Eastech Holding Limited and Subsidiaries
(Formerly Known as Eastern Technologies Holding Limited)

Consolidated Financial Statements for the Six Months Ended June 30, 2018 and 2017 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Eastech Holding Limited (formerly known as Eastern Technologies Holding Limited)

Introduction

We have reviewed the accompanying consolidated balance sheet of Eastech Holding Limited, formerly known as Eastern Technologies Holding Limited ("Eastech") and subsidiaries (collectively, the "Group") as of June 30, 2018 and the related consolidated statements of comprehensive income for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2018 and 2017, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Accounting Standards 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of June 30, 2018, and its consolidated financial performance for the three months ended June 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter

As stated in Note 25(a) to the consolidated financial statements, as of June 30, 2018, Eastern Asia Technology (HK) Limited ("EAH"), a subsidiary of EASTECH, has receivables, net of allowance, amounted to HK$8,654 thousand (equivalent to approximately NT$33,530 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. Our review result is not modified in respect of this matter.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 2018

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

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
(Formerly Known as Eastern Technologies Holding Limited)

CONSOLIDATED BALANCE SHEETS
(In Thousands)
(Reviewed, Not Audited)

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
ASSETS	**HK$**	**NT$**	**HK$**	**NT$**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 176,177	$ 682,598	$ 193,004	$ 735,808
Financial assets at fair value through profit or loss (Note 7)	50	194	51	194
Notes and accounts receivable, net (Notes 8, 19 and 23)	454,536	1,761,100	440,917	1,680,952
Inventories (Notes 10 and 23)	213,151	825,854	167,256	637,647
Restricted assets (Notes 4 and 23)	4,097	15,874	1,315	5,013
Income tax recoverable	760	2,945	4,419	16,847
Other receivables and prepayments (Note 9)	106,743	413,576	94,290	359,471
Prepayments for land lease - current (Note 14)	385	1,492	385	1,468
Total current assets	955,899	3,703,633	901,637	3,437,400
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 11 and 23)	205,413	795,873	213,694	814,687
Financial assets measured at cost (Note 12)	-	-	29,029	110,670
Financial assets at fair value through profit or loss - non-current (Note 7)	21,550	83,496	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 7)	11,531	44,676	-	-
Intangible assets (Notes 13 and 23)	70,732	274,051	65,213	248,618
Prepayments for land lease - non-current (Note 14)	17,569	68,071	17,893	68,215
Deferred tax assets (Notes 4 and 20)	3,314	12,840	2,855	10,884
Total non-current assets	330,109	1,279,007	328,684	1,253,074
TOTAL	$ 1,286,008	$ 4,982,640	$ 1,230,321	$ 4,690,474

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
LIABILITIES AND EQUITY	**HK$**	**NT$**	**HK$**	**NT$**
CURRENT LIABILITIES				
Short-term bank borrowings (Note 15)	$ 283,938	$ 1,100,118	$ 258,219	$ 984,434
Notes and accounts payable (Note 16)	483,714	1,874,150	433,656	1,653,270
Current tax liabilities (Notes 4 and 20)	5,382	20,853	3,675	14,011
Other payables (Note 16)	105,493	407,859	97,581	372,018
Total current liabilities	878,527	3,402,980	793,131	3,023,733
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Note 15)	2,425	9,396	4,210	16,050
Deferred tax liabilities (Note 4)	29,738	115,220	28,854	110,003
Net defined benefit liabilities - non-current (Notes 4 and 17)	2,156	8,353	2,266	8,639
Total non-current liabilities	34,319	132,969	35,330	134,692
Total liabilities	912,846	3,535,949	828,461	3,158,425
EQUITY (Note 18)				
Share capital - common stock	163,830	619,610	163,891	619,860
Capital surplus	202,848	766,298	202,979	766,834
Treasury shares	(9,929)	(40,671)	(9,929)	(40,671)
Exchange differences on translating foreign operations	(22,013)	(49,240)	(21,289)	(69,570)
Employee unearned benefit	(6,261)	(24,817)	(7,799)	(30,955)
Retained earnings				
Legal reserve	12,143	49,775	12,143	49,775
Unappropriated earnings	32,544	125,736	61,864	236,776
Total equity	373,162	1,446,691	401,860	1,532,049
TOTAL	$ 1,286,008	$ 4,982,640	$ 1,230,321	$ 4,690,474

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

(With Deloitte & Touche review report dated August 8, 2018)

EASTECH HOLDING LIMITED AND SUBSIDIARIES
(Formerly Known as Eastern Technologies Holding Limited)

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	HK$	NT$	HK$	NT$	HK$	NT$	HK$	NT$
NET REVENUE (Note 19)	$ 569,972	$ 2,174,894	$ 441,048	$ 1,711,406	$ 1,048,544	$ 3,958,149	$ 822,444	$ 3,224,556
COST OF REVENUE (Note 10)	510,489	1,948,369	392,064	1,521,450	948,354	3,579,942	728,618	2,856,693
GROSS PROFIT	59,483	226,525	48,984	189,956	100,190	378,207	93,826	367,863
OPERATING EXPENSES								
Selling and distribution expenses	9,640	36,878	10,449	40,471	19,674	74,267	21,081	82,652
General and administrative expenses	48,953	186,978	46,833	181,894	91,048	343,967	86,321	338,612
Total operating expenses	58,593	223,856	57,282	222,365	110,722	418,234	107,402	421,264
OPERATING PROFIT (LOSS)	890	2,669	(8,298)	(32,409)	(10,532)	(40,027)	(13,576)	(53,401)
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 19)	1,408	5,455	3,292	12,303	4,274	16,134	16,224	63,609
Foreign exchange loss (Note 26)	5,465	20,280	(2,693)	(10,552)	(1,724)	(6,508)	(2,827)	(11,084)
Finance costs (Note 19)	(2,481)	(9,472)	(1,786)	(6,918)	(4,666)	(17,614)	(3,593)	(14,087)
Other losses (Note 19)	(243)	(934)	(162)	(628)	(579)	(2,186)	(311)	(1,219)
Total non-operating income and expenses	4,149	15,329	(1,349)	(5,795)	(2,695)	(10,174)	9,493	37,219
PROFIT (LOSS) BEFORE INCOME TAX	5,039	17,998	(9,647)	(38,204)	(13,227)	(50,201)	(4,083)	(16,182)
INCOME TAX (Note 20)	(6,732)	(25,537)	(1,090)	(4,121)	(9,277)	(35,020)	(4,359)	(17,090)
LOSS FOR THE PERIOD	(1,693)	(7,539)	(10,737)	(42,325)	(22,504)	(85,221)	(8,442)	(33,272)
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)								
Item that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	-	-	-	-	77	294	-	-
Items that will not be reclassified subsequently to profit or loss:								
Effect of tax rate changes (Note 20)	(21,819)	(20,763)	9,314	33,992	(724)	20,330	14,479	(40,009)
TOTAL COMPREHENSIVE (LOSSES) INCOME FOR THE PERIOD	$ (23,512)	$ (28,302)	$ (1,423)	$ (8,333)	$ (23,151)	$ (64,597)	$ 6,037	$ (73,281)
LOSS PER SHARE (Note 21)								
Basic loss per share - after income tax	$ (0.03)	$ (0.12)	$ (0.18)	$ (0.70)	$ (0.37)	$ (1.39)	$ (0.14)	$ (0.55)
WEIGHTED AVERAGE NUMBER OF SHARES	61,211 thousand shares		60,747 thousand shares		61,219 thousand shares		60,748 thousand shares	

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

(With Deloitte & Touche review report dated August 8, 2018)

EASTECH HOLDING LIMITED AND SUBSIDIARIES
(Formerly Known as Eastern Technologies Holding Limited)

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

	Share Capital - Common Stock	Capital Surplus	Treasury Shares	Exchange Differences on Translating Foreign Operations	Employee Unearned Benefit	Retained Earnings		Total Equity
						Legal Reserve	Unappropriated Earnings	
BALANCE AT JANUARY 1, 2018	$ 163,891	$ 202,979	$ (9,929)	$ (21,289)	$ (7,799)	$ 12,143	$ 61,864	$ 401,860
Effect of retrospective application - IFRS 9	-	-	-	-	-	-	4,528	4,528
RESTATED BALANCE AT JANUARY 1, 2018	163,891	202,979	(9,929)	(21,289)	(7,799)	12,143	66,392	406,388
Appropriation of 2017 earnings								
Cash dividends	-	-	-	-	-	-	(11,421)	(11,421)
Cancellation of restricted shares for employees	(61)	(131)	-	-	192	-	-	-
Restricted shares plan for employees	-	-	-	-	1,346	-	-	1,346
Net loss for the six months ended June 30, 2018	-	-	-	-	-	-	(22,504)	(22,504)
Other comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	(724)	-	-	77	(647)
BALANCE AT JUNE 30, 2018	$ 163,830	$ 202,848	$ (9,929)	$ (22,013)	$ (6,261)	$ 12,143	$ 32,544	$ 373,162
BALANCE AT JANUARY 1, 2017	$ 162,632	$ 200,400	$ (9,929)	$ (56,697)	$ (6,093)	$ 9,669	$ 51,257	$ 351,239
Appropriation of 2016 earnings								
Cash dividends	-	-	-	-	-	-	(17,690)	(17,690)
Legal reserve of subsidiaries	-	-	-	-	-	1,067	(1,067)	-
Cancellation of restricted shares for employees	(10)	(21)	-	-	31	-	-	-
Restricted shares plan for employees	-	-	-	-	952	-	-	952
Net loss for the six months ended June 30, 2017	-	-	-	-	-	-	(8,442)	(8,442)
Other comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	14,479	-	-	-	14,479
BALANCE AT JUNE 30, 2017	$ 162,622	$ 200,379	$ (9,929)	$ (42,218)	$ (5,110)	$ 10,736	$ 24,058	$ 340,538

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

(With Deloitte & Touche review report dated August 8, 2018)

EASTECH HOLDING LIMITED AND SUBSIDIARIES
(Formerly Known as Eastern Technologies Holding Limited)

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

	Share Capital - Common Stock	Capital Surplus	Treasury Shares	Exchange Differences on Translating Foreign Operations	Employee Unearned Benefit	Retained Earnings		Total Equity
						Legal Reserve	Unappropriated Earnings	
BALANCE AT JANUARY 1, 2018	$ 619,860	$ 766,834	$ (40,671)	$ (69,570)	$ (30,955)	$ 49,775	$ 236,776	$ 1,532,049
Effect of retrospective application - IFRS 9	-	-	-	-	-	-	17,264	17,264
RESTATED BALANCE AT JANUARY 1, 2018	619,860	766,834	(40,671)	(69,570)	(30,955)	49,775	254,040	1,549,313
Appropriation of 2017 earnings								
Cash dividends	-	-	-	-	-	-	(43,377)	(43,377)
Cancellation of restricted shares for employees	(250)	(536)	-	-	786	-	-	-
Restricted shares plan for employees	-	-	-	-	5,352	-	-	5,352
Net loss for the six months ended June 30, 2018	-	-	-	-	-	-	(85,221)	(85,221)
Other comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	20,330	-	-	294	20,624
BALANCE AT JUNE 30, 2018	$ 619,610	$ 766,298	$ (40,671)	$ (49,240)	$ (24,817)	$ 49,775	$ 125,736	$ 1,446,691
BALANCE AT JANUARY 1, 2017	$ 615,020	$ 756,922	$ (40,671)	$ (80,307)	$ (24,787)	$ 39,411	$ 196,093	$ 1,461,681
Appropriation of 2016 earnings								
Cash dividends	-	-	-	-	-	-	(68,267)	(68,267)
Legal reserve of subsidiaries	-	-	-	-	-	4,184	(4,184)	-
Cancellation of restricted shares for employees	(40)	(86)	-	-	126	-	-	-
Restricted shares plan for employees	-	-	-	-	3,857	-	-	3,857
Net loss for the six months ended June 30, 2017	-	-	-	-	-	-	(33,272)	(33,272)
Other comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	(40,009)	-	-	-	(40,009)
BALANCE AT JUNE 30, 2017	$ 614,980	$ 756,836	$ (40,671)	$ (120,316)	$ (20,804)	$ 43,595	$ 90,370	$ 1,323,990

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

(With Deloitte & Touche review report dated August 8, 2018)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

(Formerly Known as Eastern Technologies Holding Limited)

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

	For the Six Months Ended June 30			
	2018		2017	
	HK$	NT$	HK$	NT$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	$ (13,227)	$ (50,201)	$ (4,083)	$ (16,182)
Adjustments for:				
Amortization - other intangible assets	5,477	20,675	2,490	9,763
Amortization - prepayments for land lease	284	1,072	269	1,055
Provision (reversal of) impairment loss on bed debt	3,174	11,982	(404)	(1,584)
Allowance for inventories provision and inventories write-off	6,712	25,337	2,189	8,582
Depreciation expenses	24,103	90,986	25,374	99,484
Loss on disposal of property, plant and equipment	495	1,868	194	758
Gain on disposal of assets held for sale	-	-	(10,059)	(39,438)
Written off other intangible assets	3,198	12,072	1,021	4,003
Interest expense	4,666	17,614	3,593	14,087
Interest income	(506)	(1,910)	(331)	(1,298)
Employees expenses - restricted shares	1,346	5,352	952	3,857
Loss (gain) on fair value changes of financial instruments	1	4	(16)	(63)
Operating cash flows before working capital changes	35,723	134,851	21,189	83,024
Changes in operating assets and liabilities				
Notes and accounts receivable	(16,793)	(63,392)	(35,184)	(137,946)
Other receivables and prepayments	(12,453)	(47,009)	(8,499)	(33,322)
Inventories	(52,607)	(198,586)	(53,014)	(207,852)
Notes and accounts payable and other payables	46,549	175,718	54,105	212,130
Net defined benefit liabilities	(111)	(419)	(1,529)	(5,995)
Cash generated from (used in) operations	308	1,163	(22,932)	(89,961)
Interest paid	(4,666)	(17,614)	(3,593)	(14,087)
Interest received	506	1,910	331	1,298
Income tax paid	(4,139)	(15,624)	(7,606)	(29,821)
Net cash used in operating activities	(7,991)	(30,165)	(33,800)	(132,571)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in payable for investment cost	-	-	(13,453)	(52,745)
Payments for acquiring property, plant and equipment	(15,583)	(58,824)	(11,524)	(45,182)
Proceeds from disposal of property, plant and equipment	74	279	17	67
Proceeds from disposal of assets held for sale	-	-	10,456	40,995
Increase in other intangible assets	(15,130)	(57,114)	(5,847)	(22,924)
Increase in restricted assets	(2,782)	(10,502)	(2,176)	(8,531)
Net cash used in investing activities	(33,421)	(126,161)	(22,527)	(88,320)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in bank borrowings	489,893	1,849,299	542,636	2,127,514
Repayments of bank borrowings	(464,088)	(1,751,886)	(543,273)	(2,130,010)
Payment under capital lease contract	-	-	(192)	(752)
Net cash generated from (used in) financing activities	25,805	97,413	(829)	(3,248)
EFFECT OF EXCHANGE RATE CHANGES	(1,220)	5,703	4,365	(42,913)

(Continued)

EASTECH HOLDING LIMITED AND SUBSIDIARIES
(Formerly Known as Eastern Technologies Holding Limited)

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

	For the Six Months Ended June 30			
	2018		2017	
	HK$	NT$	HK$	NT$
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (16,827)	$ (53,210)	$ (52,791)	$ (267,052)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	193,004	735,808	225,018	936,412
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 176,177	$ 682,598	$ 172,227	$ 669,360
CASH AND CASH EQUIVALENTS AS FOLLOWS:				
Cash and bank deposits	$ 180,274	$ 698,472	$ 175,800	$ 683,246
Pledge deposits	(4,097)	(15,874)	(3,573)	(13,886)
Cash and cash equivalents	$ 176,177	$ 682,598	$ 172,227	$ 669,360
IMPACT OF CASH AND NONCASH ITEMS FROM FINANCING ACTIVITIES				
Cash dividend				
Distribution of cash dividend	$ 11,421	$ 43,377	$ 17,690	$ 68,267
Increase in cash dividend payable	(11,421)	(43,377)	(17,690)	(68,267)
Net cash outflow	$ -	$ -	$ -	$ -

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

(With Deloitte & Touche review report dated August 8, 2018) (Concluded)

1. GENERAL INFORMATION

Eastech Holding Limited (formerly known as 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, production and sales of smart speakers and audio/video (“AV”) electronics home entertainment systems.

The Company’s and its subsidiaries (collectively as the “Group”) principal places of operation are located in Hong Kong and Huizhou, Guangdong Province, China.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 8, 2018.

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

a. Initial application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”)

Except for the following, the Group has adopted all new, revised or amended standards or interpretations effective after fiscal year beginning on January 1, 2018, 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 six months ended June 30, 2018.

1) IFRS 9 “Financial Instruments” and related amendment

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The Group analyzed the facts and circumstances of its financial assets as of January 1, 2018 and elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application.

The impact on measurement categories, carrying amount and related reconciliation for each class of the Group's financial assets and financial liabilities when retrospectively applying IFRS 9 on January 1, 2018 is detailed below:

Unit: H.K. Dollars

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Cash and cash equivalents, restricted assets	Loans and receivables	Amortized cost	$ 194,319	$ 194,319	a)
Equity investments	Held-for-trading	Mandatorily at fair value through profit or loss (FVTPL)	51	51	
	Available-for-sale	Mandatorily at FVTPL	17,373	21,901	b)
	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	11,656	11,656	c)
Notes and accounts receivable, other receivables and refundable deposits	Loans and receivables	Amortized cost	485,638	485,638	a)

Unit: N.T. Dollars

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Cash and cash equivalents, restricted assets	Loans and receivables	Amortized cost	$ 740,821	$ 740,821	a)
Equity investments	Held-for-trading	Mandatorily at FVTPL	194	194	
	Available-for-sale	Mandatorily at FVTPL	66,232	83,496	b)
	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	44,438	44,438	c)
Notes and accounts receivable, other receivables and refundable deposits	Loans and receivables	Amortized cost	1,851,446	1,851,446	a)

Unit: H.K. Dollars

Financial Assets	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassifi-cations	Remea-surements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Remark
FVTPL- equity instruments	$ 51	$ -	$ -	$ 51	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	17,373	4,528	21,901	4,528	b)
	$ 51	$ 17,373	$ 4,528	$ 21,952	$ 4,528	
FVTOCI- equity instruments						
Add: Reclassification from available-for-sale (IAS 39)	$ -	$ 11,656	$ -	$ 11,656	$ -	c)
Amortized cost						
Add: Reclassification from loans and receivables (IAS 39)	$ -	$ 679,957	$ -	$ 679,957	$ -	a)

Unit: N.T. Dollars

Financial Assets	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassifi-cations	Remea-surements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Remark
FVTPL- equity instruments	$ 194	$ -	$ -	$ 194	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	66,232	17,264	83,496	17,264	b)
	$ 194	$ 66,232	$ 17,264	$ 83,690	$ 17,264	
FVTOCI- equity instruments						
Add: Reclassification from available-for-sale (IAS 39)	$ -	$ 44,438	$ -	$ 44,438	$ -	c)
Amortized cost						
Add: Reclassification from loans and receivables (IAS 39)	$ -	$ 2,592,267	$ -	$ 2,592,267	$ -	a)

a) Cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits that were classified as loans and receivables under IAS 39 are now classified at amortized cost with assessment of future 12-month or lifetime expected credit loss under IFRS 9.

b) As equity investments that were previously classified as available-for-sale financial assets under IAS 39 are held for trading, the Group elected to designate these investments as at FVTPL under IFRS 9. As equity investments previously measured at cost under IAS 39 are remeasured at fair value under IFRS 9, the adjustments would result in an increase in financial assets at FVTPL and retained earnings of HK$4,528 thousand (equivalent to approximately NT$17,264 thousand) on January 1, 2018.

c) As equity investments that were previously classified as available-for-sale financial assets under IAS 39 are not held for trading, the Group elected to designate these investments as at FVTOCI under IFRS 9. The Group assessed that cost may be an appropriate estimate of fair value for the investments.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and related interpretations. Refer to Note 4 for related accounting policies.

b. Standards and interpretations issued but not yet effective

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

New IFRSs	Effective Date Announced by IASB
Annual Improvements to IFRSs 2014-2016 Cycle	Note
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 “Insurance contracts”	January 1, 2021
Amendments to IAS 19 “'Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “' Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

Note: The amendment to IFRS 12 is applied prospectively to clarification of the scope of the Standard that occur in annual periods beginning on or after January 1, 2017; the remaining amendments are applied retrospectively for annual periods beginning on or after January 1, 2018.

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

IFRS 16 “Leases”

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

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

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

Before applying IFRS 16, payments under operating lease contracts are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases. Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group will apply IAS 36 to all right-of-use assets for assessing impairment loss.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the International Accounting Standards (IAS) 34 "Interim Financial Reporting" and Rule No. 10200546801 issued by the Financial Supervisory Commission (the "FSC"). Moreover, the IFRSs applicable to these consolidated financial statements have no material difference with the IFRS, IAS, interpretations as well as related guidance translated by Accounting Research and Development Foundation (ARDF) endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRSs").

b. Basis of consolidation

1) The basis of consolidated financial statements are consistent with those applied in the consolidated financial statement for the year ended December 31, 2017.

2) 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		
Name of Investor	**Name of Investee**	**Main Business**	**June 30, 2018**	**December 31, 2017**	**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	〃
EAH	Hui Yang Eastern Asia Electronics Co., Ltd. ("HYEA")	Production, assembly and sales of speaker systems and accessories	100.00	100.00	〃
EAH	Huiyang Dongmei Audio Products Co., Ltd. ("HYDM")	Production and sales of earphones	100.00	100.00	〃

(Continued)

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest June 30, 2018	Percentage of Ownership Interest December 31, 2017	Descriptions
EAH	Shenzhen MaliMaliBox Trading Corporation Limited ("SZMM")	Import and export trading of audio and earphones products and accessories	100.00	100.00	SZMM was established by EAH on November 13, 2013.
EAH	Scan - Speak A/S ("ScS")	Research, production and sales of high-end speakers	100.00	100.00	EAH acquired ScS 100% ownership interest on April 1, 2014.
EAH	Eastech Electronics (Taiwan) Inc. ("ETT")	Design and sales of smart speaker and AV electronics home entertainment systems	99.98	99.98	As mentioned in Note 1, EAH acquired ETT 99.98% ownership interest in January 2015, and thereby acquired its 100% owned subsidiaries, ETH and ETHY.
ETT	Eastech Electronics (HK) Limited ("ETH")	Sales of smart speaker and AV electronics home entertainment systems	100.00	100.00	〃
ETH	Eastech Electronics (Hui Yang) Co., Ltd. ("ETHY")	Production and sales of smart speaker and AV electronics home entertainment systems	100.00	100.00	〃
EAH	Eastech Electronics (SG) Pte. Ltd. ("ETS")	System architecture/new product concept/ state-of-the-art products/sound and acoustics advance technology	100.00	-	ETS was established by ETH in October 2017

(Concluded)

c. Other significant accounting policies

Except for the following, other accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2017.

1) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

2) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

i. Measurement category

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 26.

ii) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

- Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

The accounting policies applied in financial assets are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2017.

ii. Impairment of financial assets

2018

The Group recognizes an impairment loss for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The loss allowance for accounts receivable and lease receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). For other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a provision account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce its carrying amount.

2017

The accounting policies applied of impairment in financial assets in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2017.

b) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c) Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method.

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or committed liabilities, is recognized in profit or loss.

3) Revenue recognition

<u>2018/Contracts applicable to IFRS 15</u>

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

a) Revenue from sale of goods

Revenue from sale of goods comes from sales of audio system related products, include transducer speaker. Sales of audio system related products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence.

b) Revenue from rendering of services

Service revenue income is recognized when services are provided.

Revenue from a contract to provide services is recognized according to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

Revenue from processing trade is based on the basis of labor hours and direct expenses incurred and contract rate.

<u>2017/not retrospectively applying IFRS 15</u>

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.

a) Revenue from sale of goods

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

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

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

iii. The amount of revenue can be measured reliably;

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

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

Specifically, revenue from sales of goods is recognized when the delivery of goods and legal ownership transferred.

b) Revenue from rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized according to the stage of completion of the contract.

4) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

6) Explanatory about the seasonality of interim operations

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following, the critical accounting judgments and key sources of estimates and uncertainty, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2017.

a. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Cash on hand	$ 1,305	$ 5,056	$ 224	$ 854
Cash at bank	138,310	535,883	188,600	719,018
Fixed deposits	40,659	157,533	5,495	20,949
	180,274	698,472	194,319	740,821
Less: Pledged deposits	(4,097)	(15,874)	(1,315)	(5,013)
	$ 176,177	$ 682,598	$ 193,004	$ 735,808

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 AT FAIR VALUE

a. Financial assets at FVTPL

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Financial assets at FVTPL - current				
Non-derivative financial assets				
Foreign-listed stocks	$ 50	$ 194	$ 51	$ 194
Financial assets at FVTPL - non-current				
Mandatorily at FVTPL				
Non-derivative financial assets - domestic unlisted stocks	$ 21,550	$ 83,496	$ -	$ -

b. Financial assets at FVTOCI - 2018

	June 30, 2018 (Reviewed)	
	HK$	NT$
Non-current		
FVTOCI- equity instruments		
Foreign-unlisted stocks		
Audio Design Experts Inc.	$ 11,531	$ 44,676

The Group held common stocks, convertible debts and warrants of downstream audio product design company for medium to long-term strategic purposes. Since the changes in the fair value of these investments accounted for as FVTPL would not be consistent with the Group's strategy of holding these investments for long-term purposes, the Group's management elected to designate these investments at FVTOCI.

8. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Notes receivable	$ 1,764	$ 6,835	$ 11,906	$ 45,390
Accounts receivable	455,873	1,766,280	429,011	1,635,562
Less: Allowance for impairment loss	(3,101)	(12,015)	-	-
	$ 454,536	$ 1,761,100	$ 440,917	$ 1,680,952

a. The first half year of 2018

The Group's average sales credit term is 80 days. No interest was charged on any outstanding trade receivables. Aside from recognizing impairment loss for credit-impaired accounts receivable, the Group recognizes loss allowance based on the expected credit loss ratio of customers by different risk levels. Such risk levels are determined with factors of historical loss ratios and customers' financial conditions, competitiveness and business outlook. For accounts receivable past due over 180 days without collaterals or guarantees, the Group recognizes loss allowance at full amount.

The aging of receivables was as follows:

	June 30, 2018 (Reviewed)	
	HK$	NT$
Not overdue	$ 448,623	$ 1,738,190
Overdue but less than 180 days	5,913	22,910
	$ 454,536	$ 1,761,100

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

	For the Six Months Ended June 30, 2018	
	HK$	NT$
Balance at January 1, 2018	$ -	$ -
Provision	3,174	11,982
Effect of exchange rate changes	(73)	33
Balance at June 30, 2018	$ 3,101	$ 12,015

b. 2017

The Group applied the same credit policy in 2017 and the first half year of 2018. Based on the 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, 2017 (Audited)	
	HK$	**NT$**
Neither overdue nor impaired	$ 433,252	$ 1,651,730
Overdue but not impaired (1)	7,665	29,222
Accounts receivable, net	$ 440,917	$ 1,680,952

1) The aging of receivables that were overdue but not impaired as follows:

	December 31, 2017 (Audited)	
	HK$	**NT$**
0-90 days	$ 7,317	$ 27,895
91-180 days	348	1,327
	$ 7,665	$ 29,222

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

2) The movements of the allowance for doubtful debts were as follows:

Unit: H.K. Dollars

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2017	$ 1,297	$ -	$ 1,297
Written off	(893)	-	(893)
Recovered	(404)	-	(404)
Balance at December 31, 2017	$ -	$ -	$ -

Unit: N.T. Dollars

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2017	$ 5,397	$ -	$ 5,397
Written off	(3,471)	-	(3,471)
Recovered	(1,571)	-	(1,571)
Effect of exchange rate changes	(355)	-	(355)
Balance at December 31, 2017	$ -	$ -	$ -

c. The details of the accounts receivables pledged (with recourse) for obtaining bank facilities please refer to Notes 23 and 26(h).

9. OTHER RECEIVABLES AND PREPAYMENTS

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Other receivables	$ 42,949	$ 166,406	$ 43,171	$ 164,585
Allowance for impairment loss	(13,962)	(54,096)	(13,962)	(53,229)
Other receivables, net	28,987	112,310	29,209	111,356
Prepayments for purchases	11,354	43,991	12,575	47,941
Prepayments	4,875	18,888	5,173	19,722
Prepaid equipment and mold	2,814	10,903	2,648	10,095
Value-added tax recoverable and refundable	43,347	167,948	29,173	111,219
Refundable deposits	15,366	59,536	15,512	59,138
	$ 106,743	$ 413,576	$ 94,290	$ 359,471

Other receivables of the Group mainly consist of the followings:

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

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Other receivables (including security deposits)	$ 23,585	$ 91,380	$ 23,682	$ 90,285
Less: Allowance for doubtful debts	(13,962)	(54,096)	(13,962)	(53,229)
	$ 9,623	$ 37,284	$ 9,720	$ 37,056

b. As of June 30, 2018 and December 31, 2017, the amounts of temporary payments as described in Note 16(b) were HK$11,220 thousand and HK$11,643 thousand (equivalent to approximately NT$43,472 thousand and NT$44,388 thousand) respectively.

10. INVENTORIES

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Raw materials	$ 114,246	$ 442,646	$ 90,094	$ 343,474
Work-in-progress	72,900	282,451	47,768	182,111
Finished goods	16,225	62,864	23,620	90,049
Goods in transit	9,780	37,893	5,774	22,013
	$ 213,151	$ 825,854	$ 167,256	$ 637,647

The cost of inventories recognized as cost of goods sold in the six months ended June 30, 2018 and 2017 was HK$948,354 thousand and HK$728,618 thousand (equivalent to approximately NT$3,579,942 thousand and NT$2,856,693 thousand) respectively, which included HK$6,712 thousand and HK$2,189 thousand (equivalent to approximately NT$25,337 thousand and NT$8,582 thousand) as allowance for inventories provision and inventories write-off respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2018 and 2017 was HK$510,489 thousand and HK$392,064 thousand (equivalent to approximately NT$1,948,369 thousand and NT$1,521,450 thousand), respectively, which included HK$5,135 thousand and HK$1,692 thousand (equivalent to approximately NT$19,461 thousand and NT$6,610 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:

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Cost	$ 488,740	$ 1,893,623	$ 488,917	$ 1,863,947
Accumulated depreciation and impairment	(283,327)	(1,097,750)	(275,223)	(1,049,260)
Net book value	$ 205,413	$ 795,873	$ 213,694	$ 814,687
Land and buildings	$ 39,725	$ 153,914	$ 45,066	$ 171,809
Machineries and office equipment	164,562	637,596	167,106	637,075
Construction in progress	1,126	4,363	1,522	5,803
Net book value	$ 205,413	$ 795,873	$ 213,694	$ 814,687

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, 2017	$ 124,029	$ 516,147	$ 341,046	$ 1,419,264	$ 1,327	$ 5,522	$ 466,402	$ 1,940,933
Additions	47	183	19,836	77,110	3,407	13,245	23,290	90,538
Disposals and written-off	-	-	(27,039)	(105,112)	(161)	(626)	(27,200)	(105,738)
Reclassification	(7,118)	(27,671)	1,085	4,218	(3,202)	(12,447)	(9,235)	(35,900)
Effect of exchange rate changes	11,291	277	24,218	(26,272)	151	109	35,660	(25,886)
Balance at December 31, 2017	128,249	488,936	359,146	1,369,208	1,522	5,803	488,917	1,863,947
Additions	-	-	14,996	56,608	587	2,216	15,583	58,824
Disposals	-	-	(10,503)	(39,650)	(47)	(177)	(10,550)	(39,827)
Reclassification	-	-	686	2,590	(930)	(3,511)	(244)	(921)
Effect of exchange rate changes	(658)	5,415	(4,302)	6,153	(6)	32	(4,966)	11,600
Balance at June 30, 2018	$ 127,591	$ 494,351	$ 360,023	$ 1,394,909	$ 1,126	$ 4,363	$ 488,740	$ 1,893,623
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ 66,045	$ 274,846	$ 165,727	$ 689,674	$ -	$ -	$ 231,772	$ 964,520
Depreciation	11,554	44,915	38,371	149,163	-	-	49,925	194,078
Disposals and written-off	-	-	(25,080)	(97,496)	-	-	(25,080)	(97,496)
Reclassification	(2,776)	(10,791)	-	-	-	-	(2,776)	(10,791)
Effect of exchange rate changes	8,360	8,157	13,022	(9,208)	-	-	21,382	(1,051)
Balance at December 31, 2017	83,183	317,127	192,040	732,133	-	-	275,223	1,049,260
Depreciation	5,336	20,143	18,767	70,843	-	-	24,103	90,986
Disposals	-	-	(9,981)	(37,680)	-	-	(9,981)	(37,680)
Effect of exchange rate changes	(653)	3,167	(5,365)	(7,983)	-	-	(6,018)	(4,816)
Balance at June 30, 2018	$ 87,866	$ 340,437	$ 195,461	$ 757,313	$ -	$ -	$ 283,327	$ 1,097,750

The management assessed that there was no impairment loss indicator for the six months ended June 30, 2018 and for the year ended December 31, 2017.

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

Land and buildings	Buildings in Mainland China were 20 years, buildings in Hong Kong and Taiwan were 40 years; lands in Hong Kong were depreciated according to the lease period (43 to 50 years), and building improvements were depreciated by 2 to 10 years.
Machinery equipment	5 to 10 years
Office equipment	1 to 10 years

d. Details of the land and buildings held by the Group as of June 30, 2018 and December 31, 2017 were as follows:

June 30, 2018 and December 31, 2017

Company Name	Location	Description	Tenure/Unexpired Term
HYEA	Xixi Village, Dongfong Administrative Area, Xinyu Town, Huiyang, Guangdong, PRC.	3 factory buildings and 2 dormitories built on a 287,077 sq. ft. land (land use right is recognized under prepayments for land lease).	Lease for term of 50 years from December 14, 1995 to December 13, 2045.
ETT	13F.-4, No. 99, Nankan Rd., Sec. 1, Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	A 177.67 level ground office (13.13 level ground land).	Acquired land and building on 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.
ETHY	Xixi Village, Dongfong Administrative Area, Xinyu Town, Huiyang, Guangdong, PRC.	1 factory buildings and 2 dormitories built on a 134,947 sq. ft. land (land use right is recognized under prepayments for land lease)	Lease for a term of 50 years from June 19, 2002 to June 19, 2052.

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

e. The amounts of property, plant and equipment pledged for security for borrowings by the Group refer to Note 23.

12. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2017 (Audited)	
	HK$	NT$
Non-current		
Investments in equity - foreign unlisted Audio Design Experts Inc.	$ 11,656	$ 44,438
Investments in equity - unlisted HT Precision Technologies, Inc.	17,373	66,232
	$ 29,029	$ 110,670

Since the fair values of the Group's investments in non-publicly traded shares, convertible debts and warrants cannot be reliably measured, the investments are measured at the cost less any impairment. The aforementioned investments were classified under IFRS 9. Refer to Notes 3(a) and 7 for information relating to their reclassification.

13. INTANGIBLE ASSETS

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Goodwill	$ 29,376	$ 113,817	$ 29,683	$ 113,163
Technical knowledge (including capitalised costs of R&D)	35,720	138,397	29,080	110,865
Customer relationship	5,636	21,837	6,450	24,590
	$ 70,732	$ 274,051	$ 65,213	$ 248,618

a. Details of goodwill were as follows:

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Related to ScS	$ 26,068	$ 101,000	$ 26,363	$ 100,506
Related to HYDM	3,308	12,817	3,320	12,657
	$ 29,376	$ 113,817	$ 29,683	$ 113,163

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

Technical acknowledge (including capitalized costs of R&D)	2-15 years
Customer relationship	9 years

14. PREPAYMENTS FOR LAND LEASE

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Prepayments for land lease - current	$ 385	$ 1,492	$ 385	$ 1,468
Prepayments for land lease - non-current	17,569	68,071	17,893	68,215
	$ 17,954	$ 69,563	$ 18,278	$ 69,683

Prepayments for 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:

	June 30, 2018 (Reviewed)			December 31, 2017 (Audited)		
	Annual Interest Rate	HK$	NT$	Annual Interest Rate	HK$	NT$
Factoring loan	3.4%-6.92%	$ 20,797	$ 80,578	4.16%-6.25%	$ 2,367	$ 9,024
Bank borrowings	1.68%-4.63%	246,367	954,548	1.58%-4.63%	228,498	871,126
Commercial paper	1.8%	7,743	30,000	1.8%	7,869	30,000
Long-term borrowings due within 1 year	2.1%-4.63%	9,031	34,992	2.1%-4.63%	19,485	74,284
		$ 283,938	$ 1,100,118		$ 258,219	$ 984,434

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

Unexpired commercial paper as following:

June 30, 2018 and December 31, 2017

Guarantee/Acceptance Agency	Face Value (NT$)	Book Value (NT$)	Interest Rate	The Name of the Collateral	Book Value of the Collateral
International Bills Finance Corp.	$ 30,000	$ 30,000	1.8%	-	$ -

The commercial paper issued by the Group are all short-term promissory notes. Due to the short-term period, the interest expenses are not significant. Therefore, the difference between nominal amount and cash received is recognizes interest expense directly at the issuance of commercial paper.

b. Long-term bank borrowings:

	June 30, 2018 (Reviewed)			December 31, 2017 (Audited)		
	Annual Interest Rate	HK$	NT$	Annual Interest Rate	HK$	NT$
Long-term bank borrowings	2.1%-4.63%	$ 11,456	$ 44,388	2.1%-4.63%	$ 23,695	$ 90,334
Less: Long-term bank borrowings due within 1 year		(9,031)	(34,992)		(19,485)	(74,284)
		$ 2,425	$ 9,396		$ 4,210	$ 16,050

For acquiring 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:

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Due within 2 to 5 years	$ 2,425	$ 9,396	$ 4,210	$ 16,050

c. The detail of the Group's pledged assets for obtaining the banking borrowings in (a) and (b) 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:

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Accrued salaries	$ 38,956	$ 150,935	$ 40,163	$ 153,117
Accrued dividend	11,421	43,377	-	-
Temporary receivables (Remark)	20,212	78,311	20,184	76,949
Other payable	34,904	135,236	37,234	141,952
	$ 105,493	$ 407,859	$ 97,581	$ 372,018

Remark: 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

ETT adopts a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts not less than 6% of monthly salaries and wages.

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

b. Defined benefit plans

In accordance with the Labor Standard Law, ETT adopts a defined benefit plan which is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. ETT contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

18. EQUITY

a. Share capital

The initial setup capital of the Company is NT$1,000 thousand (registered capital is denominated in NTD). After several capital increments, the ordinary share capital of the Company as of June 30, 2018 and December 31, 2017 were NT$619,610 thousand and NT$619,860 thousand (equivalent to approximately HK$163,830 and HK$163,891 thousand) respectively, divided into 61,961 thousand shares and 61,986 thousand shares, each with a nominal amount of NT$10 per share. All of the shares are ordinary shares, each carrying the rights to vote and receive dividend.

b. Treasury shares

Purpose of Buy-back	**Shares Held by A Subsidiary (In Thousands of Shares)**
Shares transferred to employees	300
Shares held by its subsidiaries	453
Number of shares, June 30, 2018 and December 31, 2017	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:

June 30, 2018 (reviewed)

Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
ETT	453	HK$5,966 thousand (equivalent to approximately NT$24,018 thousand)	HK$2,613 thousand (equivalent to approximately NT$10,125 thousand)

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

c. Capital surplus

Capital surplus arising from issuance of common shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to 10% of the Company's capital annually. As of June 30, 2018 and December 31, 2017, the capital surplus of the details were as follows:

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	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 shares	1,028	4,136	1,028	4,136
May not be used for any purpose				
Arising from employee restricted shares	8,122	32,347	8,253	32,883
	$ 202,848	$ 766,298	$ 202,979	$ 766,834

d. Appropriations of retained earnings and dividend policy

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

The dividends/bonus distribution to the shareholders under this clause shall not be less than 30% of the remaining net profit for the period, and the cash dividend shall not be less than 50% of the total dividends/bonus distribution and the remaining distribution may be in stock dividends. For information about the accrual basis of the staff and directors' remuneration and the actual appropriations, please refer to Note 19(c) for details.

The appropriations of earnings for 2017 and 2016 were approved in the shareholders' meeting on June 11, 2018 and June 8, 2017 respectively. Details of the dividend per share of the earnings appropriations for 2016 and 2015 of the Company were as follows:

	2017
Ordinary share dividend - cash	NT$0.7 per share, totaling NT$43,377 thousand

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

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 or partial 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.

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.

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 not 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 June 30, 2018.

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

e. Share-based payment arrangements - restricted shares plan for employees

Information on restricted shares plan for employees was as below:

Approved Date	Grant Shares (Thousand)	Grant Date	Issued Date	Issued Shares (Thousand)	Issued Price	Fair Value
2015/05/12	252	2015/06/02	2015/06/02	252	$ -	NT$60.60 (equivalent to approximately HK$15.22)
2016/05/11	500	2016/12/20	2016/12/20	500	-	NT$31.45 (equivalent to approximately HK$7.63)
2017/06/08	500	2017/11/20	2017/11/20	500	-	NT$29.5 (equivalent to approximately HK$7.66)

Note: Restricted shares will be issued one time or multiple times, based on the actual need after the Company reported to competent authority and the regulation and put into effect.

To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

1) Remain employed by the Company within one year after the grant date; and performance rating of "A" - 25% of restricted shares will be vested;

2) Remain employed by the Company within two years after the grant date; and performance rating of "A" - 25% of restricted shares will be vested;

3) Remain employed by the Company within three years after grant date; and performance rating of "A" - 25% of restricted shares will be vested;

4) Remain employed by the Company within four years after the grant date; and performance rating of "A" - 25% of restricted shares will be vested.

In addition to the vesting conditions, the limitations are as follows:

1) Employees, except for inheritance, should not sell, transfer, pledge, donate or dispose of the shares in any other way.

2) The shares should be held in trust.

3) Except for the above two restrictions, other rights of restricted shares plan for employees, including but not limited to, dividends, share options of cash capital and voting rights of shareholders, etc. are the same as the Group's issued ordinary shares.

4) When employees do not reach the vesting conditions of restricted shares plan for employees, the Company will retrieve and cancel the shares.

Information on restricted shares plan for employees was as follows:

	Number of Shares (In Thousands)	
	June 30, 2018	December 31, 2017
Balance at the beginning of the period	989	689
Granted	-	500
Vested	(63)	(184)
Forfeited	(25)	(16)
Balance at the end of the period	901	989

19. CONSOLIDATED NET LOSS

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

a. Net revenue

1) Contract information

a) Revenue from sale of goods

The Group sells audio system related products and recognizes revenue at which time the goods are delivered to the customer's specific location. The Group doesn't provide any after-sales services, such as warranty, right to return, etc. The quotation of products is based on the current market price of the raw materials, the labor input and direct costs, and the expected profit. The term of sales of products is fixed price, not volatile. Since payment term granted to customers are usually less than 180 days, there is no significant financing component from contracts with customers.

b) Revenue from project service (recognized under non-operating income)

Please refer to the Remark in Note 16(b).

2) Contact balances

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Notes and accounts receivable, net (Note 8)	$ 454,536	$ 1,761,100	$ 440,917	$ 1,680,952

3) Disaggregation of revenue from customer contracts

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Automotive	$ 1,209	$ 4,564	$ 5,836	$ 22,881
Home audio	785,596	2,965,546	591,264	2,318,169
Personal audio	105,889	399,720	30,006	117,645
Transducer speaker	49,408	186,510	47,453	186,049
Wearable audio	65,499	247,252	67,231	263,593
Others	40,943	154,557	80,654	316,219
	$ 1,048,544	$ 3,958,149	$ 822,444	$ 3,224,556

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Automotive	$ 362	$ 1,408	$ 3,355	$ 13,038
Home audio	435,015	1,659,211	320,437	1,243,690
Personal audio	53,506	204,530	17,286	67,180
Transducer speaker	23,059	88,328	23,691	91,776
Wearable audio	30,429	116,574	40,251	156,553
Others	27,601	104,843	36,028	139,169
	$ 569,972	$ 2,174,894	$ 441,048	$ 1,711,406

b. Depreciation and amortization expenses

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Depreciation of property, plant and equipment	$ 24,103	$ 90,986	$ 25,374	$ 99,484
Amortization of other intangible assets	5,477	20,675	2,490	9,763
Amortization of prepayments for lease	284	1,072	269	1,055
	$ 29,864	$ 112,733	$ 28,133	$ 110,302

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Depreciation of property, plant and equipment	$ 12,316	$ 47,065	$ 12,147	$ 47,007
Amortization of other intangible assets	2,867	10,950	1,503	5,847
Amortization of prepayments for lease	141	539	135	523
	$ 15,324	$ 58,554	$ 13,785	$ 53,377

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

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Remuneration of directors and key management				
Short-term benefits	$ 17,511	$ 66,102	$ 17,593	$ 68,977
Post-employment benefits	612	2,310	384	1,506
Share-based payments	904	3,569	518	2,085
Employee benefits				
Short-term benefits	201,717	761,462	155,891	611,202
Post-employment benefits	9,993	37,723	8,588	33,671
Share-based payments	442	1,783	434	1,772
	$ 231,179	$ 872,949	$ 183,408	$ 719,213

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Remuneration of directors and key management				
Short-term benefits	$ 8,239	$ 31,553	$ 9,598	$ 37,258
Post-employment benefits	314	1,200	207	804
Share-based payments	456	1,801	259	1,043
Employee benefits				
Short-term benefits	100,912	385,842	80,608	312,524
Post-employment benefits	5,015	19,174	4,291	16,623
Share-based payments	227	917	215	877
	$ 115,163	$ 440,487	$ 95,178	$ 369,129

Under the Company’s Article of Incorporation, the Company should distribute staff remuneration at the rates not less than 1% but not higher than 15% and remuneration of directors at the rates not higher than 2% respectively, of net profit before income tax, staff and director’s remuneration.

For the six months ended June 30, 2018, the Company did not accrue the staff and directors’ remuneration according to the above policy.

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

The appropriations of staff and directors’ remuneration for 2018 and 2017 having been resolved by the board of directors on February 23, 2018 and February 20, 2017 respectively, were as below:

	2017
Directors’ remuneration - cash	HK$875 thousand (equivalent to approximately NT$3,401 thousand)
Staff remuneration - cash	HK$896 thousand (equivalent to approximately NT$3,486 thousand)

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

There was no significant difference between the actual amounts of staff and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the staff and directors' remuneration resolved by the Company's board of directors is available at the Market Observation Post System of the Taiwan Stock Exchange.

d. Other income

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Project service revenue	$ 2,760	$ 10,419	$ 3,104	$ 12,170
Interest income	506	1,910	331	1,298
Rent revenue	148	559	143	561
Scrap income	600	2,265	876	3,435
Gain on disposal of assets held for sale	-	-	10,059	39,438
Gain on disposal of property, plant and equipment	20	76	32	125
Gain on fair value change of financial assets at FVTPL	-	-	16	63
Others	240	905	1,663	6,519
	$ 4,274	$ 16,134	$ 16,224	$ 63,609

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Project service revenue	$ 634	$ 2,497	$ 1,195	$ 4,596
Interest income	285	1,087	201	782
Rent revenue	73	280	72	279
Scrap income	225	868	465	1,804
Gain on disposal of property, plant and equipment	20	76	26	101
Gain on fair value change of financial assets at FVTPL	-	-	10	39
Others	171	647	1,323	4,702
	$ 1,408	$ 5,455	$ 3,292	$ 12,303

e. Other losses

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Loss on disposal and written off property, plant and equipment	$ 515	$ 1,944	$ 200	$ 784
Loss on fair value change of financial instruments at FVTPL	1	4	-	-
Others	63	238	111	435
	$ 579	$ 2,186	$ 311	$ 1,219

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Others (mainly represented loss on disposal and written off property, plant and equipment)	$ 243	$ 934	$ 162	$ 628

f. Finance costs

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Interest expense arising from bank borrowings	$ 4,666	$ 17,614	$ 3,593	$ 14,087

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Interest expense arising from bank borrowings	$ 2,481	$ 9,472	$ 1,786	$ 6,918

20. INCOME TAX

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

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Current tax				
In respect of the current year	$ 6,601	$ 24,919	$ 3,413	$ 13,381
Adjustments for prior years	(1,189)	(4,489)	1,174	4,603

(Continued)

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates and laws	$ (127)	$ (472)	$ -	$ -
In respect of the current year	3,992	15,062	(228)	(894)
Income tax expenses recognized in profit or loss	$ 9,277	$ 35,020	$ 4,359	$ 17,090

(Concluded)

	For the Three Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Current tax				
In respect of the current year	$ 4,192	$ 15,944	$ 635	$ 2,360
Adjustments for prior years	(415)	(1,605)	519	2,004
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates and laws				
In respect of the current year	2,955	11,198	(64)	(243)
Income tax expenses recognized in profit or loss	$ 6,732	$ 25,537	$ 1,090	$ 4,121

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

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

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

Effective from January 1, 2008, subsidiaries in the PRC shall be subject to an applicable tax rate of 25% upon implementation of new Enterprise Income Tax Law. In addition, HYEA and HYDM obtained the innovation and high technology enterprise certificates issued by local tax authorities in July 2013. Therefore, HYEA and HYDM are subject to the applicable preferential income tax rate in the next three years. Their enterprise income tax rate has been reduced from 25% to 15%. HYEA and HYDM obtained the proof of review in February 2016. Therefore, HYEA and HYDM are still subject to the applicable preferential income tax rate from 2015 to 2017. The 2018 annual preferential income tax rate is still under review. Because the results of the review are uncertain, HYEA and HYDM recognize the income tax expenses at the tax rate of 25% for interim financial statements of 2018.

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

The local tax rates for the subsidiaries in Denmark and Singapore are 22% and 17% respectively.

The Income Tax Act in Taiwan was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs.

b. Income tax recognized in other comprehensive income

	June 30, 2018 (Reviewed)	
	HK$	**NT$**
Deferred tax		
Effect of change in tax rate - remeasurement of defined benefit plans	$ 77	$ 294

c. 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 2015.

21. LOSS PER SHARE

a. From the beginning of the year to the end of the interim reporting date

	Amount (In Thousands)		Weighted Average Number of Shares (In Thousands)	Loss Per Share (In Dollars)	
	HK$	**NT$**		**HK$**	**NT$**
For the six months ended June 30, 2018					
Basic loss per share					
Net loss attributable to owners of the Company	$ (22,504)	$ (85,221)	61,219	$ (0.37)	$ (1.39)
For the six months ended June 30, 2017					
Basic earnings per share					
Net loss attributable to owners of the Company	$ (8,442)	$ (33,272)	60,748	$ (0.14)	$ (0.55)

b. Three months before the end of the interim reporting date

	Amount (In Thousands)		Weighted Average Shares (In Thousands)	Loss Per Share (Dollars)	
	HK$	NT$		HK$	NT$
For the three months ended June 30, 2018					
Basic loss per share					
Net loss attributable to owner of the Company	$ (1,693)	$ (7,539)	61,211	$ (0.03)	$ (0.12)
For the three months ended June 30, 2017					
Basic loss per share					
Net loss attributable to owner of the Company	$ (10,737)	$ (42,325)	60,747	$ (0.18)	$ (0.70)

22. RELATED-PARTY TRANSACTIONS

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

Remuneration 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(c) for details.

23. PLEDGED ASSETS

The following assets were provided as collateral for bank borrowings. Part of loan guarantees is provided by the Chairman of the Company.

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Other intangible assets	$ 7,690	$ 29,795	$ 7,976	$ 30,408
Accounts receivable with recourse	23,710	91,864	3,191	12,165
Machineries and office equipment	4,134	16,018	4,731	18,036
Inventories and other assets	16,013	62,042	16,243	61,925
Pledge deposits (recognized under restricted assets)	4,097	15,874	1,315	5,013
	$ 55,644	$ 215,593	$ 33,456	$ 127,547

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

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	**NT$**	**HK$**	**NT$**
Within 1 year	$ 17,282	$ 66,959	$ 9,370	$ 35,722
More than 1 year and within 5 years	14,786	57,288	17,930	68,356
More than 5 years	14,465	56,045	14,963	57,045
	$ 46,533	$ 180,292	$ 42,263	$ 161,123

Rental expenses of the Group arising from operating leases for six month ended June 30, 2018 and 2017 amounted to HK$6,308 thousand and HK$3,731 thousand (equivalent to approximately NT$23,812 thousand and NT$14,628 thousand) respectively.

25. COMMITMENTS AND CONTINGENT LIABILITIES

a. Litigation

There is no significant progress regarding EAH's litigation in Brazil for the six months ended June 30, 2018. The status of litigation in the current phase please refers to Note 26(a) of the consolidated financial statements for the year ended December 31, 2017.

b. Financial guarantees within the Group refer to Table 2 of Note 28.

26. DISCLOSURE ON FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's capital risk management policy is consistent as consolidated financial statements for the year ended December 31, 2017. In addition, the Group is not subject to any externally imposed capital requirements.

b. Fair value of financial instruments

1) Fair value of financial instruments not measured at fair value

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 equivalents, notes and accounts receivable, net, other financial assets, notes and accounts payable, other payables and bank borrowings.

2) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

June 30, 2018

Unit: H.K. Dollars

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Foreign-listed stocks	$ 50	$ -	$ -	$ 50
Unlisted stocks	-	-	21,550	21,550
	$ 50	$ -	$ 21,550	$ 21,600
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Foreign-unlisted stocks	$ -	$ -	$ 11,531	$ 11,531

Unit: N.T. Dollars

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Foreign-listed stocks	$ 194	$ -	$ -	$ 194
Unlisted stocks	-	-	83,496	83,496
	$ 194	$ -	$ 83,496	$ 83,690
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Foreign-unlisted stocks	$ -	$ -	$ 44,676	$ 44,676

December 31, 2017

Unit: H.K. Dollars

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign-listed stocks	$ 51	$ -	$ -	$ 51

Unit: N.T. Dollars

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign-listed stocks	$ 194	$ -	$ -	$ 194

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2018

Unit: H.K. Dollars

	Investments in Equity Instruments		
Financial Assets	**Financial Assets at FVTPL**	**Financial Assets at FVTOCI**	**Total**
Balance at January 1, 2018	$ -	$ -	$ -
Reclassification and remeasurements from available-for-sale (IAS 39)	21,901	11,656	33,557
Balance at January 1, 2018 (IFRS 9)	21,901	11,656	33,557
Effect of exchange rate changes	(351)	(125)	(476)
Balance at June 30, 2018	$ 21,550	$ 11,531	$ 33,081
Recognized in other gains and losses - unrealized	$ -	$ -	$ -

Unit: N.T. Dollars

	Investments in Equity Instruments		
Financial Assets	**Financial Assets at FVTPL**	**Financial Assets at FVTOCI**	**Total**
Balance at January 1, 2018	$ -	$ -	$ -
Reclassification and remeasurements from available-for-sale (IAS 39)	83,496	44,438	127,934
Balance at January 1, 2018 (IFRS 9)	83,496	44,438	127,934
Effect of exchange rate changes	-	238	238
Balance at June 30, 2018	$ 83,496	$ 44,676	$ 128,172
Recognized in other gains and losses - unrealized	$ -	$ -	$ -

Since the investee company had no significant changes in its operating activities and financial status for the six months ended June 30, 2018, the Group assessed that there is no material change to the fair value for above financial assets.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

a) The fair values of equity investments at FVTPL are mainly determined by using the income approach. The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. On June 30, 2018, the Group uses significant unobservable inputs, which include long term revenue growth rate of approximately 3%, discount rate of 10%. When other inputs remain equal, if long term revenue growth rate decreases by 1%, the fair value will decrease by NT$3,487 thousand; if discount rate increases by 1%, the fair value will decrease by NT$7,919 thousand.

b) Since there are no enough and recent information to determine the fair value of equity investment at FVTOCI and there may be a wide range of possible fair value measurements, the Group assess that cost may be an appropriate estimate of fair value for the investments.

c. Categories of financial instruments

	June 30, 2018 (Reviewed)		**December 31, 2017 (Audited)**	
	HK$	**NT$**	**HK$**	**NT$**
Financial assets				
Financial assets at FVTPL				
Held for trading	$ 50	$ 194	$ 51	$ 194
Mandatorily at FVTPL	21,550	83,496	-	-
Financial assets at FVTOCI				
Investments in equity instruments	11,531	44,676	-	-
Available-for-sale (Note 1)	-	-	29,029	110,670
Amortized cost (Note 2)	679,163	2,631,418	-	-
Loans and receivables (Note 2)	-	-	679,957	2,592,267
	$ 712,294	$ 2,759,784	$ 709,037	$ 2,703,131
Financial liabilities				
Amortized cost (Note 3)	$ 864,149	$ 3,348,146	$ 793,666	$ 3,025,772

Note 1: Including financial assets measured at cost.

Note 2: The balance includes cash and cash equivalents (including pledged deposits), notes and accounts receivable, other receivables and refundable deposits, etc.

Note 3: The balance includes bank borrowings, notes and accounts payable, other payables, etc.

d. 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, 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.

e. Financial risk information

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

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

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

1) Market risk

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

2) Foreign exchange risk

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

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

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

	Assets			
	June 30, 2018 (Reviewed)		**December 31, 2017 (Audited)**	
	HK$	**NT$**	**HK$**	**NT$**
USD	$ 385,322	$ 1,492,930	$ 456,780	$ 1,741,428
HKD	368	1,426	391	1,491
	$ 385,690	$ 1,494,356	$ 457,171	$ 1,742,919

	Liabilities			
	June 30, 2018 (Reviewed)		**December 31, 2017 (Audited)**	
	HK$	**NT$**	**HK$**	**NT$**
USD	$ 311,976	$ 1,208,751	$ 283,078	$ 1,079,207
HKD	44,692	173,159	65,720	250,551
	$ 356,668	$ 1,381,910	$ 348,798	$ 1,329,758

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 Impact USD For the Six Months Ended June 30, 2018		Currency Impact USD For the Year Ended December 31, 2017	
	HK$	**NT$**	**HK$**	**NT$**
Profit or loss	$ 3,667	$ 14,209	$ 8,685	$ 33,111

	Currency Impact HKD For the Six Months Ended June 30, 2018		Currency Impact HKD For the Year Ended December 31, 2017	
	HK$	**NT$**	**HK$**	**NT$**
Profit or loss	$ (2,216)	$ (8,587)	$ (3,266)	$ (12,453)

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 six months ended June 30, 2018 and for the year ended December 31, 2017 would have been decreased by HK$537 thousand and HK$360 thousand (equivalent to approximately NT$2,080 thousand and NT$1,376 thousand) respectively.

4) Credit risk

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

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

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

5) Liquidity risk

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

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

Unit: H.K. Dollars

	June 30, 2018				
	Effective Interest Rate	**On Demand or Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable		$ 483,714	$ -	$ -	$ 483,714
Other payables		105,493	-	-	105,493
Interest bearing liabilities					
Bank borrowings	3.26%	293,188	2,504	-	295,692

	December 31, 2017				
	Effective Interest Rate	On Demand or Within 1 Year	2 Years to 5 Years	More than 5 Years	Total
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 433,656	$ -	$ -	$ 433,656
Other payables	-	97,581	-	-	97,581
Interest bearing liabilities					
Bank borrowings	2.88%	265,661	4,331	-	269,992

Unit: N.T. Dollars

	June 30, 2018				
	Effective Interest Rate	On Demand or Within 1 Year	2 Years to 5 Years	More than 5 Years	Total
Non-interest bearing liabilities					
Notes and accounts payable		$ 1,874,150	$ -	$ -	$ 1,874,150
Other payables		407,859	-	-	407,859
Interest bearing liabilities					
Bank borrowings	3.26%	1,135,957	9,702	-	1,145,659

	December 31, 2017				
	Effective Interest Rate	On Demand or Within 1 Year	2 Years to 5 Years	More than 5 Years	Total
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 1,653,270	$ -	$ -	$ 1,653,270
Other payables	-	372,018	-	-	372,018
Interest bearing liabilities					
Bank borrowings	2.88%	1,012,806	16,512	-	1,029,318

e. Financial facilities

Bank borrowings

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)	
	HK$	NT$	HK$	NT$
Secured borrowings				
Amount unused	$ 163,512	$ 633,527	$ 250,530	$ 955,121

f. Significant assets and liabilities denominated in foreign currencies

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

June 30, 2018

Unit: Foreign Currencies (In Thousands)

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 43,716	HKD	30.4	$ 1,328,965
USD	5,089	NTD	30.4	154,701
USD	92	RMB	30.4	2,805
USD	212	DKK	30.4	6,459
	$ 49,109			$ 1,492,930
Financial liabilities				
Monetary items				
USD	$ 22,169	HKD	30.4	$ 673,942
USD	13,358	RMB	30.4	406,075
USD	4,060	NTD	30.4	123,422
USD	175	DKK	30.4	5,312
	$ 39,762		3.8745	$ 1,208,751
HKD	$ 44,692	RMB		$ 173,159

December 31, 2017

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 51,114	HKD	29.745	$ 1,520,390
USD	7,288	NTD	29.745	216,795
USD	58	RMB	29.745	1,727
USD	85	DKK	29.745	2,516
	$ 58,545			$ 1,741,428

(Continued)

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial liabilities				
Monetary items				
USD	$ 20,926	HKD	29.745	$ 622,457
USD	14,806	RMB	29.745	440,416
USD	533	NTD	29.745	15,854
USD	16	DKK	29.745	480
	$ 36,281			$ 1,079,207
HKD	$ 65,696	RMB	3.8124	$ 250,463
HKD	23	RMB	3.8124	88
	$ 65,719			$ 250,551

(Concluded)

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

Information of foreign exchange gain and loss are as follow:

	For the Six Months Ended June 30			
	2018 (Reviewed)		2017 (Reviewed)	
	HK$	NT$	HK$	NT$
Realized foreign exchange (loss) gain	$ (9,581)	$ (36,167)	$ 3,811	$ 14,942
Unrealized foreign exchange gain (loss)	7,857	29,659	(6,638)	(26,026)
	$ (1,724)	$ (6,508)	$ (2,827)	$ (11,084)

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

g. Information of transferred financial assets

As of June 30, 2018 and December 31, 2017, the Group entered into several trade receivable factoring agreements with the banks. According to the factoring agreement, the Group received certain percentage of trade receivable in cash from the bank in advance. If the trade receivables are collected at maturity, the bank has the right to request the Group to repay the unsettled difference. As the Group has not transferred the significant risks and rewards relating to these trade receivables, the Group continues to recognize the full carrying amount of the receivables and the factoring amount as secured bank borrowings.

As of June 30, 2018 and December 31, 2017, the carrying amount of the trade receivables that have been transferred but have not been derecognized and the related liability recognized please refer to Notes 23 and 15 respectively.

27. SEGMENT INFORMATION

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.

Since the Group's speaker systems, earphones and AV electronics sectors have been fully integrated and centrally managed and the financial management information provided to chief decision maker has also been changed to a single segment, the entire Group's resources to be allocated to and evaluates the overall performance, no longer distinguish from the speaker system, headphones and audio-visual electronic sector. As a result, the operating information to the chief decision maker for periodical review is measured in the same way as the financial statements, which is reported by a single segment. For the six months ended June 30, 2018 and 2017, the revenue and operating results of the operating segment can be found in the consolidated income statement for the six months from January 1 to June 30, 2018 and 2017. The product revenue of the Group please refer to Note 19(a).