Eastern Technologies Holding Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Eastern Technologies Holding Limited

We have audited the accompanying consolidated balance sheets of Eastern Technologies Holding Limited ("KYET") and subsidiaries (collectively, the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

As stated in Note 25,a to the consolidated financial statements, as of December 31, 2015, Eastern Asia Technology (HK) Limited ("EAH"), a subsidiary of KYET, has receivables, net of allowance, amounted to HK$9,549 thousand (equivalent to approximately NT$40,651 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.

February 25, 2016

<u>*Notice to Readers*</u>

For the convenience of readers, the accountants' audit 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 accountants' audit report and consolidated financial statements shall prevail.

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

BALANCE SHEETS
(In Thousands)

ASSETS	December 31, 2015 HK$	December 31, 2015 NT$	December 31, 2014 HK$	December 31, 2014 NT$
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 203,065	$ 864,468	$ 155,783	$ 636,374
Financial assets at fair value through profit or loss - current (Note 7)	5,733	24,406	-	-
Notes and accounts receivable, net (Notes 8 and 23)	350,398	1,491,679	259,935	1,061,834
Accounts receivable from related parties (Note 22)	-	-	32,143	131,304
Inventories (Notes 10 and 23)	137,674	586,092	83,078	339,374
Restricted assets (Notes 4 and 23)	3,261	13,882	2,051	8,378
Income tax refund receivable	887	3,776	3,207	13,101
Other receivables and prepayments (Note 9)	69,209	294,630	50,762	207,363
Prepayments for land lease - current (Note 14)	381	1,622	97	396
Total current assets	770,608	3,280,555	587,056	2,398,124
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 11 and 23)	283,195	1,205,589	137,927	563,432
Financial assets measured at cost (Note 12)	26,525	112,920	-	-
Intangible assets (Notes 13 and 23)	48,125	204,873	58,040	237,093
Prepayments for land lease - non-current (Note 14)	18,831	80,165	2,980	12,173
Deferred tax assets (Note 4 and 20)	2,612	11,120	1,474	6,021
Total non-current assets	379,288	1,614,667	200,421	818,719
TOTAL	$ 1,149,896	$ 4,895,222	$ 787,477	$ 3,216,843

LIABILITIES AND EQUITY	December 31, 2015 HK$	December 31, 2015 NT$	December 31, 2014 HK$	December 31, 2014 NT$
CURRENT LIABILITIES				
Short-term bank borrowings (Note 15)	$ 227,244	$ 967,400	$ 11,573	$ 47,276
Financial liabilities at fair value through profit or loss - current (Note 7)	10,132	43,133	-	-
Notes and accounts payable (Note 16)	330,504	1,406,989	243,994	996,715
Accounts payable to related parties (Note 22)	-	-	1,031	4,212
Other payables to related parties (Notes 22 and 28)	11,680	49,723	-	-
Current tax liabilities (Notes 4 and 20)	1,159	4,934	939	3,836
Other payables (Note 16)	104,330	444,143	54,660	223,286
Finance lease payables	234	996	290	1,185
Total current liabilities	685,283	2,917,318	312,487	1,276,510
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Note 15)	30,944	131,732	4,195	17,137
Other payables to related parties (Notes 22 and 28)	7,906	33,657	-	-
Other payables	4,543	19,340	10,134	41,397
Long-term finance lease payables	192	817	472	1,928
Deferred tax liabilities (Notes 4 and 20)	27,240	115,963	8,873	36,246
Net defined benefit liabilities - non-current (Notes 4 and 17)	1,843	7,846	-	-
Total non-current liabilities	72,668	309,355	23,674	96,708
Total liabilities	757,951	3,226,673	336,161	1,373,218
EQUITY (Note 18)				
Share capital - common stock	161,418	610,020	160,785	607,500
Capital surplus	197,472	744,831	193,698	729,815
Treasury shares	(9,929)	(40,671)	-	-
Exchange differences on translating foreign operations	(26,773)	80,338	6,838	160,010
Retained earnings	(3,275)	(13,044)	-	-
Legal reserve	5,526	22,178	2,070	8,031
Unappropriated earnings	67,506	264,897	87,925	338,269
Total equity	391,945	1,668,549	451,316	1,843,625
TOTAL	$ 1,149,896	$ 4,895,222	$ 787,477	$ 3,216,843

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

(With Deloitte & Touche review report dated February 25, 2016)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	For the Years Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
NET REVENUES (Notes 4, 22 and 27)	$ 1,994,937	$ 8,166,474	$ 1,451,121	$ 5,685,347
COST OF REVENUES (Notes 10, 22 and 27)	1,693,781	6,933,662	1,220,766	4,782,838
GROSS PROFIT	301,156	1,232,812	230,355	902,509
OPERATING EXPENSES				
Selling and distribution expenses	40,581	166,122	34,550	135,363
General and administrative expenses (Note 22)	208,775	854,676	120,416	471,778
Total operating expenses	249,356	1,020,798	154,966	607,141
OPERATING PROFIT	51,800	212,014	75,389	295,368
NON-OPERATING INCOME AND EXPENSES				
Gain from bargain purchase (Note 28)	10,146	41,446	-	-
Other income (Notes 19 and 23)	16,448	67,332	10,595	41,510
Foreign exchange gain (loss), net	15,534	63,590	(174)	(682)
Finance costs (Note 19)	(6,367)	(26,064)	(836)	(3,275)
Other losses (Note 19)	(14,007)	(57,339)	(3,921)	(15,362)
Total non-operating income and expenses	21,754	88,965	5,664	22,191
PROFIT BEFORE INCOME TAX	73,554	300,979	81,053	317,559
INCOME TAX (Notes 4 and 20)	(11,165)	(45,705)	(13,504)	(52,907)
PROFIT FOR THE YEAR	62,389	255,274	67,549	264,652

(Continued)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	For the Years Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (2,628)	$ (10,749)	$ -	$ -
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(33,611)	(79,672)	(7,596)	69,085
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR	$ 26,150	$ 164,853	$ 59,953	$ 333,737
EARNINGS PER SHARE (Note 20)				
Basic earnings per share - after income tax	$1.03	$4.23	$1.11	$4.36
WEIGHTED AVERAGE NUMBER OF SHARES	60,393 thousand shares		60,750 thousand shares	

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

(With Deloitte & Touche review report dated February 25, 2016) (Concluded)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of Hong Kong Dollars)

	Share Capital - Common Stock	Capital Surplus	Treasury Shares	Exchange Differences on Translating Foreign Operations	Employee Unearned Benefit	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated Earnings	Total Equity
BALANCE AT JANUARY 1, 2014	$ 160,785	$ 193,698	$ -	$ 14,434	$ -	$ 1,138	$ 99,313	$ 469,368
Appropriation of 2013 retained earnings								
Cash dividends	-	-	-	-	-	-	(78,005)	(78,005)
Net income for the year ended December 31, 2014	-	-	-	-	-	-	67,549	67,549
Other comprehensive loss (net of income tax) for the year ended December 31, 2014	-	-	-	(7,596)	-	-	-	(7,596)
Legal reserve of subsidiaries	-	-	-	-	-	932	(932)	-
BALANCE AT DECEMBER 31, 2014	160,785	193,698	-	6,838	-	2,070	87,925	451,316
Appropriation of 2014 retained earnings								
Cash dividends	-	-	-	-	-	-	(76,724)	(76,724)
Cash dividends distributed to the subsidiaries which adjusted to capital surplus	-	572	-	-	-	-	-	572
Legal reserve of subsidiaries	-	-	-	-	-	3,456	(3,456)	-
Treasury shares held by a subsidiary	-	-	(5,966)	-	-	-	-	(5,966)
Restricted shares plan for employees	633	3,202	-	-	(3,275)	-	-	560
Buy-back of treasury shares	-	-	(3,963)	-	-	-	-	(3,963)
Net income for the year ended December 31, 2015	-	-	-	-	-	-	62,389	62,389
Other comprehensive loss (net of income tax) for the year ended December 31, 2015	-	-	-	(33,611)	-	-	(2,628)	(36,239)
BALANCE AT DECEMBER 31, 2015	$ 161,418	$ 197,472	$ (9,929)	$ (26,773)	$ (3,275)	$ 5,526	$ 67,506	$ 391,945

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

(With Deloitte & Touche audit report dated February 25, 2016)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	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, 2014	$ 607,500	$ 729,815	$ -	$ 90,925	$ -	$ 4,380	$ 381,018	$ 1,813,638
Appropriation of 2013 retained earnings								
Cash dividends	-	-	-	-	-	-	(303,750)	(303,750)
Net income for the year ended December 31, 2014	-	-	-	-	-	-	264,652	264,652
Other comprehensive gain (net of income tax) for the year ended December 31, 2014	-	-	-	69,085	-	-	-	69,085
Legal reserve of subsidiaries	-	-	-	-	-	3,651	(3,651)	-
BALANCE AT DECEMBER 31, 2014	607,500	729,815	-	160,010	-	8,031	338,269	1,843,625
Appropriation of 2014 retained earnings								
Cash dividends	-	-	-	-	-	-	(303,750)	(303,750)
Cash dividends distributed to the subsidiaries which adjusted to capital surplus	-	2,265	-	-	-	-	-	2,265
Legal reserve of subsidiaries	-	-	-	-	-	14,147	(14,147)	-
Treasury shares held by a subsidiary	-	-	(24,018)	-	-	-	-	(24,018)
Restricted shares plan for employees	2,520	12,751	-	-	(13,044)	-	-	2,227
Buy-back of treasury shares	-	-	(16,653)	-	-	-	-	(16,653)
Net income for the year ended December 31, 2015	-	-	-	-	-	-	255,274	255,274
Other comprehensive loss (net of income tax) for the year ended December 31, 2015	-	-	-	(79,672)	-	-	(10,749)	(90,421)
BALANCE AT DECEMBER 31, 2015	$ 610,020	$ 744,831	$ (40,671)	$ 80,338	$ (13,044)	$ 22,178	$ 264,897	$ 1,668,549

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

(With Deloitte & Touche audit report dated February 25, 2016)

EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the Years Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	$ 73,554	$ 300,979	$ 81,053	$ 317,559
Adjustments for:				
Amortization-other intangible assets	4,507	18,450	3,302	12,937
Amortization-prepayment for land lease	567	2,321	98	384
Bad debt expense	19	78	427	1,673
Allowance for inventories provision and inventories write-off	6,732	27,558	6,518	25,537
Depreciation expenses	49,988	204,631	21,617	84,693
Loss on disposal of property, plant and equipment	2,768	11,331	884	3,463
Loss on disposal of other intangible assets	4,696	19,223	-	-
Interest expense	6,367	26,064	836	3,275
Interest income	(939)	(3,844)	(894)	(3,503)
Gain from bargain purchase	(10,146)	(41,446)	-	-
Employees expenses-Restricted shares	560	2,227	-	-
Impairment loss recognized on financial instruments	812	3,324	-	-
Realized loss from derivative financial instruments	-	-	497	1,947
Operating cash flows before working capital changes	139,485	570,896	114,338	447,965
Changes in operating assets and liabilities				
Notes and accounts receivable	150,036	614,187	(61,940)	(242,675)
Other receivables and prepayments	46,692	191,138	(19,222)	(75,310)
Accounts receivables from related parties	-	-	(5,093)	(19,954)
Inventories	6,553	26,825	(3,855)	(15,104)
Notes and accounts payable and other payables	(164,607)	(673,835)	57,843	226,623
Accounts payable from related parties	(2,810)	(11,503)	760	2,978
Cash generated from operations	175,349	717,708	82,831	324,523
Interest paid	(6,367)	(26,064)	(836)	(3,275)
Interest received	939	3,844	894	3,503
Income tax paid	(9,697)	(39,696)	(19,349)	(75,807)
Net cash generated from operating activities	160,224	655,792	63,540	248,944
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash inflow on acquisition of subsidiaries (Note 26)	13,245	54,105	(40,330)	(158,593)
Decrease in payable for investment cost	(5,591)	(22,887)	-	-
Payments for acquiring property, plant and equipment	(76,806)	(314,413)	(27,443)	(107,519)
Decrease (increase) in pledged deposits	13,016	53,282	(1,158)	(4,537)
Increase in financial assets at cost	(3,801)	(15,560)	-	-
Proceeds from disposal of property, plant and equipment	1,674	6,853	1,227	4,807
Proceeds from disposal of derivative financial instruments	-	-	766	3,001
Increase in other intangible assets	(2,495)	(10,214)	(1,109)	(4,345)
Net cash used in investing activities	(60,758)	(248,834)	(68,047)	(267,186)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in bank borrowings	1,405,456	5,753,375	3,708	14,528
Repayments of bank borrowings	(1,348,551)	(5,520,428)	-	-
Payment under capital lease contract	(327)	(1,339)	(509)	(1,994)

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EASTERN TECHNOLOGIES HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the Years Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Buy-back of treasury shares	$ (3,963)	$ (16,652)	$ -	$ -
Cash dividend	(76,724)	(303,750)	(78,005)	(303,750)
Cash dividend received from treasury stock	572	2,265	-	-
Net cash used in financing activities	(23,537)	(86,529)	(74,806)	(291,216)
EFFECT OF EXCHANGE RATE CHANGES	(28,647)	(92,335)	(1,367)	32,139
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,282	228,094	(80,680)	(277,319)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	155,783	636,374	236,463	913,693
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 203,065	$ 864,468	$ 155,783	$ 636,374
CASH AND CASH EQUIVALENTS AS FOLLOWS:				
Cash and bank deposits	$ 206,326	$ 878,350	$ 157,834	$ 644,752
Pledge deposits	(3,261)	(13,882)	(2,051)	(8,378)
Cash and cash equivalents	$ 203,065	$ 864,468	$ 155,783	$ 636,374
IMPACT OF CASH AND NON-CASH ITEMS FROM INVESTING ACTIVITIES (Note 28)				
Net cash inflow on acquisition of subsidiaries				
Acquisition of subsidiaries	$ (121,718)	$ (497,219)	$ (57,352)	$ (225,530)
Increase in payable for investment cost (recognized under other payables)	24,589	100,446	16,984	66,788
Cash and cash equivalents acquired	110,374	450,878	38	149
Net cash inflow	$ 13,245	$ 54,105	$ (40,330)	$ (158,593)
NON-CASH FOR INVESTING AND FINANCING ACTIVITIES:				
Stock of a parent company held by a subsidiary reclassification as treasury stock from long term investment	$ 5,966	$ 24,018	$ -	$ -

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

(With Deloitte & Touche audit report dated February 25, 2016) (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 principal operating activities and operating segments information of the Company and its subsidiaries (the "Group") please refer to Note 27.

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 1703-7, 17/F Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

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").

Business Combinations

a. Basis of consolidation

   The consolidated financial statements incorporate the financial statements of the Company and investee companies as to 50% being held or controlled by the Company.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. The historical cost is generally based on the fair value of the consideration given in exchange for assets.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

b. Currency of the consolidated financial statements

The consolidated financial statements have been presented in the functional currency of the Company - i.e. HKD. Relevant NTD amounts are presented by translating from HKD according to the IAS 21. The assets and liabilities items are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

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

			Percentage of Ownership Interest		
			December 31		
Name of Investor	**Name of Investee**	**Main Business**	**2015**	**2014**	**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. (the "HYEA")	Production, assembly and sales of speaker systems and accessories	100.00	100.00	〃
	Huiyang Dongmei Audio Products Co., Ltd. (the "HYDM")	Production and sales of earphones	100.00	100.00	〃
	Shenzhen MaliMaliBox Trading Corporation Limited ("SZMM")	Wholesales and sales of earphones and related electronic products	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.
	Eastech Electronics (Taiwan) Inc. ("ETT")	Design and sales of AV electronics products	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	-	〃
ETH	Eastech Electronics (Hui Yang) Co., Ltd. ("ETHY")	Production and sales of AV electronics products	100.00	-	〃

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, 2015, 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 year ended December 31, 2015.

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.

Standard/Interpretation No.	Subject	Effective for Fiscal Year Beginning on or after the Following Dates
IFRS (Amendments)	Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRS 7 and 9 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 10, 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	January 1, 2016
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1 (Amendments)	Disclosure Initiative	January 1, 2016
IAS 7 (Amendments)	Disclosure Initiative	January 1, 2017
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
IAS 16 and 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 16 and 41 (Amendments)	Agriculture: Bearer Plants	January 1, 2016
IAS 27 (Amendments)	Equity Method in Separate Financial Statements	January 1, 2016

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. SIGNIFICANT ACCOUNTING POLICIES

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period;

c. Cash and cash equivalents; and

d. Property, plant and equipment, goodwill, and other assets which do not belong to current assets are non-current assets.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period.

c. Liabilities that are not classified as current are classified as non-current.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. The amount of revenue can be measured reliably;

d. It is probable that the economic benefits associated with the transaction will flow to the Group; and

e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Land and buildings held for used in production or supply of goods or services, or for administrative purposes, are carried in consolidated balance sheet at cost less accumulated depreciation and accumulated impairment. Major upgrade and improvement are accounted as capital expense, while repair and maintenance are accounted as expenses for the period.

Properties in the course of construction for production, supply or administrative purposes are measured at cost, less any recognized impairment loss.

Machinery and office equipment are measured by cost less accumulated depreciation and accumulated impairment.

Depreciation of these assets (excluded freehold land and properties in the course of construction) is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of the year, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Prepaid Lease Payment

When the leased land is held for sale, the cost of payment is recorded as prepaid land lease payments and it will be depreciated over term of lease by using straight line basis.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities or contingent liabilities assumed. Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss. On disposal of the acquiree, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Gain on Bargain Purchase

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree, the excess are recognized immediately in profit or loss as a bargain purchase gain.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of the year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

2) The intention to complete the intangible asset and use or sell it;

3) The ability to use or sell the intangible asset;

4) How the intangible asset will generate probable future economic benefits;

5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

6) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

d. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

Impairment of Assets

There is material impairment loss incurred if the recoverable amount of the asset (mainly property, plant and equipment and goodwill) is estimated to be less than its carrying amount, an impairment loss is recognized immediately in profit or loss. If the recoverable amount of the asset (excluding goodwill) increases subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

When conducting impairment test, goodwill should be allocated to each of the Group’s cash-generating units that are expected to benefit from the synergies of the business combination. Unless there is indication of impairment of the cash generating unit to which goodwill is belong, each cash generating unit shall be tested for impairment annually by comparing the carrying amount (including goodwill) to its recoverable amount. In case the recoverable amount is less than its carrying amount, the impairment loss shall first be allocated to goodwill of the cash generating unit to reduce its carrying amount. Afterwards, the remaining impairment loss shall be allocated to each asset under the cash generating unit based on the share of proportion of the carrying amount. The recognized impairment loss of goodwill will not be reversed.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

   Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight-line basis over the lease term.

b. The Group as lessee

   Assets held under finance lease are initially recognized as assets of the Company at the fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefits

Except for partial employees of ETT adopted defined benefit retirement benefit plans, the rest of employees of ETT and employees in Hong Kong and Mainland China adopted defined contribution retirement benefit plans.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Defined benefit costs (including service cost, net interest and remeasurement) recognized under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit asset are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit asset represents the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

The Group maintains a Mandatory Provident Fund Scheme (the “MPF Scheme”), a defined contribution scheme, according to the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Pursuant to the MPF Scheme, the contribution will be vested to the employees upon provision of services by the employees and when they are eligible to the benefits, and the cost incurred will be charged as expense.

To comply with the pension scheme requirements in the PRC, subsidiaries of the Group in PRC are required to contribute a specified percentage of payroll costs to the retirement plans operated by the relevant local authorities of the PRC.

Details of the retirement benefits for the employees of the Group are set out in Note 19.

Share-based Payment Arrangements - Restricted Shares for Employees

The fair value of share-based payment (equity settled) that will eventually vested and expected share is estimated at the grant date. The fair value is then expensed on a straight-line basis over the vesting period based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment to other equity - employee unearned benefit. The fair value is recognized as an expense in full at the grant date when the share options are fully vested in grant date.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - restricted shares for employees.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current income tax

    The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b. Deferred tax

    Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

    Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

    Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current income tax assets and liabilities on a net basis.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

a. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period. Income or expense is recognized on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

b. Financial assets

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the carrying amount of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss. The financial assets are classified into “financial assets at fair value through profit or loss” and “loans and receivables” based on the nature and purpose of the financial assets at the time of initial recognition.

c. Derivative financial instruments

The Group enters into forward foreign exchange contract principally for the purpose of minimizing any risk that may arise from currency rate fluctuation and generating gains from currency exchange.

Derivative financial instruments are recognized at fair value upon inception of contract, and subsequently be measured at fair value as at balance sheet date. Difference between the carrying amount and the fair value is recognized in profit and loss.

If the maturity of derivative financial instruments is more than 12 months, or it is expected that the instrument will not be realized or settled within 12 months, the derivative financial instruments will be classified as non-current assets or liabilities, otherwise, it will be classified as current assets or liabilities.

d. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Apart from short-term receivables that are minimally affected by interest, loans and receivables (including cash and cash equivalents, trade debtors, other receivables, restricted assets and long-term receivables) are carried at amortized cost using the effective interest method, less any identified impairment loss.

e. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For financial assets, objective evidence of impairment could include:

1) Significant financial difficulty of the issuer or counterparty; or
2) Default or delinquency in interest or principal payments; or
3) It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, an impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of financial assets are reduced by impairment directly except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

f. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

g. Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the proceeds received, net of direct issue costs. The financial liabilities are classified into "financial liabilities at fair value through profit or loss" and "other financial liabilities."

Other financial liabilities (including trade payables and other payables) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings are initially recognized at fair value less transaction costs. In subsequent periods, borrowings are measured at amortized cost using the effective interest method. Any difference between the actual proceeds less transaction costs and the settlement or redemption of borrowings is recognized over the term of the borrowings according to the Group's accounting policy for borrowing costs.

The fair value of financial liabilities denominated in foreign currency and classified as "financial liabilities at fair value through profit and loss" are determined in foreign currency and is translated at the currency rate prevailing at the end of the reporting period. Any exchange difference is recognized as part of the fair value gain or loss. For foreign currency denominated financial liabilities measured at amortized costs, its exchange difference is determined based on the amortized cost and the currency rate at the end of the reporting period. Exchange difference is recognized at profit and loss.

h. Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation of the Group's obligations is discharged, cancelled or they expire.

Foreign currencies

The individual financial statements of each company comprising the Group are measured and presented on the currency prevailing in the primary economic environment where its operations located. For the purpose of the consolidated financial statement, the operating results and financial status of companies comprising the Group shall be translated from functional currency to the presentation currency of the consolidated financial statement - Hong Kong dollars ("HKD").

In the initial recognition of foreign currency transactions, the foreign currency amount shall be translated into the functional currency at the exchange rate between the functional currency and the foreign currency prevailing at the date of transaction. Any exchange difference arising from the actual settlement of foreign currency-denominated assets and liabilities shall be carried at profit and loss for the year.

Subsequently at the end of each reporting period, foreign currency denominated item shall be translated at the closing exchange rate. Foreign currency denominated non-monetary items shall be measured at historical cost and translated at the exchange rate prevailing on the date of transaction.

Gain or loss from foreign currency exchange shall be carried at the profit and loss for the year.

For the purposes of presenting the consolidated financial statements, if the functional currency and the presentation currency (HKD) of subsidiaries are different, the assets and liabilities of which are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Their income and expenses are translated at the average exchange rates for the year, the resulting exchange difference is recognized in other comprehensive income and accumulated in equity. Goodwill arising from acquisition of foreign operations and fair value adjustments to the carrying amount of assets and liabilities resulting from the acquisition of foreign operations are considered as assets and liabilities of such foreign operations, and exchanged based on the closing rate at each balance sheet date, with the exchange difference recognized under other consolidated profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities with uncertainty. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is changed.

The following are the assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period:

a. Allowance for accounts receivable and other receivables

   The Group constantly reviews the recoverability of accounts receivable based on the aging analysis of the accounts receivable and other receivables, credit assessment, past collection history and environmental conditions. If the financial conditions of the Group’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Details of the allowances please refer to Notes 8 and 9.

b. Depreciation of property, plant and equipment

   Depreciation of the property, plant and equipment is provided after deducting any residual value from cost or revalued amount over the estimated useful years by using straight line basis. Estimated useful years represent estimation of management on the number of years that the Group intends to generate economic benefits from the use of the Group’s property, plant and equipment. Residual value means the amount expected to be realized upon retirement or disposal of the property, plant and equipment, net of any cost of disposal, at the end of the useful year. Useful year and residual are subject to the different estimated utilization rate of assets and the development of new technologies. Please refer to Note 11 for details about the carrying amount of the property, plant and equipment.

c. Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is calculated by using weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Group constantly reviews its inventories to identify slow moving and obsolete merchandise. It will also make provision for impairment loss by considering their physical conditions and market conditions. It involves management's judgment for the estimation on the net realizable value and slow-moving inventories. Please refer to Note 10 for details about the carrying amount of inventories.

d. Impairment of goodwill

When determining whether there is any impairment loss on goodwill, estimation shall be made on the recoverable amount of the cash generating unit to which goodwill has been allocated. To calculate the recoverable amount, the management needs to estimate the future cash flow expected to arise from the cash generating unit and its appropriate discount rate. Details of the carrying amount of goodwill at the end of reporting period, with no impairment loss recognized during 2015 and 2014 are set out in Note 13.

e. Amortization of other intangible assets

Amortization of intangible assets of the Group (excluding goodwill) is the cost recognized on straight line basis throughout its estimated useful life. Estimated useful life is the term estimated by the management of which the Group intends to use the intangible assets to generate economic benefits. Difference in expected frequency of use of the assets and development of new technologies would affect the economic useful life of assets. For the carrying amount of intangible assets, please refer to Note 13.

f. Income tax

The Group operates in different jurisdictions, and thus it is subject to different tax laws enacted in different regions. When estimating income tax, the Group will consider if it is eligible for the preferential taxation treatment. If there is any difference between the actual tax charged by the taxation authority with the originally estimated tax, the current income tax expenses and the related deferred income tax assets or liabilities shall be adjusted accordingly. Disclosures on income tax are set out in Note 20.

6. CASH AND CASH EQUIVALENTS

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Cash on hand	$ 217	$ 924	$ 39	$ 160
Cash at bank	202,848	863,544	155,744	636,214
Fixed deposits	3,261	13,882	2,051	8,378
	206,326	878,350	157,834	644,752
Less: Pledged deposits	(3,261)	(13,882)	(2,051)	(8,378)
	$ 203,065	$ 864,468	$ 155,783	$ 636,374

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 23), and is recognized under restricted assets.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2015	
	HK$	NT$
Financial assets at FVTPL - current		
Financial assets held for trading		
Non-derivative financial assets		
Foreign-listed stocks	$ 4,555	$ 19,391
Equity funds	1,178	5,015
	$ 5,733	$ 24,406
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial instrument		
Target redemption forward ("TRF")	$ 10,132	$ 43,133

As stated in Notes 1 and 28, EAH acquired ETT Group from Luster Green Limited in January 2015, derivative financial instruments held by the ETT Group was also transferred to the Group accordingly. However, according to the share purchase agreement, all gains and losses arising from derivative financial instruments after acquisition date shall still belong to ETT group's former shareholder, Luster Green Limited. The loss of the aforementioned derivative financial instruments after acquisition is HK$3,774 thousand (equivalent to approximately NT$15,449 thousand). Since the related gain or loss is attributed to ETT Group's former parent company, Luster Green Limited, the Group adjust the balance payment to Luster Green Limited accordingly (please refer to Note 22,f). Hence, the aforementioned derivative financial instruments did not have any impact on the consolidated net income for the year ended December 31, 2015.

8. NOTES AND ACCOUNTS RECEIVABLE

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Notes receivable	$ 113	$ 481	$ -	$ -
Accounts receivable	350,285	1,491,198	260,404	1,063,750
Less: Allowance for impairment loss	-	-	(469)	(1,916)
	$ 350,398	$ 1,491,679	$ 259,935	$ 1,061,834

As of December 31, 2015 the Group's average sales credit term is 56 days (63 days in 2014). 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:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Neither overdue nor impaired	$ 333,575	$ 1,420,062	$ 236,789	$ 967,283
Overdue but not impaired (a)	16,823	71,617	23,146	94,551
Overall assessment for impaired receivables assessing (b)	-	-	469	1,916
Less: Allowance for impairment loss	-	-	(469)	(1,916)
Notes and accounts receivable, net	$ 350,398	$ 1,491,679	$ 259,935	$ 1,061,834

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

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
0-90 days	$ 15,769	$ 67,130	$ 22,579	$ 92,235
91-180 days	1,043	4,440	408	1,666
181-360 days	11	47	159	650
	$ 16,823	$ 71,617	$ 23,146	$ 94,551

The above aging schedule has been analyzed 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: H.K. Dollars

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 476	$ -	$ 476
Effect of exchange rate changes	(7)	-	(7)
Balance at December 31, 2014	469	-	469
Acquisition of ETT Group's assets	43	-	43
Written off	(464)	-	(464)
Recovered	(43)	-	(43)
Effect of exchange rate changes	(5)	-	(5)
Balance at December 31, 2015	$ -	$ -	$ -

Unit: N.T. Dollars

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 1,839	$ -	$ 1,839
Effect of exchange rate changes	77	-	77
Balance at December 31, 2014	1,916	-	1,916
Acquisition of ETT Group's assets	173	-	173
Written off	(1,899)	-	(1,899)
Recovered	(173)	-	(173)
Effect of exchange rate changes	(17)	-	(17)
Balance at December 31, 2015	$ -	$ -	$ -

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 23 and 26,g.

9. OTHER RECEIVABLES AND PREPAYMENTS

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Other receivables	$ 40,974	$ 174,432	$ 36,556	$ 149,331
Allowance for impairment loss	(13,962)	(59,438)	(13,962)	(57,035)
Other receivables, net	27,012	114,994	22,594	92,296
Prepayments	3,065	13,048	1,345	5,494
Prepaid equipment and mold	7,319	31,158	19,659	80,307
Value-added tax recoverable and refundable	23,683	100,820	6,401	26,149
Guarantee deposits	8,130	34,610	763	3,117
Total	$ 69,209	$ 294,630	$ 50,762	$ 207,363

Other receivables of the Group mainly consist of the followings:

a. As of December 31, 2015 and 2014, the amounts of advance payment to vendors were HK$3,135 thousand and HK$7,384 thousand (equivalent to approximately NT$13,346 thousand and NT$30,614 thousand), respectively.

b. Other receivables relating to litigations (including security deposits) as described in Note 25(a) were as follows:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Other receivables (including security deposits)	$ 24,540	$ 104,470	$ 24,868	$ 101,586
Less: Allowance for impairment loss	(13,962)	(59,438)	(13,962)	(57,035)
	$ 10,578	$ 45,032	$ 10,906	$ 44,551

c. As of December 31, 2015, the amounts of temporary payments as described in Note 16,b were HK$8,349 thousand (equivalent to approximately NT$35,543 thousand).

10. INVENTORIES

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Raw materials	$ 58,872	$ 250,624	$ 36,177	$ 147,783
Work-in-progress	39,161	166,712	35,840	146,407
Finished goods	32,328	137,624	10,528	43,007
Goods in transit	7,313	31,132	533	2,177
	$ 137,674	$ 586,092	$ 83,078	$ 339,374

The cost of inventories recognized as cost of goods sold in the years ended December 31, 2015 and 2014 was HK$1,693,781 thousand and HK$1,220,766 thousand (equivalent to approximately NT$6,933,662 thousand and NT$4,782,838 thousand), respectively, which included HK$6,732 thousand and HK$6,518 thousand (equivalent to approximately NT$27,558 thousand and NT$25,537 thousand), write-down of impairment loss and inventories disposed, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

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

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Cost	$ 496,659	$2,114,327	$ 333,666	$1,363,026
Accumulated depreciation and impairment	(213,464)	(908,738)	(195,739)	(799,594)
Book Value	$ 283,195	$1,205,589	$ 137,927	$ 563,432

(Continued)

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Land and buildings	$ 72,284	$ 307,720	$ 35,921	$ 146,737
Machineries and office equipment	209,746	892,909	101,572	414,922
Construction in progress	1,165	4,960	434	1,773
Book Value	$ 283,195	$1,205,589	$ 137,927	$ 563,432

(Concluded)

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, 2014	$ 93,816	$ 362,505	$ 231,487	$ 894,466	$ -	$ -	$ 325,303	$ 1,256,971
Additions	-	-	26,708	104,639	735	2,880	27,443	107,519
Acquisition of ScS's assets	-	-	5,678	22,328	709	2,788	6,387	25,116
Disposals	(118)	(462)	(16,982)	(66,534)	(198)	(775)	(17,298)	(67,771)
Reclassification	-	-	588	2,304	(588)	(2,304)	-	-
Reclassification to other intangible assets	-	-	-	-	(167)	(655)	(167)	(655)
Effect of exchange rate changes	(1,988)	12,592	(5,957)	29,415	(57)	(161)	(8,002)	41,846
Balance at December 31, 2014	91,710	374,635	241,522	986,618	434	1,773	333,666	1,363,026
Acquisition of ETT Group's assets (Note 27)	47,320	193,302	90,904	371,343	-	-	138,224	564,645
Additions	5,130	21,000	69,902	286,151	1,774	7,262	76,806	314,413
Disposals	(251)	(1,027)	(15,020)	(61,485)	(190)	(778)	(15,461)	(63,290)
Reclassification to other intangible assets	(3)	(12)	803	3,287	(800)	(3,275)	-	-
Effect of exchange rate changes	(9,758)	(16,817)	(26,765)	(47,628)	(53)	(22)	(36,576)	(64,467)
Balance at December 31, 2015	$ 134,148	$ 571,081	$ 361,346	$ 1,538,286	$ 1,165	$ 4,960	$ 496,659	$ 2,114,327
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ 52,862	$ 204,259	$ 141,020	$ 544,901	$ -	$ -	$ 193,882	$ 749,160
Depreciation	3,981	15,597	17,636	69,096	-	-	21,617	84,693
Disposals	(23)	(90)	(15,164)	(59,411)	-	-	(15,187)	(59,501)
Effect of exchange rate changes	(1,031)	8,132	(3,542)	17,110	-	-	(4,573)	25,242
Balance at December 31, 2014	55,789	227,898	139,950	571,696	-	-	195,739	799,594
Depreciation	11,331	46,385	38,657	158,246	-	-	49,988	204,631
Disposals	(85)	(348)	(10,934)	(44,758)	-	-	(11,019)	(45,106)
Effect of exchange rate changes	(5,171)	(10,574)	(16,073)	(39,807)	-	-	(21,244)	(50,381)
Balance at December 31, 2015	$ 61,684	$ 263,361	$ 151,600	$ 645,377	$ -	$ -	$ 213,464	$ 908,738

The management assessed that there was no impairment loss indicator for the years ended December 31, 2015 and 2014.

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.
Machineries and equipment	5 years or 10 years
Office equipment	1 year to 10 years

d. Details of the land and buildings held by the Group as of December 31, 2015 and 2014 were as follows:

December 31, 2015

Company Name	Location	Description	Tenure/Unexpired Term
EAH	Room 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.
	Room 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.
	Room 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.
	Room 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.
	Room 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, Sec. 1, Nankan Rd., 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.

December 31, 2014

Company Name	Location	Description	Tenure/Unexpired Term
EAH	Room 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.
	Room 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.
	Room 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.
	Room 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 July 1, 1997 to June 30, 2047.
	Room 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 carried at prepaid lease payments)	Lease for term of 50 years from December 14, 1995 to December 13, 2045.

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 23.

12. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2015	
	HK$	NT$
Outlaw Audio Inc.	$ 132	$ 561
Audio Design Experts Inc.	10,834	46,127
HT Precision Technologies, Inc.	15,559	66,232
	$ 26,525	$112,920

Since the fair values of the Group’s investments in non-publicly traded stocks, convertible bonds and stock options can’t be reliably measured, the investments are measured at the cost less any impairment. Above investments are acquired through the acquisition of ETT Group.

13. INTANGIBLE ASSETS

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Goodwill	$ 27,274	$ 116,108	$ 30,203	$ 123,379
Technical knowledge (including R&D)	13,177	56,096	18,013	73,583
Customer relationship	7,674	32,669	9,824	40,131
	$ 48,125	$ 204,873	$ 58,040	$ 237,093

a. Details of Goodwill were as follows:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Related to ScS	$ 23,999	$ 102,166	$ 26,733	$ 109,204
Related to HYDM	3,275	13,942	3,470	14,175
	$ 27,274	$ 116,108	$ 30,203	$ 123,379

The above goodwill represents the excess of the cost of acquisition over the net fair value of the identifiable assets from HYDM's acquisition of earphones production line from Shenzhen Dahua Electronics Co., Ltd. in 2006 and EAH's acquisition of a subsidiary-ScS in 2014.

The recoverable amount of this cash-generating unit was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10% per annum for the years ended December 31, 2015 and 2014, respectively.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the financial budget period. The cash flows beyond that five-year period have been extrapolated using a steady 0% per annum growth rate. Management believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount of the cash-generating unit to exceed its aggregate recoverable amount.

The key assumptions used in the value in use calculations for the leisure goods cash-generating units were as follows:

1) Expected sales growth rate: The suppose values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with management's plans for focusing operations in these markets.

2) Net operating profit margin: The suppose values are reflected for expected efficiency improvements based on past experience and effect of economy of scale.

3) Depreciation and amortization: The suppose values are estimated from equipment capex during budget period and equipment's useful life based on past experience.

There is no impairment of goodwill at December 31, 2015 and 2014.

Goodwill increasing or decreasing were as follows:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Cost				
Balance at January 1	$ 30,203	$ 123,379	$ 3,549	$ 13,713
Goodwill arising from acquisition of ScS (Note 28)	-	-	29,724	116,885
Effect of exchange rate changes	(2,929)	(7,271)	(3,070)	(7,219)
Balance at December 31	$ 27,274	$ 116,108	$ 30,203	$ 123,379

b. The movement of other intangible assets (technical knowledge and customer relationships) were as follows:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Cost				
Balance at January 1	$ 27,837	$ 113,714	$ -	$ -
Assets arising from acquisition of ScS (Note 28)	-	-	33,083	130,096
Goodwill arising from acquisition of ETT group (Note 28)	3,525	14,430	-	-
Additions	2,495	10,214	1,109	4,345
Reclassified to other intangible from equipment	-	-	167	655
Amortization	(4,507)	(18,450)	(3,302)	(12,937)
Write-off	(4,696)	(19,223)	-	-
Effect of exchange rate changes	(3,803)	(11,920)	(3,220)	(8,445)
Balance at December 31	$ 20,851	$ 88,765	$ 27,837	$ 113,714

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

Technical knowledge	4-15 years
Customer relationship	9 years

14. PREPAYMENTS FOR LAND LEASE

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Current	$ 381	$ 1,622	$ 97	$ 396
Non-current	18,831	80,165	2,980	12,173
	$ 19,212	$ 81,787	$ 3,077	$ 12,569

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 11,d.

15. BANK BORROWINGS

a. Short-term bank borrowings:

	December 31					
	2015			2014		
	Annual Interest Rate	HK$	NT$	Annual Interest Rate	HK$	NT$
Factoring	1.9%-4.5%	$ 8,670	$ 36,909	4.5%	$ 6,419	$ 26,222
Bank borrowings - secured	1.5%-4.63%	21,262	90,515	5%	4,394	17,949
Bank borrowings - unsecured	1.45%-2.51%	99,964	425,557	-	-	-
Commercial paper - secured	1.92%	2,349	10,000	-	-	-
Other bank loans	2.20%-2.70%	64,798	275,851	-	-	-
Long-term borrowings due within 1 year - unsecured	1.56%-2.70%	25,579	108,892	-	-	-
Long-term borrowings due within 1 year - secured	2.38%-4.63%	4,622	19,676	5%	760	3,105
		$ 227,244	$ 967,400		$ 11,573	$ 47,276

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, the loans contain repayment on demand clause, which gives the lenders the right to demand repayment as any time at their discretion.

b. Long-term bank borrowings:

	December 31					
	2015			2014		
	Annual Interest Rate	HK$	NT$	Annual Interest Rate	HK$	NT$
Bank borrowings - secured	2.38%-4.63%	$ 6,887	$ 29,319	5%	$ 4,955	$ 20,242
Bank borrowings - unsecured	1.56%-2.70%	54,258	230,981	-	-	-
		61,145	260,300		4,955	20,242
Less: Long-term bank borrowings due within 1 year		(30,201)	(128,568)		(760)	(3,105)
		$ 30,944	$ 131,732		$ 4,195	$ 17,137

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:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Due within 2 to 5 years	$ 30,944	$ 131,732	$ 4,195	$ 17,137

The detail of the Group's pledged assets for obtaining bank facilities please refer to Note 23.

16. 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:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Temporary receivables (Note)	$ 14,997	$ 63,844	$ -	$ -
Accrued salaries	41,043	174,724	32,822	134,078
ScS investment payable - current (please refer to Note 28,b)	4,543	19,340	5,065	20,691
Accrued commission expenses	6,074	25,858	-	-
Accrued molding payable	2,351	10,008	-	-
Accrued tax loss on customs bonded goods	5,676	24,159	-	-
Other payable	29,646	126,120	16,773	68,517
	$ 104,330	$ 444,143	$ 54,660	$ 223,286

Note: 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.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The ETT of the Group adopted 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

The defined benefit plan adopted by the ETT of the Group in accordance with the Labor Standards Law 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. The ETT of the Group contribute 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. ETT has obtained the approval from local government to suspend pension fund contribution from January 2015 to July 2016. 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 management strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	For the Year Ended December 31, 2015	
	HK$	**NT$**
Present value of defined benefit obligation	$ 8,806	$ 37,486
Fair value of plan assets	(6,963)	(29,640)
Net defined benefit liability	$ 1,843	$ 7,846

Movements in net defined benefit liability (Note) were as follows:

Unit: N.T. Dollars

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2015	$ -	$ -	$ -
Acquisition of ETT Group's assets	25,108	(29,524)	(4,416)
Current service cost	251	-	251
Net interest expense (income)	408	(480)	(72)
Recognized in profit or loss	659	(480)	(179)
	25,767	(30,004)	(4,237)
Re-measurement			
Return on plan assets (excluding amounts included in net interest)	-	(309)	(309)
Actuarial loss - changes in demographic assumptions	1,057	-	1,057

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Actuarial loss - changes in financial assumptions	$ 876	$ -	$ 876
Actuarial loss - experience adjustments	10,459	-	10,459
Recognized in other comprehensive income	12,392	(309)	12,083
Benefits paid	(673)	673	-
Balance at December 31, 2015	$ 37,486	$ (29,640)	$ 7,846

(Concluded)

Note: Since only ETT (Taiwan company) has retirement benefit plans, the above movement is stated in New Taiwan Dollar.

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2015
Discount rate	1.250%
Expected rate of salary increase	2.750%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2015
Discount rate	
0.25% increase	$ (630)
0.25% decrease	$ 650
Expected rate of salary increase	
0.25% increase	$ 620
0.25% decrease	$ (604)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2015
The expected contributions to the plan for the next year	$ 599
The average duration of the defined benefit obligation	10 years

18. EQUITY

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 December 31, 2015 and 2014 were NT$610,020 thousand and NT$607,500 thousand (equivalent to approximately NT$161,418 and NT$160,785 thousand), divided into 61,002 thousand shares and 60,750 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.

The movements of the shares issued and outstanding were as follows:

(In Thousands of Shares)

	2015	2014
Numbers, beginning of year	60,750	60,750
Issue restricted shares (Note)	252	-
Numbers, end of year	61,002	60,750

Note: The Company's board of directors meeting held on May 12, 2015 resolved to issue restricted shares (see detail in Note 18,e) to the Group's specific employees. The restricted shares issued record date was June 2, 2015 and exercise price per share was NT$0.

Treasury Shares

Purpose of Buy-Back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2015	-	-	
Increase during the year	300	-	300
Increase from acquisition of ETT Group	-	453	453
Number of shares at December 31, 2015	300	453	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:

December 31, 2015

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$5,334 thousand (equivalent to approximately NT$21,835 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. In addition, ETT pledge the aforementioned shares for obtaining bank facilities.

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 December 31, 2015 and 2014, the capital surplus of the Company were NT$744,831 thousand and NT$729,815 thousand (equivalent to approximately HK$197,472 thousand and HK$193,698 thousand). The details were as follows:

	December 31			
	2015		2014	
	HK$	NT$	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	$ 193,698	$ 729,815
Cash dividend received from treasury stock	572	2,265	-	-
May not be used for any purpose				
Arising from employee restricted shares	3,202	12,751	-	-
	$ 197,472	$ 744,831	$ 193,698	$ 729,815

Retained Earnings and Dividend Policy

Under the Company's Articles of Incorporation, the Company should make appropriations if there is any net profit for the period, payment of tax and offset of any loss incurred in previous year shall be made first, and then after special surplus reserve was proposed by the Board, the remaining net profit for the period could be distributed by the Company, subject to the following requirements:

The Company's Articles of Incorporation also stipulate a dividend policy that the issuance of stock dividend takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 50% of total dividends distributed.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 16, 2015 and are subject to the resolution of the shareholders in their meeting to be held on May 11, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 19,b.

The appropriations of earnings for 2014 and 2013 were approved in the shareholder's meetings on May 12, 2015 and April 30, 2014, respectively. Details of the dividend per share of the earnings appropriations for 2014 and 2013 of the Company were as follows:

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

	2013
Ordinary share dividend - cash	NT$5 per share, totaling NT$303,750 thousand

The appropriations of earnings for 2015 had been proposed by the Company's board of directors on February 22, 2016. The appropriations and dividends per share were as follows:

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

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on May 11, 2016.

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 December 31, 2015.

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

Share-based Payment Arrangements

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

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

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

   As of December 31, 2015, outstanding restricted shares were 252 thousand shares. Related information was as follows:

Grant date	June 2, 2015
Fair value share price at grant date	NT$60.6 (equivalent to approximately HK$15.2)
Exercise price	NT$0
Shares number (thousand shares)	252
Vested period	1-4 years (obtain of 25% annually)

   The movements of the employee unearned benefits were as follows:

	For the Year Ended December 31, 2015	
	HK$	**NT$**
Balance at January 1, 2015	$ -	$ -
Issuance of restricted shares	(3,835)	(15,271)
Recognized share-based payment expenses	560	2,227
Balance at December 31, 2015	$ (3,275)	$ (13,044)

19. CONSOLIDATED NET PROFIT

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

a. Depreciation and amortization expenses

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Depreciation of property, plant and equipment	$ 49,988	$ 204,631	$ 21,617	$ 84,693
Amortization of other intangible assets	4,507	18,450	3,302	12,937
Amortization of prepayments for lease	567	2,321	98	384
	$ 55,062	$ 225,402	$ 25,017	$ 98,014

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

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Remuneration of directors and key management				
Short-term benefits	$ 31,008	$ 126,934	$ 16,984	$ 66,542
Post-employment benefits	752	3,078	287	1,124
Share-based payments	418	1,662	-	-
Employee benefits				
Short-term benefits	350,269	1,433,861	240,396	941,847
Post-employment benefits	17,571	71,929	6,153	24,107
Share-based payments	142	565	-	-
	$ 400,160	$ 1,638,029	$ 263,820	$ 1,033,620

The existing Articles of Incorporation of the Company stipulate to distribute bonus to employees at the rates no less than 1% and no higher than 15% and remuneration to directors and supervisors at the rates no higher than 2%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were HK$2,821 thousand (equivalent to approximately NT$11,052 thousand) and HK$1,351 thousand (equivalent to approximately NT$5,293 thousand), respectively, representing 4.18% and 2%, respectively, of the base net income.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation at the rates no less than 1% and no higher than 15% and remuneration to directors and supervisors at the rates no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were HK$4,159 thousand (equivalent to approximately NT$17,024 thousand) and HK$1,505 thousand (equivalent to approximately NT$6,161 thousand), respectively, representing 5.3% and 1.9%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on February 22, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on May 11, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The resolutions in respect of surplus distribution as well as employee bonus and directors' remuneration for 2015 and 2014 were passed at the Company's board of directors on February 22, 2016 and annual shareholders' meetings held on May 12, 2015, respectively. Details of the directors' remuneration and employee bonus of the earnings appropriations for 2015 and 2014 of the Company were as follows:

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

	2014
Directors' remuneration - cash	HK$1,351 thousand (equivalent to approximately NT$5,293 thousand)
Employee bonus - cash	HK$2,821 thousand (equivalent to approximately NT$11,052 thousand)

There is no significant difference between the aforementioned approved directors' remuneration and employee bonus amounts and the amounts recognized in of 2014.

Information on the earnings appropriations approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

c. Other income

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Interest income	$ 939	$ 3,844	$ 894	$ 3,503
Rent revenue	284	1,163	604	2,366
Scrap income	1,863	7,626	5,010	19,629
Gains on disposal of property, plant and equipment	55	225	78	306
Project service revenue	9,017	36,912	58	227
Others	4,290	17,562	3,951	15,479
	$ 16,448	$ 67,332	$ 10,595	$ 41,510

d. Other losses

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Losses on scrap and disposal of property, plant and equipment	$ 2,823	$ 11,556	$ 962	$ 3,769
Losses on scrap and disposal of intangible assets	4,696	19,223	-	-
Net loss on financial instruments at FVTPL	812	3,324	497	1,947
Tax loss on customs bonded goods	5,676	23,236	-	-
Other	-	-	2,462	9,646
	$ 14,007	$ 57,339	$ 3,921	$ 15,362

e. Finance costs

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Interest expense arising from bank borrowings	$ 6,367	$ 26,064	$ 836	$ 3,275

20. INCOME TAXES

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

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Current tax				
In respect of the current year	$ 10,556	$ 43,212	$ 12,655	$ 49,580
Adjustments for prior years	1,487	6,087	378	1,481
Deferred tax				
In respect of the current year	(878)	(3,594)	471	1,846
Income tax expenses recognized in profit or loss	$ 11,165	$ 45,705	$ 13,504	$ 52,907

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Profit before tax	$ 73,554	$ 300,979	$ 81,053	$ 317,559
Income tax expense calculated at the statutory rate	$ 12,136	$ 49,680	$ 13,374	$ 52,398
Tax-exempt income and nondeductible expenses in determining taxable income	(3,396)	(13,901)	(2,252)	(8,823)
Underestimated income tax for prior years	1,487	6,087	378	1,481
Unrecognized effect of deferred tax income for prior years	(64)	(262)	407	1,595
Effect of different tax rate of foreign operations in other jurisdictions	1,002	4,101	1,597	6,256
Income tax expense recognized in profit or loss	$ 11,165	$ 45,705	$ 13,504	$ 52,907

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 1 January, 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. 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%.

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 rate in 2014 for the subsidiary in Denmark is 24.5%, which is reduced to 23.5% in 2015 and further reduced to 22% in 2016 onwards. The local tax rate for the subsidiary in Taiwan is 17%.

b. Deferred tax assets

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Tax losses	$ 678	$ 2,886	$ 694	$ 2,835
Inventory provisions	719	3,061	474	1,936
Retirement benefit plans	326	1,334	-	-
Others	889	3,839	306	1,250
	$ 2,612	$ 11,120	$ 1,474	$ 6,021

The movements of deferred tax assets were as follows:

Unit: H.K. Dollars

	Tax Losses	Inventory Provisions	Retirement Benefit Plans	Others	Total
Balance at January 1, 2014	$ -	$ 1,072	$ -	$ 313	$ 1,385
Assets arising from acquisition of ScS (Note 28)	1,316	-	-	-	1,316
Recognized in profit or loss	(407)	(577)	-	-	(984)
Decrease	(118)	-	-	-	(118)
Effect of exchange rate changes	(97)	(21)	-	(7)	(125)
Balance at December 31, 2014	694	474	-	306	1,474
Assets arising from acquisition of ETT Group (Note 28)	-	-	-	2,008	2,008
Recognized in profit or loss	64	282	-	(1,356)	(1,010)
Increase	-	-	324	-	324
Reclassification	-	-	-	(11)	(11)
Effect of exchange rate changes	(80)	(37)	2	(58)	(173)
Balance at December 31, 2015	$ 678	$ 719	$ 326	$ 889	$ 2,612

Unit: N.T. Dollars

	Tax lossess	Inventory Provisions	Retirement Benefit Plans	Others	Total
Balance at January 1, 2014	$ -	$ 4,142	$ -	$ 1,210	$ 5,352
Assets arising from acquisition of ScS (Note 28)	5,175	-	-	-	5,175
Recognized in profit or loss	(1,595)	(2,261)	-	-	(3,856)
Decrease	(462)	-	-	-	(462)
Effect of exchange rate changes	(283)	55	-	40	(188)
Balance at December 31, 2014	2,835	1,936	-	1,250	6,021
Assets arising from acquisition of ETT Group (Note 28)	-	-	-	8,202	8,202
Recognized in profit or loss	262	1,154	-	(5,552)	(4,136)
Increase	-	-	1,334	-	1,334
Reclassification	-	-	-	(47)	(47)
Effect of exchange rate changes	(211)	(29)	-	(14)	(254)
Balance at December 31, 2015	$ 2,886	$ 3,061	$ 1,334	$ 3,839	$ 11,120

c. Deferred tax liabilities

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Intangible assets	$ 4,862	$ 20,698	$ 6,386	$ 26,087
Accelerated tax depreciation	8,987	38,258	1,837	7,504
Unappropriated earnings of subsidiaries	13,391	57,007	650	2,655
	$ 27,240	$ 115,963	$ 8,873	$ 36,246

The movements of deferred tax liabilities were as follows:

Unit: H.K. Dollars

	Intangible Assets	Accelerated Tax Depreciation	Unappropriated Earnings of Subsidiaries	Total
Balance at January 1, 2014	$ -	$ 1,366	$ 803	$ 2,169
Liabilities arising from acquisition of ScS (Note 28)	7,511	1,220	-	8,731
Recognized in profit or loss	(364)	(627)	478	(513)
Decrease	-	-	(631)	(631)
Effect of exchange rate changes	(761)	(122)	-	(883)
Balance at December 31, 2014	6,386	1,837	650	8,873
Liabilities arising from acquisition of ETT Group (Note 28)	-	8,343	12,730	21,073
Recognized in profit or loss	(860)	(1,028)	-	(1,888)
Reclassification	-	-	11	11
Effect of exchange rate changes	(664)	(165)	-	(829)
Balance at December 31, 2015	$ 4,862	$ 8,987	$ 13,391 ,	$ 27,240

Unit: N.T. Dollars

	Intangible Assets	Accelerated Tax Depreciation	Unappropriated Earnings of Subsidiaries	Total
Balance at January 1, 2014	$ -	$ 5,278	$ 3,103	$ 8,381
Liabilities arising from acquisition of ScS (Note 28)	29,536	4,798	-	34,334
Recognized in profit or loss	(1,426)	(2,457)	1,873	(2,010)
Decrease	-	-	(2,472)	(2,472)
Effect of exchange rate changes	(2,023)	(115)	151	(1,987)
Balance at December 31, 2014	26,087	7,504	2,655	36,246
Liabilities arising from acquisition of ETT Group (Note 28)	-	34,081	52,002	86,083
Recognized in profit or loss	(3,520)	(4,210)	-	(7,730)
Reclassification	-	-	47	47
Effect of exchange rate changes	(1,869)	883	2,303	1,317
Balance at December 31, 2015	$ 20,698	$ 38,258	$ 57,007	$ 115,963

d. 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 2013.

21. EARNINGS PER SHARE

	Amount (In Thousands)		Weighted Average Shares (In Thousands)	Earnings Per Share (Dollars)	
	HK$	NT$		HK$	NT$
For the year ended December 31, 2015					
Basic earnings per share (Note)					
Net profit attributable to owner of the Company	$ 62,389	$ 255,274	60,393	$ 1.03	$ 4.23
For the year ended December 31, 2014					
Basic earnings per share					
Net profit attributable to owner of the Company	$ 67,549	$ 264,652	60,750	$ 1.11	$ 4.36

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.

22. RELATED-PARTY TRANSACTIONS

Balance 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. Sales

	For the Year Ended December 31			
	2015		2014	
Related Party Categories	HK$	NT$	HK$	NT$
Associates	$ -	$ -	$ 132,598	$ 519,506

b. Purchases

	For the Year Ended December 31			
	2015		2014	
Related Party Categories	**HK$**	**NT$**	**HK$**	**NT$**
Associates	$ -	$ -	$ 8,936	$ 35,009

c. Manufacture cost

	For the Year Ended December 31			
	2015		2014	
Related Party Categories	**HK$**	**NT$**	**HK$**	**NT$**
Associates	$ -	$ -	$ 1,077	$ 4,220

d. Administrative expense (recognized under general and administrative expense)

	For the Year Ended December 31			
	2015		2014	
Related Party Categories	**HK$**	**NT$**	**HK$**	**NT$**
Associates	$ -	$ -	$ 6,758	$ 26,478

e. Other income

	For the Year Ended December 31			
	2015		2014	
Related Party Categories	**HK$**	**NT$**	**HK$**	**NT$**
Associates	$ -	$ -	$ 605	$ 2,370

f. Receivables (payable) from (to) related parties

	December 31			
	2015		2014	
Related Party Categories	**HK$**	**NT$**	**HK$**	**NT$**
Receivables				
Associates	$ -	$ -	$ 32,143	$ 131,304
Payables				
Associates	$ -	$ -	$ 1,031	$ 4,212
Other payables				
Associates	$ 19,586	$ 83,380	$ -	$ -

Other payables in current period include payable for acquiring ETT Group and the temporary payable for ETT Group’s derivative financial instruments. Please refer to Notes 7 and 28.

Classification by payment period as follows:

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Current	$ 11,680	$ 49,723	$ 1,031	$ 4,212
Non-current	7,906	33,657	-	-
	$ 19,586	$ 83,380	$ 1,031	$ 4,212

g. 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 19 for details.

23. RESTRICTED ASSETS

The following assets and treasury shares disclosed in Note 18 were provided as collateral for bank borrowings. Part of loan guarantees is provided by the Chairman of the Company.

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Other intangible assets	$ 4,488	$ 19,106	$ 7,142	$ 29,175
Accounts receivable with recourse	10,666	45,406	6,523	26,648
Property, plant and equipment	6,619	28,178	3,669	14,988
Inventories and other assets	13,640	58,067	15,507	63,346
Pledge deposits (recognized under restrict assets - current)	3,261	13,882	2,051	8,378
	$ 38,674	$ 164,639	$ 34,892	$ 142,535

24. 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 14), 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

	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Within 1 year	$ 10,224	$ 43,525	$ 6,511	$ 26,597
More than 1 year and within 5 years	15,609	66,449	12,949	52,897
More than 5 years	18,671	79,484	11,842	48,375
	$ 44,504	$ 189,458	$ 31,302	$ 127,869

Rental expenses of the Group arising from operating leases for years ended December 31, 2015 and 2014 amounted to HK$10,340 thousand and HK$4,659 thousand (equivalent to approximately NT$42,328 thousand and NT$18,253 thousand), respectively.

25. COMMITMENTS AND CONTINGENT LIABILITIES

a. Litigation

In December 2005, EAH entered into an agreement with an independent third party to establish a company in Brazil, Eastern Asia Unicoba Electronics Da Amazonia Ltda. ("EAB"). In 2006, EAH invested approximately HK$12,600 thousand in a 68% equity interest in EAB. Since 2007, the investment cost was reclassified as other receivable under current assets due to the withdrawal of EAH as a shareholder of EAB. EAH is involved in several legal matters in Brazil where it is the plaintiff as well as defendant. Regarding aforementioned lawsuit related to EAB please see below for further explanation:

1) The legal matters whereby EAH is the plaintiff are:

As of December 31, 2015 and 2014, the amounts sought for legal matters whereby EAH is the plaintiff are R$14,500 thousand and R$12,300 thousand (approximately NT$122,200 thousand and NT$145,000 thousand) (the amount has considered accrued interest from the date of the prosecution and local court's provision such as inflation index, etc.), respectively. Since EAH does not have any assets in Brazil, EAH must provide security deposits to the courts as possible court costs incurred in the litigation. As of December 31, 2015 and 2014, security deposits in the local court are HK$1,029 thousand and HK$1,357 thousand, respectively (approximately NT$4,381 thousand and NT$5,543 thousand).

Since the outcome of litigation is dependent on the Courts' judgements, EAH has recognized related impairment of aforementioned other receivables based on current litigation progress.

As of December 31, 2015 and 2014, amounts recorded as other receivables (net of impairment loss) both are HK$9,549 thousand (approximately NT$40,651 thousand and NT$39,008 thousand converted by the spot exchange rate of each balance sheet date).

Based on the assessment of the legal opinion obtained and the assessment of the financial background of the defendants, EAH considers that the impairment loss taken is reasonable and sufficient.

2) The legal matters whereby EAH is the defendant are:

The plaintiff sought partial dissolution of EAB with the withdrawal of EAH from EAB; and the assessment of assets and liabilities of the partners arising from the termination of the partnership. The plaintiff also sought an injunction to prevent or suspend the effects of the shareholders meeting held in November, 2006. In June 2008, the judge ordered that an accounting expert examination takes place to verify the reimbursement of the amount equivalent to EAH's equity interest in EAB. As of July 16, 2012, the accounting expert examination report identified when EAH divestment of EAB, EAB's net equity is positive (R$1,978 thousand, approximately NT$16,664 thousand). Hence, EAH is not liable for any debt of EAB. In contrast, after consideration of interest and inflation factors, the court ruled that the plaintiff shall pay EAH R$4,429 thousand (approximately NT$37,313 thousand) within 90 days from the date of the judgment. Since the plaintiff has filed an appeal on September 4, 2012 and the recoverability of any potential awards by the courts is also subject to the availability of assets by the defendants to the litigations, EAH will recognized related income when actual recovery. At current stage, it has no material impact on the Group's financial position.

b. Financial guarantees within the Group refer to Table 2 of Note 30.

c. The group has not recognized the significant capital commitments as follows:

	December 31			
	2015		**2014**	
	HK$	**NT$**	**HK$**	**NT$**
Acquisition of property, plant and equipment	$ 929	$ 3,955	$ 15,280	$ 62,419

26. DISCLOSURE ON FINANCIAL INSTRUMENTS

a. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return through the optimization of the capital and debt structure balance. The Group's overall strategy remains unchanged on 2015.

The Group regularly reviews to the appropriate categories of capital structure. The Group manages based on the cost of capital and the risks associated with the various types of capital determine a reasonable proportion of the Group's capital structure.

The cash and cash equivalents, restricted assets - current (pledged deposit) and bank borrowings were as follows:

	December 31			
	2015		**2014**	
	HK$	**NT$**	**HK$**	**NT$**
Debt (bank borrowing)	$ (258,188)	$ (1,099,132)	$ (15,768)	$ (64,413)
Cash and cash equivalents (pledged deposit)	206,326	878,350	157,834	644,752
Net cash	$ (51,862)	$ (220,782)	$ 142,066	$ 580,339
Equity	$ 391,945	$ 1,668,549	$ 451,316	$ 1,843,625
Debt-equity ratio	13%	13%	NA	NA

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, notes and 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, notes and 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 US 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			
	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
USD	$ 465,174	$ 1,980,292	$ 377,550	$ 1,542,292
HKD	437	1,860	124	507
RMB	7,304	31,094	19,927	81,402
	$ 472,915	$ 2,013,246	$ 397,601	$ 1,624,201

	Liabilities			
	December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
USD	$ 360,840	$ 1,536,132	$ 88,218	$ 360,371
HKD	101,003	429,980	58,992	240,982
RMB	876	3,729	1,360	5,556
	$ 462,719	$ 1,969,841	$ 148,570	$ 606,909

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 Year Ended December 31, 2015		For the Year Ended December 31, 2014	
	HK$	NT$	HK$	NT$
Profit or loss	$ 5,217	$ 22,208	$ 14,467	$ 59,096

	Currency HKD Impact		Currency HKD Impact	
	For the Year Ended December 31, 2015		For the Year Ended December 31, 2014	
	HK$	NT$	HK$	NT$
Profit or loss	$ (5,028)	$ (21,406)	$ (2,943)	$ (12,024)

	Currency RMB Impact		Currency RMB Impact	
	For the Year Ended December 31, 2015		For the Year Ended December 31, 2014	
	HK$	NT$	HK$	NT$
Profit or loss	$ (321)	$ (1,368)	$ 928	$ 3,792

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 years ended 2015 and 2014 would have been decreases by HK$260 thousand and HK$868 thousand (equivalent to approximately NT$1,009 thousand NT$3,545 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.

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

	December 31, 2015				
	Effective Interest Rate	**Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 330,504	$ -	$ -	$ 330,504
Other payables to related parties	-	11,680	7,906	-	19,586
Other payables	-	104,330	4,543	-	108,873
Interest bearing liabilities					
Finance lease payables	-	234	192	-	426
Bank borrowings	2.44%	166,410	98,078	-	264,488

	December 31, 2014				
	Effective Interest Rate	**Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
	-	$ 243,994	$ -	$ -	$ 243,994
Notes and accounts payable	-	1,031	-	-	1,031
Other payables to related parties	-	54,660	10,134	-	64,794
Other payables					
Interest bearing liabilities					
Finance lease payables	-	290	472	-	762
Bank borrowings	4.80%	12,120	1,803	2,601	16,524

Unit: N.T. Dollars

	December 31, 2015				
	Effective Interest Rate	**Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 1,406,989	$ -	$ -	$ 1,406,989
Other payables to related parties	-	49,723	33,657	-	83,380
Other payables	-	444,143	19,340	-	463,483
Interest bearing liabilities					
Finance lease payables	-	996	817	-	1,813
Bank borrowings	2.44%	708,424	417,528	-	1,125,952

	December 31, 2014				
	Effective Interest Rate	**Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 996,715	$ -	$ -	$ 996,715
Other payables to related parties	-	4,212	-	-	4,212
Other payables	-	223,286	41,397	-	264,683
Interest bearing liabilities					
Finance lease payables	-	1,185	1,928	-	3,113
Bank borrowings	4.80%	49,510	7,365	10,625	67,500

5) Financial facilities

Bank overdraft facility

	Liabilities			
	December 31			
	2015		2014	
	HK$	**NT$**	**HK$**	**NT$**
Unsecured bank overdraft facility				
Amount unused	$ 1,600	$ 6,811	$ 300	$ 1,226

Bank borrowings

	Liabilities			
	December 31			
	2015		2014	
	HK$	**NT$**	**HK$**	**NT$**
Secured borrowings				
Amount unused	$ 188,030	$ 1,359,769	$ 2,171	$ 8,868
Unsecured borrowings				
Amount unused	$ 390,647	$ 1,663,023	$ 240,325	$ 981,728

6) 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:

December 31, 2015

Unit: Foreign Currencies (In Thousands)

	Foreign Currencies	**Function Currencies**	**Exchange Rate (Note)**	**Carrying Amount (NT$)**
Financial assets				
Monetary items				
USD	$ 47,099	HKD	32.8300	$ 1,546,263
USD	12,911	NTD	32.8300	423,858
USD	167	RMB	32.8300	5,492
USD	143	DKK	32.8300	4,679
	$ 60,320			$ 1,980,292
Financial liabilities				
Monetary items				
USD	$ 31,708	HKD	32.8300	$ 1,040,967
USD	11,524	RMB	32.8300	378,346
USD	3,206	NTD	32.8300	105,244
USD	353	DKK	32.8300	11,575
	$ 46,791			$ 1,536,132
HKD	$ 100,238	RMB	4.2571	$ 426,723
HKD	765	NTD	4.2571	3,257
	$ 101,003			$ 429,980

December 31, 2014

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 44,123	HKD	31.7250	$ 1,399,799
USD	4,131	RMB	31.7250	131,043
USD	361	DKK	31.7250	11,450
	$ 48,615			$ 1,542,292
Financial liabilities				
Monetary items				
USD	$ 10,533	RMB	31.7250	$ 334,165
USD	618	HKD	31.7250	19,592
USD	208	DKK	31.7250	6,614
	$ 11,359			$ 360,371
RMB	$ 58,992	RMB	4.0850	$ 240,982

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

Information of foreign exchange gains and losses are as follow:

	For the Year Ended December 31			
	2015		2014	
	HK$	NT$	HK$	NT$
Realized foreign exchange gains (loss)	$ 11,365	$ 46,523	$ (488)	$ (1,912)
Unrealized foreign exchange gains (loss)	4,169	17,067	314	1,230
	$ 15,534	$ 63,590	$ (174)	$ (682)

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.

7) Information of transferred financial assets

As of December 31, 2015, the Group entered into several trade receivable factoring agreements with the banks, with factoring amount HK$70,000 thousand, US$17,000 thousand and DKK7,000 thousand. 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 December 31, 2015 and 2014, the carrying amount of the trade receivables that have been transferred but have not been derecognized and the related liability recognized please refer to Note 15 and Note 23, respectively.

27. 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 Year Ended December 31, 2015				
	Speakers	**Earphones**	**AV Electronics**	**Unallocated Costs Among Segments (Including Inter-segments Transaction)**	**Total**
Revenues	$ 1,097,868	$ 150,380	$ 864,918	$ (118,229)	$ 1,994,937
Cost of revenues	938,256	119,797	757,740	(122,012)	1,693,781
Gross profit	$ 159,612	$ 30,583	$ 107,178	$ 3,783	$ 301,156

	For the Year Ended December 31, 2014				
	Speakers	**Earphones**	**AV Electronics**	**Unallocated Costs Among Segments (Including Inter-segments Transaction)**	**Total**
Revenues	$ 1,277,917	$ 173,724	$ -	$ -	$ 1,451,121
Cost of revenues	1,083,174	136,474	-	1,118	1,220,766
Gross profit	$ 194,223	$ 37,250	$ -	$ (1,118)	$ 230,355

Unit: N.T. Dollars

	For the Year Ended December 31, 2015				
	Speakers	Earphones	AV Electronics	Unallocated Costs Among Segments (Including Inter-segments Transaction)	Total
Revenues	$ 4,494,232	$ 615,596	$ 3,540,628	$ (483,982)	$ 8,166,474
Cost of revenues	3,840,844	490,401	3,101,886	(499,469)	6,933,662
Gross profit	$ 653,388	$ 125,195	$ 438,742	$ 15,487	$ 1,232,812

	For the Year Ended December 31, 2014				
	Speakers	Earphones	AV Electronics	Unallocated Costs Among Segments (Including Inter-segments Transaction)	Total
Revenues	$ 5,004,714	$ 680,633	$ -	$ -	$ 5,685,347
Cost of revenues	4,243,766	534,692	-	4,380	4,782,838
Gross profit	$ 760,948	$ 145,941	$ -	$ (4,380)	$ 902,509

b. Information of key customers

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	December 31			
	2015		2014	
	Revenue from External Customers		Revenue from External Customers	
	HK$	NT$	HK$	NT$
China	$ 942,686	$ 3,858,979	$ 1,107,669	$ 4,339,737
Hong Kong	648,043	2,652,828	132,862	520,540
Brazil	80,828	330,877	92,379	361,931
Japan	46,862	191,836	26,628	104,327
Others	276,519	1,131,954	91,583	358,812
	$ 1,994,937	$ 8,166,474	$ 1,451,121	$ 5,685,347

	December 31			
	2015		2014	
	Revenue from External Customers		Revenue from External Customers	
	HK$	NT$	HK$	NT$
China	$ 281,233	$ 1,197,234	$ 128,326	$ 524,211
Hong Kong	13,065	55,619	11,508	47,010
Taiwan	6,602	28,106	-	-
Denmark	49,251	209,668	59,113	241,477
	$ 350,151	$ 1,490,627	$ 198,947	$ 812,698

c. 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 Year Ended December 31					
	2015			2014		
	HK$	NT$	%	HK$	NT$	%
Company A	$ 384,532	$ 1,574,120	19	$ 496,207	$ 1,943,305	34
Company B	377,550	1,545,539	19	-	-	-
Company C	332,401	1,360,717	17	262,114	1,026,938	9

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired - ETT

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
ETT	Design, production and sales of AV electronics products	January 1, 2015	99.98	HK$121,718 thousand (approximately NT$497,219 thousand)

As stated in Note 1, for the trend of joint connections between the speaker systems and 3C electronic appliances and operation scale expansion, EAH acquired 99.98% interests in ETT (including its subsidiaries, ETH and ETHY) from Luster Green Limited.

1) Considerations transferred

	HK$	NT$
Cash	$ 97,129	$ 396,773
Payables for investment cost (recognized under other payables from related parties)	24,589	100,446
	$ 121,718	$ 497,219

2) Assets acquired and liabilities assumed at the date of acquisition - ETT Group

	HK$	NT$
Current assets		
Cash and cash equivalents	$ 110,374	$ 450,878
Pledged deposits	14,226	58,115
Accounts receivables (including related parties)	242,514	990,670
Income tax refund receivable	3,329	13,597
Other receivable and prepayments	65,140	266,097
Inventories	67,881	277,295
Non-current assets		
Property, plant and equipment	138,224	564,645
Financial assets measured at cost	23,677	96,719
Financial assets at fair value through profit and loss	11,942	48,783
Prepayments for land lease	17,486	71,431
Net defined benefit assets	1,081	4,416
assets	2,008	8,202
Intangible assets	3,525	14,400
Current liabilities		
Accounts payables and other payables (including related parties)	(332,365)	(1,357,713)
Current tax liabilities	(3,062)	(12,507)
Bank borrowings	(185,042)	(755,896)
Financial liabilities at fair value though profit or loss (Note)	(24,329)	(99,384)
Non-current liabilities		
Long-term bank borrowings	(3,672)	(15,000)
Deferred tax liabilities	(21,073)	(86,083)
	$ 131,864	$ 538,665

Note: As stated in Note 7, all gains and losses arising from derivative financial instruments after acquisition date (January 1, 2015) shall be attributed to seller and the aforementioned gain and loss will be adjusted in other payable to related parties.

3) Gain from bargain purchase of acquisitions on ETT

	HK$	NT$
Consideration transferred	$ 121,718	$ 497,219
Less: Fair value of the identifiable net assets acquired	(131,864)	(538,665)
Gain from bargain purchase	$ (10,146)	$ (41,446)

Since the consideration paid for the acquisition of ETT less than the fair value of the identifiable net assets acquired, the gain from bargain purchase attributed to the buyer.

4) Net cash outflow on acquisition of subsidiaries

	HK$	NT$
Consideration paid in cash	$ 97,129	$ 396,773
Less: Cash and cash equivalent balances acquired	(110,374)	(450,878)
	$ (13,245)	$ (54,105)

5) Impact of acquisitions on the operation results of the Group

The results of the acquisition since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	For the Year Ended December 31, 2015	
	HK$	**NT$**
Revenue	$ 864,918	$ 3,540,628
Profit	$ 6,556	$ 26,838

b. Subsidiaries acquired - ScS

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
ScS	Research and development, production and sales of high-end speakers	April 1, 2014	100.00	HK$57,352 thousand (approximately NT$225,530 thousand)

The Group acquired ScS with the view of further expanding its product portfolio, as well as to improve its product quality, acoustics technologies and attract target clients and enhance competitive strengths.

1) Considerations transferred

	HK$	NT$
Cash	$ 40,368	$ 158,742
Contingent consideration (recognized under other payables)	16,984	66,788
	$ 57,352	$ 225,530

According to the acquisition agreement, the Group 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 31 March 2015, 31 March 2016 and 31 March 2017 respectively. In addition, the remaining 30% consideration will be adjusted based on the actual profit or loss of ScS in 2014, 2015 and 2016 (contingent consideration). The Group estimate that fair value of such obligation (contingent consideration agreement) on the acquisition date is estimated to be HK$16,984 thousand (approximately NT$66,788 thousand). As of December 31 2015, the Group has paid HK$5,591 thousand (approximately NT$22,887 thousand).

Related costs of acquisition HK$2,424 thousand (approximately NT$9,455 thousand) are excluded from the transaction consideration, and to be recognized as expenses upon acquisition.

2) Assets and liabilities acquired at the date of acquisition - ScS

	HK$	NT$
Current assets		
Cash and cash equivalents	$ 38	$ 149
Pledged deposits	893	3,512
Accounts receivables	6,357	24,998
Other receivable and prepayments	372	1,463
Inventories	13,504	53,103
Non-current assets		
Property, plant and equipment	6,387	25,116
Customer relationship	11,879	46,713
Technical knowledge	21,204	83,383
Deferred tax assets	1,316	5,175
Current liabilities		
Accounts payables and other payables	(10,660)	(41,919)
Bank borrowings	(10,430)	(41,015)
Finance lease payables - current	(708)	(2,784)
Non-current liabilities		
Long-term bank borrowings	(3,043)	(11,966)
Finance lease payables - non-current	(750)	(2,949)
Deferred tax liabilities	(8,731)	(34,334)
	$ 27,628	$ 108,645

The tax bases of ScS's assets were required to be reset based on market values of the assets.

3) Goodwill arising on acquisitions - ScS

	HK$	NT$
Consideration transferred	$ 57,352	$ 225,530
Less: Fair value of the identifiable net assets acquired	(27,628)	(108,645)
Goodwill arising on acquisitions	$ 29,724	$ 116,885

Goodwill arose in the acquisition of ScS's because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of ScS. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The total amount of acquisition goodwill was not deductible for tax purposes.

4) Net cash outflow on acquisition of subsidiaries - ScS

	HK$	NT$
Consideration paid in cash	$ 40,368	$ 158,742
Less: Cash and cash equivalent balances acquired	(38)	(149)
	$ 40,330	$ 158,593

5) Impact of acquisitions on the operation results of the Group

The results of the acquisition since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	For the Year Ended December 31, 2015	
	HK$	NT$
Revenue	$ 37,047	$ 145,146
Loss	$ (982)	$ (3,847)

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been HK$49,863 thousand (equivalent to approximately NT$195,358 thousand), and the loss from continuing operations would have been HK$$276 thousand (equivalent to approximately NT$1,081 thousand) for the year ended December 31, 2015. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2015, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had ScS been acquired at the beginning of the current reporting period, management consider:

a) Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements; and

b) According to the fair value of customer relationships arising from business combinations as the basis for calculation of amortization; and

c) Subsequently adjustments of deferred income tax liabilities which come from the aforementioned assets acquired from business combinations

29. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 22, 2016.