 4,227,980

LIABILITIES AND EQUITY	March 31, 2017 (Reviewed) HK$	March 31, 2017 (Reviewed) NT$	December 31, 2016 (Audited) HK$	December 31, 2016 (Audited) NT$
CURRENT LIABILITIES				
Short-term bank borrowings (Note 16)	$ 265,857	$ 1,035,274	$ 214,246	$ 891,585
Notes and accounts payable (Note 17)	328,319	1,278,507	294,686	1,226,336
Other payables to related parties (Notes 23 and 29)	-	-	8,920	37,120
Current tax liabilities (Notes 4 and 21)	7,765	30,238	6,252	26,018
Other payables (Note 17)	84,083	327,428	103,941	432,550
Finance lease payables	129	502	185	770
Total current liabilities	686,153	2,671,949	628,230	2,614,379
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Note 16)	10,822	42,142	6,820	28,381
Deferred tax liabilities (Notes 4 and 21)	26,067	101,508	27,621	114,945
Net defined benefit liabilities - non-current (Notes 4 and 18)	939	3,656	2,065	8,594
Total non-current liabilities	37,828	147,306	36,506	151,920
Total liabilities	723,981	2,819,255	664,736	2,766,299
EQUITY (Note 19)				
Share capital - common stock	162,632	615,020	162,632	615,020
Capital surplus	200,400	756,922	200,400	756,922
Treasury shares	(9,929)	(40,671)	(9,929)	(40,671)
Exchange differences on translating foreign operations	(51,532)	(154,308)	(56,697)	(80,307)
Employee unearned benefit	(5,615)	(22,850)	(6,093)	(24,787)
Retained earnings				
Legal reserve	9,669	39,411	9,669	39,411
Unappropriated earnings	53,552	205,146	51,257	196,093
Total equity	359,177	1,398,670	351,239	1,461,681
TOTAL	$ 1,083,158	$ 4,217,925	$ 1,015,975	$ 4,227,980

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

(With Deloitte & Touche review report dated May 8, 2017)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	HK$	NT$	HK$	NT$
NET REVENUES (Note 20)	$ 381,396	$ 1,513,150	$ 335,477	$ 1,427,857
COST OF REVENUES (Note 10)	336,554	1,335,243	291,162	1,239,243
GROSS PROFIT	44,842	177,907	44,315	188,614
OPERATING EXPENSES				
Selling and distribution expenses	10,632	42,181	7,117	30,291
General and administrative expenses	39,488	156,718	34,680	147,539
Total operating expenses	50,120	198,899	41,797	177,830
OPERATING (LOSS) PROFIT	(5,278)	(20,992)	2,518	10,784
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 20)	12,932	51,306	3,972	16,904
Foreign exchange (loss) gain (Note 27)	(134)	(532)	88	375
Finance costs (Note 20)	(1,807)	(7,169)	(1,845)	(7,853)
Other losses (Note 20)	(149)	(591)	(425)	(1,809)
Total non-operating income and expenses	10,842	43,014	1,790	7,617
PROFIT BEFORE INCOME TAX	5,564	22,022	4,308	18,401
INCOME TAX (Note 21)	(3,269)	(12,969)	(1,140)	(4,852)
PROFIT FOR THE PERIOD	2,295	9,053	3,168	13,549
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	5,165	(74,001)	3,783	(17,223)
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE PERIOD	$ 7,460	$ (64,948)	$ 6,951	$ (3,674)

(Continued)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	HK$	NT$	HK$	NT$
EARNINGS PER SHARE (Note 22)				
Basic earnings per share - after income tax	$0.04	$0.15	$0.05	$0.22
WEIGHTED AVERAGE NUMBER OF SHARES	60,749 thousand shares		60,249 thousand shares	

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

(With Deloitte & Touche review report dated May 8, 2017) (Concluded)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of Hong Kong Dollars)
(Reviewed, Not Audited)

	Share Capital - Common Stock	Capital Surplus	Treasury Shares	Exchange Differences on Translating Foreign Operations	Employee Unearned Benefit	Retained Earnings		Total Equity
						Legal Reserve	Unappropriated Earnings	
BALANCE AT JANUARY 1, 2017	$ 162,632	$ 200,400	$ (9,929)	$ (56,697)	$ (6,093)	$ 9,669	$ 51,257	$ 351,239
Restricted shares plan for employees	-	-	-	-	478	-	-	478
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	5,165	-	-	2,295	7,460
BALANCE AT MARCH 31, 2017	$ 162,632	$ 200,400	$ (9,929)	$ (51,532)	$ (5,615)	$ 9,669	$ 53,552	$ 359,177
BALANCE AT JANUARY 1, 2016	$ 161,418	$ 197,472	$ (9,929)	$ (26,773)	$ (3,275)	$ 5,526	$ 67,506	$ 391,945
Legal reserve of subsidiaries	-	-	-	-	-	120	(120)	-
Restricted shares plan for employees	-	-	-	-	239	-	-	239
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	3,783	-	-	3,168	6,951
BALANCE AT MARCH 31, 2016	$ 161,418	$ 197,472	$ (9,929)	$ (22,990)	$ (3,036)	$ 5,646	$ 70,554	$ 399,135

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

(With Deloitte & Touche review report dated May 8, 2017)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

						Retained Earnings		
	Share Capital - Common Stock	Capital Surplus	Treasury Shares	Exchange Differences on Translating Foreign Operations	Employee Unearned Benefit	Legal Reserve	Unappropriated Earnings	Total Equity
BALANCE AT JANUARY 1, 2017	$ 615,020	$ 756,922	$ (40,671)	$ (80,307)	$ (24,787)	$ 39,411	$ 196,093	$ 1,461,681
Restricted shares plan for employees	-	-	-	-	1,937	-	-	1,937
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	(74,001)	-	-	9,053	(64,948)
BALANCE AT MARCH 31, 2017	$ 615,020	$ 756,922	$ (40,671)	$ (154,308)	$ (22,850)	$ 39,411	$ 205,146	$ 1,398,670
BALANCE AT JANUARY 1, 2016	$ 610,020	$ 744,831	$ (40,671)	$ 80,338	$ (13,044)	$ 22,178	$ 264,897	$ 1,668,549
Legal reserve of subsidiaries	-	-	-	-	-	501	(501)	-
Restricted shares plan for employees	-	-	-	-	954	-	-	954
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	(17,223)	-	-	13,549	(3,674)
BALANCE AT MARCH 31, 2016	$ 610,020	$ 744,831	$ (40,671)	$ 63,115	$ (12,090)	$ 22,679	$ 277,945	$ 1,665,829

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

(With Deloitte & Touche review report dated May 8, 2017)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	HK$	NT$	HK$	NT$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	$ 5,564	$ 22,022	$ 4,308	$ 18,401
Adjustments for:				
Amortization - other intangible assets	987	3,916	857	3,648
Amortization - prepayment for land lease	134	532	138	587
Allowance for inventories provision and inventories write-off	497	1,972	2,117	9,010
Reversal of impairment loss on bed debt	(404)	(1,603)	-	-
Depreciation expenses	13,227	52,477	13,737	58,467
Loss on disposal of property, plant and equipment	32	127	50	213
Gain on disposal of non-current assets held for sale	(10,033)	(39,805)	-	-
Loss on disposal of other intangible assets	1,018	4,039	126	536
Loss on disposal of financial instruments at fair value though profit or loss	-	-	221	941
Interest expense	1,807	7,169	1,845	7,853
Interest income	(130)	(516)	(144)	(613)
Gain on fair value changes of financial instruments	(6)	(24)	(324)	(1,379)
Employees expenses - restricted shares	478	1,937	239	954
Operating cash flows before working capital changes	13,171	52,243	23,170	98,618
Changes in operating assets and liabilities				
Notes and accounts receivable	(43,918)	(174,240)	64,539	274,691
Other receivables and prepayments	(1,712)	(6,792)	2,000	8,512
Accounts receivables from related parties	-	-	1,081	4,601
Inventories	(35,679)	(141,553)	605	2,575
Notes and accounts payable and other payables	18,246	72,390	(92,598)	(394,117)
Net defined benefit liabilities	(1,126)	(4,467)	73	311
Cash generated from operations	(51,018)	(202,419)	(1,130)	(4,809)
Interest paid	(1,807)	(7,169)	(1,845)	(7,853)
Interest received	130	516	144	613
Income tax paid	(3,295)	(13,073)	(572)	(2,435)
Net cash used in operating activities	(55,990)	(222,145)	(3,403)	(14,484)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in payable for investment cost	(13,453)	(53,373)	(11,718)	(49,874)
Payments for acquiring property, plant and equipment	(4,277)	(16,969)	(3,469)	(14,765)
Increase in other intangible assets	(3,606)	(14,306)	(834)	(3,550)
Increase in restricted assets	(1,473)	(5,844)	(53)	(226)
Proceeds from disposal of property, plant and equipment	15	60	117	498
Proceeds from disposal of non-current assets held for sale	10,425	41,360	-	-
Proceeds from disposal of derivative financial instruments	-	-	3,182	13,543
Net cash used in investing activities	(12,369)	(49,072)	(12,775)	(54,374)

(Continued)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	HK$	NT$	HK$	NT$
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in bank borrowings	$ 288,930	$ 1,146,302	$ 246,390	$ 1,048,686
Repayments of bank borrowings	(236,561)	(938,531)	(192,378)	(818,801)
Payment under capital lease contract	(60)	(239)	(58)	(247)
Net cash generated from financing activities	52,309	207,532	53,954	229,638
EFFECT OF EXCHANGE RATE CHANGES	2,630	(48,743)	(9,025)	(57,741)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,420)	(112,428)	28,751	103,039
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	225,018	936,412	203,065	864,468
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 211,598	$ 823,984	$ 231,816	$ 967,507
CASH AND CASH EQUIVALENTS AS FOLLOWS:				
Cash and bank deposits	$ 214,467	$ 835,156	$ 235,130	$ 981,338
Pledge deposits	(2,869)	(11,172)	(3,314)	(13,831)
Cash and cash equivalents	$ 211,598	$ 823,984	$ 231,816	$ 967,507

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

(With Deloitte & Touche review report dated May 8, 2017) (Concluded)

1. GENERAL INFORMATION

Eastern Technologies Holding Limited (the "Company") was an investment holding company incorporated in Cayman Islands on February 1, 2011.

The Company is set up to acquire Eastern Asia Technology (HK) Limited (the "EAH") and its subsidiaries (the "EAH Group") and to list on the Taiwan Stock Exchange. EAH Group was originally a subsidiary under Eastern Asia Technology Limited (the "EATL", a company formerly listed on Singapore Stock Exchange and delisted in February 2011) and was principally engaged in the production and sales of speaker systems and earphones. Through reorganization, the Company acquired 100% interests in EAH Group from EATL with a consideration determined based on the carrying amount of EAH Group as at March 31, 2011. After the acquisition, the Company (as EAH Group) applied primary listing on the Taiwan Stock Exchange, and the shares of the Company commenced trading on the Taiwan Stock Exchange from November 5, 2012.

For the integration between the speaker systems and 3C electronic appliances and sales expansion, EAH acquired 99.98% interests in Eastech Electronics (Taiwan) Inc. ("ETT") and its subsidiaries ("ETT Group") from Luster Green Limited in January 2015. The principal activities of ETT Group are to design, manufacturing and sales audio/video ("AV") electronics products.

The registered address of the Company is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. The Group's principal place of operation is Units 1704-6 Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on May 8, 2017.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Standards and interpretations effective for the year

The Group has adopted all new, revised or amended standards or interpretations effective after fiscal year beginning on January 1, 2017, the Group believes that the adoption new, revised or amended standards or interpretations will not have a significant effect on the consolidated financial statements for the three months ended May 31, 2017.

b. Standards and interpretation issued but not yet effective

The Group has not early adopted the following standards and interpretations that are issued and amended but not yet effective.

New IFRSs/IAS/IFRIC	Effective Date Announced by IASB
Annual Improvements to IFRSs 2014-2016 Cycle	Note
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
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 IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Note: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal and interest portion of the lease liability are classified within financing activities and operating activities, respectively.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Apart from the aforesaid impact, as of the consolidated financial statements report date, the Group is continuingly assessing the possible impact on the Group's financial position and financial performance upon initial adoption of above standards and interpretations, and will disclose the relevant impact when the assessment is completed.

4. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2016

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") and Rule No. 10200546801 issued by the Financial Supervisory Commission (the "FSC"). Moreover, the IFRSs applicable to these consolidated financial statements have no difference with the IFRS, IAS, interpretations as well as related guidance translated by Accounting Research and Development Foundation (ARDF) endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRSs").

b. Basis of consolidation

1) The same basis of consolidation have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2016.

2) Pursuant to the above basis of preparation of the consolidated financial statements, the detail information of the subsidiaries was as follows:

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest March 31 2017	2016	Descriptions
The Company	Eastern Asia Technology (HK) Limited ("EAH")	Sales of speaker systems and earphones	100.00	100.00	The Company acquired EAH 100% ownership interest on March 31, 2011 and thereby obtained 100% controlling power over EAH and its subsidiaries.
EAH	Hymnario-EAW (Huiyang) Co., Ltd. ("HYHY")	Production and sales of speaker systems	100.00	100.00	〃
	Hui Yang Eastern Asia Electronics Co., Ltd. ("HYEA")	Production, assembly and sales of speaker systems and accessories	100.00	100.00	〃
	Huiyang Dongmei Audio Products Co., Ltd. ("HYDM")	Production and sales of earphones	100.00	100.00	〃
	Shenzhen MaliMaliBox Trading Corporation Limited ("SZMM")	Import and export trading of audio and earphone products and accessories	100.00	100.00	SZMM was established by EAH on November 13, 2013.
	Scan - Speak A/S ("ScS")	Research, production and sale of high-end speakers	100.00	100.00	EAH acquired ScS 100% ownership interest on April 1, 2014.

(Continued)

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest March 31 2017	2016	Descriptions
	Eastech Electronics (Taiwan) Inc. ("ETT")	Design and sales of AV electronics products	99.98	99.98	As mentioned in Note 1, EAH acquired ETT 99.98% ownership interest in January 2015, and thereby acquired its 100% owned subsidiaries, ETH and ETHY.
ETT	Eastech Electronics (HK) Limited ("ETH")	Sales of AV electronics products	100.00	100.00	〃
ETH	Eastech Electronics (Hui Yang) Co., Ltd. ("ETHY")	Production and sales of AV electronics products	100.00	100.00	〃

(Concluded)

c. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings.

d. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

e. Explanatory about the seasonality of interim operations

The Group's majority of clients are internationally renowned audio-visual brand enterprises. In line with the relevant European and American clients' Christmas holiday sales, the Group's production and sales is focus on the third quarter of the year to make sure stock availability before Christmas holiday. The first quarter is typically the case of the off-season operation; therefore, the Group has a seasonal cycle of operations.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and assumptions have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2016. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2016.

6. CASH AND CASH EQUIVALENTS

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Cash on hand	$ 1,277	$ 4,973	$ 278	$ 1,157
Cash at bank	210,321	819,011	202,478	842,612
Fixed deposits	2,869	11,172	23,659	98,457
	214,467	835,156	226,415	942,226
Less: Pledged deposits	(2,869)	(11,172)	(1,397)	(5,814)
	$ 211,598	$ 823,984	$ 225,018	$ 936,412

Cash equivalents comprise term deposits within 3 months, which are highly liquid and are readily convertible into cash with low risk of changes in value. Pledged deposits are pledged to secure the loan facilities granted by bank to the Group (please refer to Note 24), and is recognized under restricted assets.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Financial assets at fair value through profit or loss - current				
Financial assets held for trading				
Non-derivative financial assets				
Foreign-listed stocks	$ 46	$ 179	$ 40	$ 166

8. ACCOUNTS RECEIVABLE

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Accounts receivable	$ 317,015	$ 1,234,488	$ 273,359	$ 1,137,583
Less: Allowance for impairment loss	(631)	(2,457)	(1,297)	(5,397)
	$ 316,384	$ 1,232,031	$ 272,062	$ 1,132,186

For the three months ended March 31, 2017, the Group's average sales credit term is 72 days (74 days in 2016). No interest was charged on any outstanding trade receivables due over the credit term. Allowance for impairment loss were recognized based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The analysis of receivables was as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	**NT$**	**HK$**	**NT$**
Neither overdue nor impaired	$ 312,550	$ 1,217,101	$ 253,245	$ 1,053,879
Overdue but not impaired (a)	3,834	14,930	18,817	78,307
Overall assessment for impaired receivables assessing (b)	631	2,457	1,297	5,397
Less: Allowance for impairment loss	(631)	(2,457)	(1,297)	(5,397)
Accounts receivable, net	$ 316,834	$ 1,232,031	$ 272,062	$ 1,132,186

a. The aging of receivables that were overdue but not impaired as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	**NT$**	**HK$**	**NT$**
0-90 days	$ 3,425	$ 13,337	$ 18,810	$ 78,278
91-180 days	409	1,593	7	29
	$ 3,834	$ 14,930	$ 18,817	$ 78,307

The above aging schedule has been analysed based on the overdue date. After management assessment, no additional impairment provision is required. The Group did not receive any pledge over the relevant receivables.

b. The movements of the allowance for doubtful trade receivables were as follows:

Unit: HKD

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2016	$ -	$ -	$ -
Provision	1,297	-	1,297
Balance at December 31, 2016	1,297	-	1,297
Recovered	(404)	-	(404)
Written off	(262)	-	(262)
Balance at March 31, 2017	$ 631	$ -	$ 631

Unit: NTD

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	$ -	$ -	$ -
Provision	5,393	-	5,393
Effect of exchange rate changes	4	-	4
Balance at December 31, 2016	5,397	-	5,397
Recovered	(1,603)	-	(1,603)
Written off	(1,039)	-	(1,039)
Effect of exchange rate changes	(298)	-	(298)
Balance at March 31, 2017	$ 2,457	$ -	$ 2,457

c. The credit quality of receivables neither overdue nor impaired was as follows:

Considering the recoverability of accounts receivable, the Group takes into account the historical record of individual client. Since the major clients are internationally renowned enterprises and are unrelated to each other, therefore, credit risk of receivables is considered low.

d. The details of the accounts receivables pledged (with recourse) for obtaining bank facilities please refer to Notes 24 and 27(g).

9. OTHER RECEIVABLES AND PREPAYMENTS

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Other receivables	$ 39,030	$ 151,986	$ 41,847	$ 174,146
Allowance for impairment loss	(13,962)	(54,369)	(13,962)	(58,103)
Other receivables, net	25,068	97,617	27,885	116,043
Prepayments for purchases	7,701	29,988	3,969	16,517
Prepayments	6,455	25,137	4,996	20,791
Prepaid equipment and mold	2,312	9,003	1,776	7,391
Value-added tax recoverable and refundable	14,642	57,018	17,478	72,735
Guarantee deposits	3,982	15,506	3,861	16,067
Total	$ 60,160	$ 234,269	$ 59,965	$ 249,544

Other receivables of the Group mainly consist of the followings:

a. Other receivables relating to litigations (including security deposits) as described in Note 26(a) were as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Other receivables (including security deposits)	$ 23,719	$ 92,365	$ 23,675	$ 98,523
Less: Allowance for impairment loss	(13,962)	(54,369)	(13,962)	(58,103)
	$ 9,757	$ 37,996	$ 9,713	$ 40,420

b. As of March 31, 2017 and December 31, 2016, the amounts of temporary payments as described in Note 17(b) were HK$9,190 thousand and HK$9,951 thousand (equivalent to approximately NT$35,787 thousand and NT$41,411 thousand), respectively.

10. INVENTORIES

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Raw materials	$ 74,764	$ 291,138	$ 58,727	$ 244,392
Work-in-progress	63,777	248,354	30,111	125,307
Finished goods	11,549	44,973	26,614	110,754
Goods in transit	4,969	19,350	4,425	18,415
	$ 155,059	$ 603,815	$ 119,877	$ 498,868

The cost of inventories recognized as cost of goods sold in the three months ended Mach 31, 2017 and 2016 was HK$336,554 thousand and HK$291,162 thousand (equivalent to approximately NT$1,335,243 thousand and NT$1,239,243 thousand), respectively, which included HK$497 thousand and HK$2,117 thousand (equivalent to approximately NT$1,972 thousand and NT$9,010 thousand), write-down of impairment loss and inventories disposed, respectively.

11. ASSETS HELD FOR SALE

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Land and buildings held for sale	$ -	$ -	$ 387	$ 1,611

The Group disposed its land and buildings held for sale (originally used as the Group’s staff quarters) in the first quarter of 2017. The gain on disposal of the aforementioned assets was HK$10,033 thousand (equivalent to approximately NT$39,805 thousand), which recorded under other income.

12. PROPERTY, PLANT AND EQUIPMENT

a. Details of property, plant and equipment were as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Cost	$ 480,525	$ 1,871,213	$ 466,402	$ 1,940,933
Accumulated depreciation and impairment	(251,646)	(979,935)	(231,772)	(964,520)
Book value	$ 228,879	$ 891,278	$ 234,630	$ 976,413
Land and buildings	$ 55,691	$ 216,866	$ 57,984	$ 241,301
Machineries and office equipment	171,171	666,557	175,319	729,590
Construction in progress	2,017	7,855	1,327	5,522
Book value	$ 228,879	$ 891,278	$ 234,630	$ 976,413

b. The movements of property, plant and equipment were as follows:

	Land and Buildings		Machineries and Office Equipment		Construction in Progress		Total	
	HK$	NT$	HK$	NT$	HK$	NT$	HK$	NT$
Cost								
Balance at January 1, 2016	$ 134,148	$ 571,081	$ 361,346	$ 1,538,286	$ 1,165	$ 4,960	$ 496,659	$ 2,114,327
Additions	320	1,330	13,606	56,576	2,586	10,753	16,512	68,659
Disposals	(1,335)	(5,551)	(11,751)	(48,862)	(286)	(1,189)	(13,372)	(55,602)
Reclassification	(1,122)	(4,665)	2,095	8,711	(2,095)	(8,711)	(1,122)	(4,665)
Effect of exchange rate changes	(7,982)	(46,048)	(24,250)	(135,447)	(43)	(291)	(32,275)	(181,786)
Balance at December 31, 2016	124,029	516,147	341,046	1,419,264	1,327	5,522	466,402	1,940,933
Additions	-	-	3,044	12,077	1,233	4,892	4,277	16,969
Disposals	-	-	(399)	(1,584)	-	-	(399)	(1,584)
Reclassification	-	-	578	2,293	(578)	(2,293)	-	-
Effect of exchange rate changes	2,410	(23,781)	7,800	(61,058)	35	(266)	10,245	(85,105)
Balance at March 31, 2017	$ 126,439	$ 492,366	$ 352,069	$ 1,370,992	$ 2,017	$ 7,855	$ 480,525	$ 1,871,213
Accumulated depreciation and impairment								
Balance at January 1, 2016	$ 61,864	$ 263,361	$ 151,600	$ 645,377	$ -	$ -	$ 213,464	$ 908,738
Depreciation	11,621	48,321	39,663	164,923	-	-	51,284	213,244
Disposals	(1,335)	(5,551)	(10,273)	(42,716)	-	-	(11,608)	(48,267)
Reclassification	(718)	(2,986)	-	-	-	-	(718)	(2,986)
Effect of exchange rate changes	(5,387)	(28,299)	(15,263)	(77,910)	-	-	(20,650)	(106,209)
Balance at December 31, 2016	66,045	274,846	165,727	689,674	-	-	231,772	964,520
Depreciation	3,087	12,247	10,140	40,230	-	-	13,227	52,477
Disposals	-	-	(352)	(1,397)	-	-	(352)	(1,397)
Effect of exchange rate changes	1,616	(11,593)	5,383	(24,072)	-	-	6,999	(35,665)
Balance at March 31, 2017	$ 70,748	$ 275,500	$ 180,898	$ 704,435	$ -	$ -	$ 251,646	$ 979,935

The management assessed that there was no impairment loss indicator for the three months ended March 31, 2017 and for the year ended December 31, 2016.

c. The depreciation of property, plant and equipment is calculated on a straight-line basis at the following useful lives:

Land and buildings	Buildings in Mainland China were 20 years, buildings in Hong Kong and Taiwan were 40 years; lands in Hong Kong were depreciated according to the lease period (43 to 50 years), and building improvements were depreciated by 2 to 10 years.
Machinery equipment	3 to 10 years
Office equipment	1 to 10 years

d. Details of the land and buildings held by the Group as of March 31, 2017 and December 31, 2016 were as follows:

March 31, 2017 and December 31, 2016

Company Name	Location	Description	Tenure/Unexpired Term
EAH	Unit 1703, 17/F Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	A 1,627 sq. ft. office.	Lease for a term of 46 years from April 4, 2001 to June 30, 2047.
	Unit 1704, 17/F Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	A 1,452 sq. ft. office.	Lease for a term of 47 years from March 13, 2000 to June 30, 2047.
	Unit 1705, 17/F Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	A 2,171 sq. ft. office.	Lease for a term of 43 years from June 30, 2004 to June 30, 2047.
	Unit 1706, 17/F Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	A 1,452 sq. ft. office.	Lease for a term of 50 years from April 1, 1997 to June 30, 2047.
	Unit 1707, 17/F Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	A 1,627 sq. ft. office.	Lease for a term of 50 years from April 1, 1997 to June 30, 2047.
HYEA	Xixi Village, Dongfong Administrative Area, Xinyu Town, Huiyang, Guangdong, PRC.	3 factory buildings and 2 dormitories built on a 287,077 sq. ft. land (land use right is recognized under prepayments for land lease).	Lease for term of 50 years from December 14, 1995 to December 13, 2045.
ETT	13F.-4, No. 99, Nankan Rd., Sec. 1, Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	A177.67 level ground office (13.13 level ground land).	Acquired land and building from July 1, 1999.
ETHY	Xixi Village, Dongfong Administrative Area, Xinyu Town, Huiyang, Guangdong, PRC.	6 factory buildings and 2 dormitories built on a 365,976 sq. ft. land (land use right is recognized under prepayments for land lease)	Lease for a term of 50 years from December 6, 2000 to December 6, 2050.
		1 factory buildings and 2 dormitories built on a 134,947 sq. ft. land (land use right is recognized under prepayments for land lease)	Lease for a term of 50 years from June 19, 2002 to June 19, 2052.

Land use right in respect of lands at the PRC and Hong Kong were obtained by way of lease as they could not be directly acquired subject to restrictions of laws.

e. The amounts of property, plant and equipment pledged for security for borrowings by the Group refer to Note 24.

13. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Outlaw Audio Inc.	$ 132	$ 513	$ 132	$ 548
Audio Design Experts Inc.	11,492	44,751	10,998	45,768
HT Precision Technologies, Inc.	17,008	66,232	15,915	66,232
	$ 28,632	$ 111,496	$ 27,045	$ 112,548

Since the fair values of the Group's investments in non-publicly traded stocks, convertible bonds and stock options cannot be reliably measured, the investments are measured at the cost less any impairment.

14. INTANGIBLE ASSETS

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Goodwill	$ 26,992	$ 105,110	$ 26,391	$ 109,826
Technical knowledge (including R&D)	20,208	78,692	17,974	74,799
Customer relationship	6,370	24,805	6,405	26,654
	$ 53,570	$ 208,607	$ 50,770	$ 211,279

a. Details of goodwill were as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Related to ScS	$ 23,858	$ 92,906	$ 23,302	$ 96,971
Related to HYDM	3,134	12,204	3,089	12,855
	$ 26,992	$ 105,110	$ 26,391	$ 109,826

b. Intangible assets with limited useful life were amortized on a straight-line basis at the following useful life:

Technical knowledge (including R&D)	2-15 years
Customer relationship	9 years

15. PREPAYMENTS FOR LAND LEASE

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Prepayments for land lease - current	$ 365	$ 1,421	$ 359	$ 1,494
Prepayments for land lease - non-current	17,617	68,602	17,580	73,159
	$ 17,982	$ 70,023	$ 17,939	$ 74,653

Prepayment of land lease represent land use rights obtained by paying lease fees to local government of the Mainland China. The land is used for factory and employee dormitories. The details of the lease tenure refer to Note 12(d).

16. BANK BORROWINGS

a. Short-term bank borrowings:

	March 31, 2017 (Reviewed)			December 31, 2016 (Audited)		
	Annual Interest Rate	HK$	NT$	Annual Interest Rate	HK$	NT$
Factoring	4.19%-5.71%	$ 3,624	$ 14,112	4.21%-5.49%	$ 2,358	$ 9,813
Bank borrowings - secured	1.45%-4.63%	32,882	128,046	1.50%-4.63%	19,143	79,663
Bank borrowings - unsecured	2.17%-3.21%	133,870	521,303	1.52%-3.10%	58,446	243,223
Commercial paper - secured	1.80%	7,704	30,000	1.80%-1.92%	7,209	30,000
Other bank loans	2.24%-3.48%	76,394	297,486	1.98%-3.11%	84,354	351,040
Long-term borrowings due within 1 year - unsecured	2.06%-3.65%	9,445	36,780	1.56%-2.62%	41,259	171,699
Long-term borrowings due within 1 year - secured	4.63%	1,938	7,547	4.63%	1,477	6,147
		$ 265,857	$ 1,035,274		$ 214,246	$ 891,585

The above amounts represent revolving facility (for operating capital demand) of bank loan, commercial paper and current portion of long-term bank borrowings.

Although other bank loans' term is over 1 year, considering the loans contain repayment on demand clause, which gives the lenders the right to demand repayment as any time at their discretion, other bank loans are reclassified under current liabilities.

b. Long-term bank borrowings:

	March 31, 2017 (Reviewed)			December 31, 2016 (Audited)		
	Annual Interest Rate	HK$	NT$	Annual Interest Rate	HK$	NT$
Bank borrowings - secured	4.63%	$ 6,111	$ 23,797	4.63%	$ 4,109	$ 17,100
Bank borrowings - unsecured	2.06%-3.65%	16,094	62,672	1.56%-2.62%	45,447	189,127
		22,205	86,469		49,556	206,227
Less: Long-term bank borrowings due within 1 year		(11,383)	(44,327)		(42,736)	(177,846)
		$ 10,822	$ 42,142		$ 6,820	$ 28,381

For acquiring plants and equipment and long-term operating capital demand, the Group draws down the borrowings from banks. The repayments of the bank borrowings are due quarterly.

The maturity dates for long-term bank borrowings were as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	**NT$**	**HK$**	**NT$**
Due within 2 to 5 years	$ 10,822	$ 42,142	$ 6,820	$ 28,381

c. Please refer to Note 24 for the details of the Group's pledged assets for obtaining bank facilities.

17. NOTES AND ACCOUNTS PAYABLE AND OTHER PAYABLES

a. Notes and accounts payable were mainly due to the suppliers. The Group's payment terms were 60 or 90 days. No interest will be incurred in notes and accounts payable. The Group has financial risk management policies to ensure settlement of all payables within payment term.

b. Details of other payables were as follows:

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	**NT$**	**HK$**	**NT$**
Accrued salaries	$ 35,284	$ 137,399	$ 37,502	$ 156,064
Temporary receivables (Note 1)	16,114	62,750	17,633	73,380
ScS investment payable - current (Note 2)	4,517	17,590	8,814	36,679
Accrued molding payable	660	2,570	618	2,572
Accrued commission expenses	247	962	-	-
Other payable	27,261	106,157	39,374	163,855
	$ 84,083	$ 327,428	$ 103,941	$ 432,550

Note 1: Temporary receivables are mainly sample fee, test fee, safety certification fee, etc. received in advance. Since the Group produces customized audio-visual electronic products for individual customer demand, related costs associated with the customized audio-visual electronic products, payment on behalf and installment prepayments based on agreements negotiated by both parties, are recorded in temporary payments (please refer to Note 9) and temporary receivables, respectively. After completion of the project (customer confirmed), the Group will reverse the aforementioned temporary payments and temporary receivables at the same time and the differences are recorded as income.

Note 2: The Group acquired ScS during 2014 and is expected to pay the remaining 30% acquisition considerations by installments after 2015. The installment is interest-free and 10% of the acquisition consideration each, with payment dates on March 31, 2015, March 31, 2016 and March 31, 2017 respectively. Since ScS's operating performance did not meet the term agreed by both parties, the Group has suspended payments of the 10% acquisition consideration originally expected to pay on March 31, 2016 until both parties reach an agreement in subsequent discussion. The Group will adjust investment payable if there are differences with the original estimate.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

ETT adopts a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in PRC, Hong Kong and Denmark are members of a state-managed retirement benefit plan operated by the government of PRC, Hong Kong and Denmark. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

In accordance with the Labor Standard Law, ETT adopts a defined benefit plan which is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. ETT contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

19. EQUITY

a. Share capital

The initial setup capital of the Company is NT$1,000 thousand (registered capital is denominated in NTD). After several capital increments, the ordinary share capital of the Company as of March 31, 2017 and 2016 were NT$615,020 thousand (equivalent to approximately HK$162,632 thousand), divided into 61,502 thousand shares, each with a nominal amount of NT$10 per share. All of the shares are ordinary shares, each carrying the rights to vote and receive dividend.

b. Treasury shares

Purpose of Buy-back	**Shares Held by A Subsidiary (In Thousands of Shares)**
Shares transferred to employees	300
Shares held by its subsidiaries	453
Number of shares, March 31, 2017 and December 31, 2016	753

The Company's shares held by its subsidiary for the purpose of short-term investment at the end of the reporting periods were as follows:

March 31, 2017

Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
ETT	453	HK$5,966 thousand (equivalent to approximately NT$24,018 thousand)	HK$3,839 thousand (equivalent to approximately NT$14,949 thousand)

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The shares held by a subsidiary are treated as treasury shares which retain shareholders' rights, except the rights to participate in new share issuance and to vote.

c. Capital surplus

Capital surplus arising from issuance of common shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to 10% of the Company's capital annually. As of March 31, 2017 and December 31, 2016, the capital surplus of the Company were both NT$756,922 thousand (equivalent to approximately HK$200,400 thousand). The details were as follows:

	Amount	
	HK$	**NT$**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of common share	$ 193,698	$ 729,815
Cash dividend received from treasury stock	897	3,631
May not be used for any purpose		
Arising from employee restricted shares	5,805	23,476
	$ 200,400	$ 756,922

d. Retained earnings and dividend policy

In accordance with the amendments to Taiwan Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments (the policy on dividend distribution and the addition of the policy on distribution of staff remuneration) to the Company's Articles of Incorporation (the "Articles") had been proposed by the Company's board of directors on December 16, 2015 and were resolved by the Company's shareholders' meeting held on May 11, 2016.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside or reversing a special reserve in accordance with the laws and regulations, the remaining net profit for the period could be distributed by the Company, subject to the following requirements:

The dividends/bonus distribution to the shareholders under this clause shall not be less than 50% of the remaining net profit for the period, and the cash dividend shall not be less than 50% of the total dividends/bonus distribution and the remaining distribution may be in stock dividends. For information about the accrual basis of the staff remuneration and directors' remuneration and the actual appropriations, please refer to Note 20(c) for details.

The appropriations of earnings for 2015 and 2014 were approved in the shareholders' meeting on May 11, 2016 and May 12, 2015, respectively. Details of the dividend per share of the earnings appropriations for 2015 and 2014 of the Company were as follows:

	2015
Ordinary share dividend - cash	NT$3 per share, totaling NT$183,006 thousand

	2014
Ordinary share dividend - cash	NT$5 per share, totaling NT$303,750 thousand

The appropriations of earnings for 2016 had been proposed by the Company's board of directors on February 20, 2017. The appropriations and dividends per share were as follows:

	2016
Ordinary share dividend - cash	NT$1.11 per share, totaling NT$68,267 thousand

The appropriations of earnings for 2016 are subject to the resolution of the shareholders' meeting to be held on Jun 8, 2017.

Exchange differences on translating foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency (i.e. Hong Kong dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

In addition, according to the requirements of the regulatory authority, the consolidated financial statements of the Company shall present amounts in New Taiwan dollars which are translated from Hong Kong dollars to New Taiwan dollars.

Legal reserve

The old articles of the Company stipulated that 10% of the consolidated net profit of shall be allocated to the legal reserve. However, according to the Articles of the Company revised in June 2013, the Company is not required to allocate 10% of the legal reserve. Legal reserve is used to offset loss. In case no loss is incurred, in addition to capitalization, the legal reserve exceeding 25% of the paid-in capital can be used as cash distribution.

Subsidiaries in China shall appropriate reserve fund (recognized under legal reserves) and provide employees' award and benefit fund (recognized under liabilities items) from the profit after tax in accordance to Section 58 of the "Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises", subject to a proportion of no less than 10% of the profit after tax. No appropriation shall be made when the accumulated amount reaches 50% of the registered capital. The provision in respect of employees' award and benefit fund shall be determined by the Company upon passing of directors' resolution, however, it has not yet been approved as at March 31, 2017.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals ETT's paid-in capital. Legal reserve may be used to offset deficit. If ETT has no deficit and the legal reserve has exceeded 25% of ETT's paid-in capital, the excess may be transferred to capital or distributed in cash.

e. Share-based payment arrangements

The Company's board of directors meetings held on December 12, 2016 and May 12, 2015 resolved to issue restricted shares, totaling NT$5,000 thousand and NT$2,520 thousand, respectively, divided into 500 thousand and 252 thousand shares. The conditions of the restricted shares being distributed to or acquired by the employees before vested were as follows:

1) The employees cannot sell, pledge, transfer, donate, setting pledge or dispose these shares.

2) If employees fail to meet vested conditions, the Company will recall and cancel restricted shares being distributed to according to the restricted shares issuance plan.

As of March 31, 2017 and December 31, 2016, outstanding restricted shares were 752 thousand shares. Related information was as follows:

Grant date	December 20, 2016	June 2, 2015
Fair value share price at grant date	NT$31.45 (equivalent to approximately HK$7.63)	NT$60.6 (equivalent to approximately HK$15.2)
Exercise price	NT$0	NT$0
Number of shares granted (in thousand shares)	500	252
Vested period	1-4 years (obtain of 25% annually)	1-4 years (obtain of 25% annually)

The movements of the employee unearned benefits were as follows:

	For the Three Months Ended March 31, 2017 (Reviewed)		**For the Year Ended December 31, 2016 (Audited)**	
	HK$	**NT$**	**HK$**	**NT$**
Opening balance	$ (6,093)	$ (24,787)	$ (3,275)	$ (13,044)
Issuance of restricted shares	-	-	(3,817)	(15,725)
Recognized share-based payment expenses	478	1,937	999	3,982
Ending balance	$ (5,615)	$ (22,850)	$ (6,093)	$ (24,787)

20. CONSOLIDATED NET PROFIT

In addition to the disclosures made in other notes, the consolidated net profit shall include:

a. Net revenue

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Traditional speakers	$ 54,653	$ 216,830	$ 86,998	$ 369,004
Speakers and audio products with electronics	234,487	930,904	150,879	642,171
Wireless speakers	7,568	30,025	11,764	50,070
Earphones	26.969	106,997	26,162	111,351
Premium speakers	13,539	53,715	21,573	91,819
Others	44,180	175,279	38,401	163,442
	$ 381,396	$ 1,513,150	$ 335,471	$ 1,427,857

b. Depreciation and amortization expenses

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Depreciation of property, plant and equipment	$ 13,227	$ 52,477	$ 13,737	$ 58,467
Amortization of other intangible assets	987	3,916	857	3,648
Amortization of prepayments for lease	134	532	138	587
	$ 14,348	$ 56,925	$ 14,732	$ 62,702

c. Remuneration of directors and key management and employee benefits expenses

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Remuneration of directors and key management				
Short-term benefits	$ 7,995	$ 31,719	$ 7,418	$ 31,572
Post-employment benefits	177	702	168	715
Share-based payments	259	1,042	178	712
Employee benefits				
Short-term benefits	75,283	298,678	72,438	308,311
Post-employment benefits	4,297	17,048	4,012	17,076
Share-based payments	219	895	61	242
	$ 88,230	$ 350,084	$ 84,275	$ 358,628

Under the amended Articles, the Company distributes staff remuneration at the rate of 1% to 15% and directors' remuneration at the rate no more than 2%, respectively, of profit before income tax, staff remuneration, and directors' remuneration. For the three months ended March 31, 2017, the staff remuneration and directors' remuneration were HK$299 thousand (equivalent to approximately NT$1,186 thousand) and HK$120 thousand (equivalent to approximately NT$476 thousand).

The Company accrued staff remuneration and directors' remuneration based on the Article (prior to the amendment), which amounted to HK$237 thousand (equivalent to approximately NT$1,009 thousand) and HK$93 thousand (equivalent to approximately NT$396 thousand) for the three months ended March 31, 2017, respectively.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The resolutions in respect of distribution as well as staff remuneration and directors' remuneration for 2016 and 2015 were passed at the Company's board of directors on February 20, 2017 and annual shareholders' meeting held on May 12, 2016, respectively. Details of the dividend per share, directors' remuneration and staff remuneration of the earnings appropriations for 2016 and 2015 of the Company were as follows:

	2016
Directors' remuneration - cash	HK$945 thousand (equivalent to approximately NT$3,929 thousand)
Staff remuneration - cash	HK$2,855 thousand (equivalent to approximately NT$11,869 thousand)

	2015
Directors' remuneration - cash	HK$1,505 thousand (equivalent to approximately NT$6,161 thousand)
Staff remuneration - cash	HK$4,159 thousand (equivalent to approximately NT$17,024 thousand)

There is no significant difference between the aforementioned approved directors' remuneration and staff remuneration amounts and the amounts recognized in 2016 and 2015.

Information about the staff remuneration and directors' remuneration is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other income

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Project service revenue	$ 229	$ 909	$ 2,692	$ 11,458
Interest income	130	516	144	613
Rent revenue	71	282	68	289
Scrap income	411	1,631	231	983
Gains on disposal of non-current assets held for sale	10,033	39,805	-	-
Gains on disposal of property, plant and equipment	6	24	28	119
Gains on financial assets at fair value through profit	6	24	324	1,379
Others	2,046	8,115	485	2,063
	$ 12,932	$ 51,306	$ 3,972	$ 16,904

e. Other losses

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Losses on scrap and disposal of property, plant and equipment	$ 38	$ 151	$ 78	$ 332
Other	111	440	347	1,477
	$ 149	$ 591	$ 425	$ 1,809

f. Finance costs

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Interest expense arising from bank borrowings	$ 1,807	$ 7,169	$ 1,845	$ 7,853

21. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Current tax				
In respect of the current year	$ 2,778	$ 11,021	$ 1,539	$ 6,550
Adjustments for prior years	655	2,599	-	-
Deferred tax				
In respect of the current year	(164)	(651)	(399)	(1,698)
Income tax expenses recognized in profit or loss	$ 3,269	$ 12,969	$ 1,140	$ 4,852

The Group uses the estimated effective annual interest rate and calculating the income tax expense of each interim period. Therefore, The Group is unable to disclose the difference between the accounting income and the taxable income.

The Company was incorporated in accordance with the International Business Companies Order issued by the government of the Cayman Islands and is exempted from income tax charged by the government of the Cayman Islands.

The EAH and ETH of the Group according to Hong Kong tax regulation, the local tax rate for Hong Kong subsidiaries is 16.5%. Different period and interim period income tax allocation shall be estimated in accordance with IFRSs.

Effective from January 1, 2008, subsidiaries in the PRC shall be subject to an applicable tax rate of 25% upon implementation of new Enterprise Income Tax Law. In addition, HYEA and HYDM obtained the innovation and high technology enterprise certificates issued by local tax authorities in July 2013. Therefore, HYEA and HYDM are subject to the applicable preferential income tax rate in the next three years. Their enterprise income tax rate has been reduced from 25% to 15%. HYEA and HYDM obtained the proof of review in February 2016. Therefore, HYEA and HYDM are still subject to the applicable preferential income tax rate from 2015 to 2017.

In accordance with Enterprise Income Tax Law of the PRC, effective on 2008 and taxation on the interpretations and implementation of some clauses in the arrangement between the Mainland of China and Hong Kong Special Administrative Region on the avoidance of double taxation. If foreign dividends allocated to the Hong Kong company meets certain conditions the Department of 5% levy tax earnings distribution.

The local tax rates for the subsidiary in Denmark and Taiwan are 22% and 17%, respectively.

b. Income tax assessments

The Company and its subsidiaries are located in the Cayman Islands, PRC, Hong Kong and Denmark. The aforementioned tax authorities will not take the initiative to send a tax returns assessment to enterprises. When there are tax disputes, they issued a tax payment notice to enterprises and reserve the right to propose additional taxes. The tax authorities have assessed income tax returns of ETT up to 2014.

22. EARNINGS PER SHARE

	Amount (In Thousands)		Weighted Average Shares (In Thousands)	Earnings Per Share (Dollars)	
	HK$	NT$		HK$	NT$
Three months ended March 31, 2017					
Basic earnings per share (Note)					
Net profit attributable to owner of the Company	$ 2,295	$ 9,053	60,749	$ 0.04	$ 0.15
Three months ended March 31, 2016					
Basic earnings per share (Note)					
Net profit attributable to owner of the Company	$ 3,168	$ 13,549	60,249	$ 0.05	$ 0.22

Note: The restricted shares plan for employees is entitled to vote and to receive dividends after granted. In addition, if employees resign in the vested period, they are not required to return restricted shares and dividends. Therefore, the restricted shares are considered as the outstanding shares at the issuance date of restricted shares, and there is no dilutive effect on earnings per share.

23. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Except disclosed in other notes, details of transactions between the Group and other related parties are disclosed below:

a. Payable to related parties

Related Party Categories	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Other payables				
Related company - Luster Green Limited	$ -	$ -	$ 8,920	$ 37,120

Other payables as at December 31, 2016 included payable for acquiring ETT Group and the temporary payable for ETT Group's derivative financial instruments.

b. Compensation of key management personnel

The remuneration of directors and other key management was determined by the compensation committee in accordance with the individual performance and the market trends. Please refer to Note 20(c) for details.

24. PLEDGED ASSETS

The following assets and treasury shares disclosed in Note 19 were provided as collateral for bank borrowings. Part of loan guarantees is provided by the Chairman of the Company.

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Other intangible assets	$ 4,780	$ 18,614	$ 4,451	$ 18,523
Accounts receivable with recourse	5,154	20,070	3,381	14,070
Property, plant and equipment	5,670	22,079	7,356	30,611
Inventories and other assets	15,347	59,763	14,073	58,565
Pledge deposits (recognized under restrict assets - current)	2,869	11,172	1,397	5,814
	$ 33,820	$ 131,698	$ 30,658	$ 127,583

25. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

Lease Agreement

Operating leases involve leases of land, offices premises and other operating assets, except prepayments for land (refer to Note 15), that terms of leases are mainly from 1 to 50 years. For operating lease period with more than 5 years, the lease contracts stipulate that the rental should be increased by certain percentage for every 5 years. The Group does not have acquisition rights to the leased land at the termination of the lease.

Non-cancellable Operating Leases

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Within 1 year	$ 8,250	$ 32,126	$ 7,462	$ 31,053
More than 1 year and within 5 years	14,471	56,352	13,966	58,120
More than 5 years	15,074	58,700	15,226	63,363
	$ 37,795	$ 147,178	$ 36,654	$ 152,536

Rental expenses of the Group arising from operating leases for three month ended March 31, 2017 and 2016 amounted to HK$1,845 thousand and HK$2,348 thousand (equivalent to approximately NT$7,320 thousand and NT$9,994 thousand), respectively.

26. COMMITMENTS AND CONTINGENT LIABILITIES

a. Litigation

   There is no significant progress regarding EAH's litigation in Brazil in the first quarter of 2017. The status of litigation in the current phase please refers to Note 26(a) of the consolidated financial statements for the year ended December 31, 2016.

b. Financial guarantees within the Group refer to Table 2 of Note 29.

27. DISCLOSURE ON FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's capital risk management policy is consistent as consolidated financial statements for the year ended December 31, 2016. In addition, the Group is not subject to any externally imposed capital requirements.

b. Fair value of financial instruments

The Group's financial instruments involve publicly traded stocks and derivative financial instruments (refer to Note 7) which are recognized at fair value, grouped into Levels 1 (are measured from quoted prices in active markets) and 2 (are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities), respectively.

If a non-derivative instrument has short maturity, its future amount receivable and payable approximate its carrying amount, and its carrying amount provides a reasonable basis for estimation of fair value, then the fair value of which shall be estimated based on its carrying amount as shown in the balance sheet. Hence, the carrying amounts of the following financial instruments approximate their fair values:

Cash and cash in banks, accounts receivable, accounts receivables from related parties, other financial assets, notes and accounts payable, accounts payable and other payables to related parties, other payables, finance lease payables and bank borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash in bank, accounts receivable, other financial assets, bank borrowings loans and financial liabilities, etc. Details of the aforementioned financial instruments have been disclosed in the consolidated financial statements.

Set out below are the risks related to the financial instruments, policies to mitigate the risks, how the management monitor the risks in order to adopt timely, appropriate and effective measures.

d. Financial risk information

Based on the internal report containing analysis of exposure of and amount involved in risks by financial units, the Group monitors and manages financial risks relating to the enterprise as a whole, the domestic and international financial market and the operations of the Group. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial units of the Group constantly report to the management. Management will then monitor the risks and execute policies according to its duties and responsibilities so as to mitigate exposure.

There is no change on the Group's type of exposure and its management and measurement thereof.

1) Market risk

The Group's financial instrument transaction is exposed to foreign exchange risk and interest rate risk (refer to (2) and (3) below).

2) Foreign exchange risk

The Group has foreign currency-denominated transactions that are exposed to the risk caused by fluctuation of exchange rates in the market. To monitor the risk, the responsible team of the Group reviews constantly the portion of assets and liabilities that are exposed to the risk and makes appropriate adjustment so as to control any risk arising from fluctuation of exchange rates.

Since the principal currency of the Group is the U.S. dollar, thus the Group is exposed to risk of exchange rate fluctuation. Fortunately, the risk is mitigated as the majority of receivables and payables and bank borrowings are denominated in U.S. dollar.

As of the reporting period, the carrying amounts of the significant foreign currency-denominated assets and liabilities that are expected to be exposed to exchange rates fluctuation were as follows:

	Assets			
	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
USD	$ 319,831	$ 1,245,454	$ 319,479	$ 1,329,512
HKD	609	2,372	624	2,597
	$ 320,440	$ 1,247,826	$ 320,103	$ 1,332,109

	Liabilities			
	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
USD	$ 319,231	$ 1,243,117	$ 276,463	$ 1,150,501
HKD	47,115	183,471	51,303	213,497
	$ 366,346	$ 1,426,588	$ 327,766	$ 1,363,998

The following table details the Company’s sensitivity to a 5% increase and decrease in the foreign currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with currency strengthen 5% against the relevant currency. For a 5% weakening of currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit would be negative.

	Currency USD Impact		Currency USD Impact	
	For the Three Months Ended March 31, 2017		For the Year Ended December 31, 2016	
	HK$	NT$	HK$	NT$
Profit or loss	$ 30	$ 117	$ 2,151	$ 8,951

	Currency HKD Impact		Currency HKD Impact	
	For the Three Months Ended March 31, 2017		For the Year Ended December 31, 2016	
	HK$	NT$	HK$	NT$
Profit or loss	$ (2,325)	$ (9,055)	$ (2,534)	$ (10,545)

The management considers that the sensitivity analysis is unrepresentative of the inherent foreign exchange rate risk as the year end exposure does not reflect the exposure during the period.

3) Interest rate risk

Management of interest rate risk

The Group is subject to interest rate risk arising from bank deposits and borrowings bearing floating interest rate. The current policy of the Group is to maintain borrowings bearing floating interest rate so as to mitigate risk arising from interest rate fluctuation. There is no financial instrument held for hedging purpose. Management of the Group reviews interest rate risk periodically and will implement measures when necessary to address significant interest rate risk for proper monitoring in light of any change in market interest rate.

Sensitivity analysis of interest rate

The following sensitivity analysis is prepared based on the exposure to interest rate of non-derivative instrument at the end of the reporting period.

0.5% increase or decrease has been used by the Group as a reasonable estimation of interest rate fluctuation when reporting to the management. With other variations remain unchanged, without taking into account capitalization of interests, if the interest rate increased 0.5%, the profit and loss of the Group for the three months ended March 31, 2017 and for the year ended December 31, 2016 would have been decreased by HK$317 thousand and HK$25 thousand (equivalent to approximately NT$1,236 thousand and NT$106 thousand), respectively.

4) Credit risk

The Group is exposed to credit risk in the event of the counterparties' failure to perform their obligations under the contracts. The credit risk of the Group is assessed based on the contracts with positive fair values as at the end of the reporting period. Counterparties of the Group are creditworthy financial institutes and corporate entities, and the extent of credit risk that may arise from the counterparties and their creditworthiness are reviewed annually by a special team. Therefore, it is expected that the credit risk is insignificant.

The accounts receivables of the Group concentrate in certain clients who are mainly internationally renowned brands of media players and are not connected. Credit assessments on the financial status of the clients have been conducted. Therefore, it is expected that the credit risk from accounts receivables is minimal.

The maximum exposure of the Group to credit risk is the net amount of carrying amount less amount required to be offset and impairment loss required to be recognized under relevant rules (i.e. carrying amount of financial assets), without taking into account any security and other credit enhancement. The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

5) Liquidity risk

Appropriate management structure addressing liquidity risk is formulated by the management to monitor short, medium and long term financing and solvency. As such, the Group is not exposed to any liquidity risk attributable to failure to perform obligation under the contract due to inability to finance funds.

The table below analyzes the remaining unexpired maturity of non-derivative financial liabilities with fixed term of repayment based on the undiscounted cash flow of the financial liabilities on the earliest date that repayment shall be made on demand, and the interest and principal are included in the analysis. In respect of the interest cash flow payable at floating rates, the undiscounted interests are estimated based on yield curve as at the end of the reporting period. Maturities of contracts are estimated on the earliest date of repayment on demand. When the amount payable or receivable is not fixed, disclosure of such amount is determined based on the estimated interest rate derived from the yield curve on the balance sheet date.

Unit: H.K. Dollars

	March 31, 2017				
	Effective Interest Rate	**Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 328,319	$ -	$ -	$ 328,319
Other payables	-	84,083	-	-	84,083
Interest bearing liabilities					
Finance lease payables	-	129	-	-	129
Bank borrowings	2.5%	272,503	11,093	-	283,596

	December 31, 2016				
	Effective Interest Rate	**Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 294,686	$ -	$ -	$ 294,686
Other payables to related parties	-	8,920	-	-	8,920
Other payables	-	103,941	-	-	103,941
Interest bearing liabilities					
Finance lease payables	-	185	-	-	185
Bank borrowings	2.39%	219,366	6,983	-	226,349

Unit: N.T. Dollars

	March 31, 2017				
	Effective Interest Rate	Within 1 Year	2 Years to 5 Years	More than 5 Years	Total
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 1,278,507	$ -	$ -	$ 1,278,507
Other payables	-	327,428	-	-	327,428
Interest bearing liabilities					
Finance lease payables	-	502	-	-	502
Bank borrowings	2.5%	1,061,154	43,197	-	1,104,351

	December 31, 2016				
	Effective Interest Rate	Within 1 Year	2 Years to 5 Years	More than 5 Years	Total
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 1,226,336	$ -	$ -	$ 1,226,336
Other payables to related parties	-	37,120	-	-	37,120
Other payables	-	432,550	-	-	432,550
Interest bearing liabilities					
Finance lease payables	-	770	-	-	770
Bank borrowings	2.39%	912,892	29,060	-	941,952

e. Financial facilities

1) Bank overdraft facility

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Unsecured bank overdraft facility				
Amount unused	$ 600	$ 2,336	$ 600	$ 2,497

2) Bank borrowings

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)	
	HK$	NT$	HK$	NT$
Secured borrowings				
Amount unused	$ 61,636	$ 240,017	$ 76,702	$ 319,195
Unsecured borrowings				
Amount unused	$ 311,703	$ 1,213,803	$ 335,810	$ 1,397,473

f. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2017

Unit: Foreign Currencies (In Thousands)

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 32,369	HKD	30.175	$ 976,745
USD	7,182	NTD	30.175	216,703
USD	1,457	RMB	30.175	43,957
USD	267	DKK	30.175	8,049
	$ 41,275			$ 1,245,454
Financial liabilities				
Monetary items				
USD	$ 23,992	HKD	30.175	$ 723,959
USD	11,194	RMB	30.175	337,790
USD	5,717	NTD	30.175	172,505
USD	294	DKK	30.175	8,863
	$ 41,197			$ 1,243,117
HKD	$ 47,115	RMB	3.8941	$ 183,471

December 31, 2016

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 30,819	HKD	32.235	$ 993,459
USD	10,009	NTD	32.235	322,624
USD	245	RMB	32.235	7,886
USD	172	DKK	32.235	5,543
	$ 41,245			$ 1,329,512

(Continued)

	Foreign Currencies		Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)	
Financial liabilities						
Monetary items						
USD	$	23,802	HKD	32.235	$	767,260
USD		9,573	RMB	32.235		308,592
USD		2,070	NTD	32.235		66,738
USD		245	DKK	32.235		7,911
	$	35,690			$	1,150,501
HKD	$	51,302	RMB	4.1615	$	213,497

(Concluded)

Note: Exchange rates represent the closing exchange rate of foreign currency into N.T. dollars.

Information of foreign exchange gains and losses are as follow:

	For the Three Months Ended March 31			
	2017 (Reviewed)		2016 (Reviewed)	
	HK$	NT$	HK$	NT$
Realized foreign exchange gains	$ 4,196	$ 16,646	$ 2,457	$ 10,459
Unrealized foreign exchange loss	(4,330)	(17,178)	(2,369)	(10,084)
	$ (134)	$ (532)	$ 88	$ 375

It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

g. Information of transferred financial assets

As of March 31, 2017 and December 31, 2016, the Group entered into several trade receivable factoring agreements with the banks. According to the factoring agreement, the Group received certain percentage of trade receivable in cash from the bank in advance. If the trade receivables are collected at maturity, the bank has the right to request the Group to repay the unsettled difference. As the Group has not transferred the significant risks and rewards relating to these trade receivables, the Group continues to recognize the full carrying amount of the receivables and the factoring amount as secured bank borrowings.

As of March 31, 2017 and December 31, 2016, the carrying amount of the trade receivables that have been transferred but have not been derecognized and the related liability recognized please refer to Notes 16 and 24, respectively.

28. SEGMENT INFORMATION

a. Operating segments

IFRS 8 requires that operating units shall be identified based on the internal report to the chief decision maker for periodical review for the purpose of resource allocation to each component of the Group and assessment of their performance. Since the Group is engaged in the processing of speaker systems, and AV electronics products (from acquisition of ETT Group's original business units), under the model that the Hong Kong or Taiwan outsources production orders to the subsidiaries in PRC, there is no other segment which has allocated resources or whose performance has been assessed other than processing of speaker systems, earphones and AV electronics products.

The chief decision makers of the Group allocate resources and assess performance based on the internal management accounts which are reviewed constantly, and depending on the overall operating results of the speaker systems and earphones segment. The segment information only covers the sales, cost of sales and gross profit from speaker systems, earphones and AV electronics products (from acquisition of ETT Group's original business units) disclosed in below table. Other than that, no further financial information can be split by segment.

Unit: H.K. Dollars

	For the Three Months Ended March 31, 2016				
	Speakers	**Earphones**	**AV Electronics**	**Unallocated Costs Among Segments (Including Inter-segments Transaction)**	**Total**
Revenues	$ 209,963	$ 26,665	$ 116,697	$ (17,848)	$ 335,477
Cost of revenues	181,438	21,896	105,834	(18,006)	291,162
Gross profit	$ 28,525	$ 4,769	$ 10,863	$ 158	$ 44,315

Unit: N.T. Dollars

	For the Three Months Ended March 31, 2016				
	Speakers	**Earphones**	**AV Electronics**	**Unallocated Costs Among Segments (Including Inter-segments Transaction)**	**Total**
Revenues	$ 893,645	$ 113,492	$ 496,686	$ (75,966)	$ 1,427,857
Cost of revenues	772,238	93,194	450,451	(76,640)	1,239,243
Gross profit	$ 121,407	$ 20,298	$ 46,235	$ 674	$ 188,614

In response to the market trends which the traditional speaker systems need to integrate with the electronic component in the function and structure, the Group has actively integrated the resources and product line of speaker systems, earphones and AV electronics sectors in 2016. The chief operational decision-maker of the Group is the General Manager of the Company who is responsible to coordinate the overall resource allocation and to evaluate their overall performance. The aforementioned change in operation was approved by the board of directors of the Company in August 2016.

Since the Group’s speaker systems, earphones and AV electronics sectors have been fully integrated and centrally managed and the financial management information provided to chief decision maker has also been changed to a single segment, the entire Group's resources to be allocated to and evaluates the overall performance, no longer distinguish from the speaker system, headphones and audio-visual electronic sector. As a result, the operating information to the chief decision maker for periodical review is measured in the same way as the financial statements, which is reported by a single segment. For the three months ended March 31, 2017, the revenue and operating results of the operating segment can be found in the consolidated income statement for the year from January 1 to March 31, 2017. The product revenue will be divided into the following: Traditional Speakers, Speakers and Audio Products with Electronics, Wireless Speakers, Earphones, Premium Speakers, and other products (see Note 20).

b. Information of key customers

Customers representing more than 10% of the Group’s total income as shown in the consolidated statements of comprehensive income are as follows:

	For the Three Months Ended March 31					
	2017 (Reviewed)			2016 (Reviewed)		
	HK$	NT$	%	HK$	NT$	%
Company A	$ 104,082	$ 412,936	27	$ 78,965	$ 336,091	23
Company B	93,695	371,724	25	63,350	269,630	19
Company C	34,781	137,989	9	37,281	158,675	11