

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



Independent auditor's report
to the members of Fubon Bank (Hong Kong) Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 69 to 220, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

獨立核數師報告

致富邦銀行(香港)有限公司成員
(於香港註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計載列於第69至220頁的富邦銀行(香港)有限公司(「貴行」)及其附屬公司(統稱「貴集團」)的綜合財務報告，此綜合財務報告包括於二零一八年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合全面收益表、綜合權益變動報告表和綜合現金流動表，以及綜合財務報告的附註，包括主要會計政策概要。

我們認為，該等綜合財務報告已根據香港會計師公會頒佈的香港財務報告準則真實而中肯地反映 貴集團於二零一八年十二月三十一日的綜合財務狀況以及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的香港審計準則進行審計。我們在該等準則下承擔的責任已於本報告「核數師就審計綜合財務報告須承擔的責任」部分中進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於 貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期間綜合財務報告的審計最為重要的事項。該等事項於我們審計整體綜合財務報告及出具意見時處理。我們不會對此事項提供單獨的意見。

Impairment of advances to customers

客戶貸款減值

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96.

茲提述綜合財務報告附註44及第96頁之會計政策。

The Key Audit Matter

關鍵審計事項

The Group has applied Hong Kong Financial Reporting Standard 9 – Financial Instruments (“HKFRS 9”) which replaced Hong Kong Accounting Standard 39, Financial Instruments: recognition and measurement, since 1 January 2018 and developed a new impairment model for financial assets including advances to customers.

自二零一八年一月一日起，貴集團已應用香港財務報告準則第9號—金融工具（「香港財務報告準則第9號」）取代香港會計準則第39號，金融工具：確認及計量，並為金融資產包括客戶貸款制定新的減值模型。

The new financial instruments standard has amended the previous classification and measurement framework of financial instruments and introduced a more complex expected credit loss (“ECL”) model to assess impairment. The Group is required to retrospectively apply the classification and measurement (including impairment) requirements and recognise any difference between the original carrying amount and new carrying amount at the date of initial application (i.e. 1 January 2018) in the opening retained earnings or other component of equity.

新訂金融工具準則修訂過往對金融工具的分類及計量框架，並引入更為複雜的預期信貸虧損模型以評估減值。貴集團須追溯應用分類及計量（包括減值）規定，並於期初保留溢利或權益的其他組成部分中確認原始賬面值與首次應用日（即二零一八年一月一日）的新賬面值之間的任何差額。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the ECL of advances to customers as at 1 January 2018 and 31 December 2018 included the following:

我們於二零一八年一月一日及二零一八年十二月三十一日評估客戶貸款的預期信貸虧損的審計程序包括以下各項：

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of advances to customers, the credit grading process, the ECL model approval and monitoring of the measurement of ECL;

瞭解與評估財務報表關鍵內部控制的設計、實施及運作成效，包括審批、記錄及監控客戶貸款、信貸評級流程、預期信貸虧損模型批准及監控預期信貸虧損計量；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

Loan exposures that are not already credit-impaired are originated into stage 1 and a 12-month ECL provision is recognised. Loan exposures will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

尚未成為不良信貸的貸款於發放時被劃歸為第一階段，並按照相當於12個月的預期信貸虧損的金額確認撥備。在貸款被償還前，貸款會保留於第一階段，除非其信貸風險有顯著增加(第二階段)或已成為不良信貸(第三階段)。

Loan exposures will transfer to stage 2 and a lifetime ECL provision recognised when there has been a significant change in the credit risk compared to what was expected at origination.

當信貸風險與原始預期相比其信貸風險顯著增加時，貸款風險承擔將轉移至第2階段，並確認全期預期信貸虧損撥備。

Loan exposures are classified as stage 3 when they become credit-impaired.

貸款風險承擔於信貸減值時被歸類為第3階段。

How the matter was addressed in our audit

我們的審計如何處理該事項

- obtaining journal entries relating to adjustments made on transition to the new financial instruments standard and compared the list of classification of advances to customers, the original carrying amounts, the list of journal entries and new carrying amounts of advances to customers to assess if the journal entries have been entirely put through in the system;

獲取在新金融工具準則過渡時所作的調整有關的會計分錄，並對比客戶貸款分類清單以及客戶貸款的原帳面金額與新帳面金額，以評估該會計分錄是否已恰當地計入會計系統；

- evaluating the accuracy of the classification of advances to customers. We obtained information on how management applied the classification requirements of the new financial instruments standard and the classification results. On a sample basis we assessed the contractual cash flow characteristics of advances to customers and relevant documents in relation to the business model;

評估客戶貸款分類的準確性。我們已獲得有關管理層如何應用新金融工具準則的分類及分類結果的資料。我們抽樣評估客戶貸款的合約現金流特徵以及業務模式相關文件；

KEY AUDIT MATTERS (continued)

關鍵審計事項 (續)

Impairment of advances to customers (continued)

客戶貸款減值 (續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions.

使用預期信貸虧損模型釐定虧損撥備受限於若干關鍵參數及假設，包括識別虧損階段、違約概率、違約損失率、違約風險承擔及貼現率的估計、前瞻性資料調整及其他調整因素。涉及該等參數的選擇及假設的應用均需要加入管理層的判斷。

In particular, the determination of the loss allowance is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses are derived from estimates including historical losses, internal and external credit grading, historical overdue data and other adjustment factors. The expected credit losses for advances to customers are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for advances to customers and other adjustment factors.

尤其是，釐定虧損撥備在很大程度上取決於外部宏觀環境及貴集團的內部信貸風險管理策略。預期信貸虧損來自估計，包括歷史虧損、內部及外部信貸評級、歷史逾期數據及其他調整因素。客戶貸款的預期信貸虧損來自估計，據此，管理層會考慮歷史逾期數據、客戶貸款的歷史虧損經驗及其他調整因素。

How the matter was addressed in our audit

我們的審計如何處理該事項

with the assistance of our internal specialists, assessing the validity of the ECL models used by the management in determining ECL of advances to customers, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments;

在我們的內部專家的協助下，評估管理層於釐定客戶貸款的預期信貸虧損時使用的預期信貸虧損模型的有效性，包括評估預期信貸虧損模型中關鍵參數及假設的適當性，包括識別虧損階段、違約概率、違約損失率、違約風險、貼現率、前瞻性資料調整及其他管理層調整；

assessing the completeness and accuracy of data used for the key parameters in the ECL model, by selecting samples and comparing individual loan information with the underlying agreements and other related documentation to assess the accuracy of the loan information in the expected credit loss model. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;

通過選擇樣本並將個別貸款信息與有關協議及其他相關文件比較，評估貸款信息於預期信貸虧損模型中的準確性，從而評估預期信貸虧損模型中關鍵參數所用數據的完整性及準確性。對於源自外部數據的關鍵參數，我們採用抽樣方式將該等數據與公開可獲取的數據進行比較，以檢查該等數據的準確性；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. Management refers to valuation reports issued by qualified third party valuers and considers the influence of various factors including the market price, location and use when assessing the value of property held a collateral. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.

管理層亦根據一系列因素對釐定違約損失金額進行判斷，其中包括收回墊款的方式、借款人的財務狀況、抵押品的可收回金額、索賠受償順序及其他債權人是否存在及其合作意向等。管理層參考合資格第三方估值師出具的估值報告，並在評估持有抵押品的物業價值時考慮多種因素的影響，包括市價、地點及用途。抵押品的法律效力、變現時間和方法亦會對抵押品的可收回金額產生影響，因此亦會對報告期末的虧損撥備金額產生影響。

We identified transition adjustments and disclosures in relation to the change of financial instruments standards and impairment of advances to customers as a key audit matter because of the complexity of the transition process, inherent subjectivity and management judgement involved in calculating loss allowances and because of its significance to the financial results and capital of the Group.

我們將與金融工具準則變動及客戶貸款減值相關的過渡調整及披露認定為一項關鍵審計事項，乃由於過渡過程的複雜性、計算虧損撥備所涉及的固有主觀性及管理層判斷以及由於其對 貴集團的財務業績及資本的重要性。

How the matter was addressed in our audit

我們的審計如何處理該事項

- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we challenged management's revisions to estimates and input parameters compared with prior period and on transition to the new accounting standard and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

就涉及判斷的關鍵參數而言，通過從外部獲得證據並與 貴集團的內部記錄(包括歷史虧損經驗及抵押品類型)比較以批判性地評估輸入參數。作為該等程序的一部分，我們通過與新會計準則過渡時的估計及輸入參數進行比較，就管理層對估計及輸入參數的修訂提出質詢，並考慮判斷的一致性。我們將模型中所用經濟因素與市場信息比較，以評估彼等是否與市場及經濟發展保持一致；

- for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved our IT specialists to assess the logics and compilation of the overdue information and the operational process of the credit grading of corporate customers for selected samples;

就預期信貸虧損模型中使用的關鍵參數而言，該等參數源自系統生成的內部數據，以抽樣方式通過將輸入數據與原始文件比較以評估輸入數據的準確性。此外，我們聘請我們的信息技術專家評估逾期信息的邏輯及彙編以及就所選取企業客戶樣本的信貸評級的操作流程；

KEY AUDIT MATTERS (continued)

關鍵審計事項 (續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

- evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired by selecting samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk and checking the loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;

透過選擇樣本，評價管理層對信用風險是否自初始確認後發生了顯著增加的判斷及貸款是否已發生減值的評估的合理性。我們按行業對集團的貸款組合進行了分析，並且從更易受到當前經濟情況影響的行業中選取樣本，同時參考其他具潛在信用風險的借款人。我們檢查了貸款逾期資料，詢問了信貸經理借款人的業務運營狀況，檢查了借款人的財務資料及調查了有關借款人所從事業務活動的市場訊息；

- for selected samples of loans and advances to customers that are credit-impaired, evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realization of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms;

對於已抽選的不良信貸的客戶貸款及墊款樣本而言，根據物業的位置及用途以及鄰近物業的價格，通過與市價比較，評估管理層對所持物業抵押品價值的評估。我們亦評估抵押品的變現時間及方法，評估預測現金流，對貴集團回收方案的可行性提出了質詢，並對合同條款中的其他信貸提升進行了評價；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Impairment of advances to customers (continued)

客戶貸款減值(續)

Refer to Note 44 to the consolidated financial statements and the accounting policies on page 96. (continued)

茲提述綜合財務報告附註44及第96頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

- recalculating the amount of credit loss allowance for 12-month and lifetime credit losses using the ECL model based on the above parameters and assumptions for a sample of advances to customers where the credit risk of the loan has not, or has, increased significantly since initial recognition, respectively;

使用預期信貸虧損模型重新計算12個月及全期信貸虧損的信貸虧損撥備金額，乃基於上述客戶貸款樣本的參數及假設，其中包括貸款的信貸風險自初步確認以來是否顯著增加；

- assessing whether the relevant disclosures in relation to the change in financial instruments standard are in compliance with Hong Kong Accounting Standards ("HKAS") and HKFRS; and

評估有關金融工具準則變動的相關披露是否符合香港會計準則及香港財務報告準則；及

- evaluating whether the presentation and disclosures on impairment of loans and advances to customers measured at amortised cost meet the requirements in HKAS 32 Financial Instruments: Presentation and HKFRS 7 Financial Instruments: Disclosure.

評估按攤銷成本計量的貸款及貸款減值的列報及披露是否符合香港會計準則第32號金融工具：呈列及香港財務報告準則第7號金融工具：披露的要求。

KEY AUDIT MATTERS (continued)

關鍵審計事項 (續)

Assessing the fair value of financial instruments

評估金融工具的公平價值

Refer to Note 41 to the consolidated financial statements and the accounting policies on page 90.

茲提述綜合財務報告附註41及第90頁之會計政策。

The Key Audit Matter

關鍵審計事項

At 31 December 2018, the Group's financial assets measured at fair value includes equity securities designated at fair value through other comprehensive income of HK\$809 million, trading assets of HK\$1,898 million and derivative financial instruments of HK\$797 million.

於二零一八年十二月三十一日，貴集團按公平價值計量的金融資產包括指定以公平價值於其他全面收益計量之股本證券共809,000,000港元、持作交易用途資產共1,898,000,000港元及衍生金融工具共797,000,000港元。

The valuation of the Group's financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of level 3 financial instruments, estimates need to be developed which can involve significant management judgement. In addition, the Group has developed its own models to value certain level 2 and 3 financial instruments, which also involves significant management judgement.

貴集團透過損益或其他綜合收益按公平價值計量之金融工具估值乃按照市場數據及經常需要大量輸入數據之估值模型的組合釐定。多數該等輸入數據自流動市場隨時可得的數據獲取。倘該等可觀察數據無法獲取時，即屬於三級金融工具，管理層需要制定估算，當中可涉及重大管理層判斷。此外，貴集團已對若干二級及三級金融工具制定估值模型，當中亦涉及重大管理層判斷。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the fair value of financial instruments included the following:

與評估金融工具公平價值相關之審計程序包括以下各項：

- assessing the, design, implementation and operating effectiveness of management's key internal controls over the valuation, independent price verification and front office/back office reconciliations;
- 評估管理層對估值、獨立價格核查、前台與後台對賬之關鍵內部控制的設計、實施及運作上的成效；
- assessing the fair values of all level 1 financial instruments by comparing the fair values applied by the Group with publicly available market data;
- 透過比較 貴集團應用之公平價值與公開可得市場數據，評估所有一級金融工具的公平價值；

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Assessing the fair value of financial instruments (continued)

評估金融工具的公平價值(續)

Refer to Note 41 to the consolidated financial statements and the accounting policies on page 90. (continued)

茲提述綜合財務報告附註41及第90頁之會計政策。(續)

The Key Audit Matter

關鍵審計事項

We have identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and the degree of judgement exercised by management in determining the inputs used in the valuation models.

由於對若干金融工具估值所涉及之複雜程度，以及於釐定估值模型所用之輸入數據涉及管理層判斷，我們將評估金融工具的公平價值認定為一項關鍵審計事項。

How the matter was addressed in our audit

我們的審計如何處理該事項

- involving our internal valuation specialists to evaluate the appropriateness of the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current and emerging practice, evaluating inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and

委聘我們的內部估值專家評估 貴集團使用以評估若干二級及三級金融工具的估值模型的合適程度，及以抽樣方式對二級及三級金融工具進行獨立估值，並將該等估值與 貴集團的估值進行比較。此包括將 貴集團的估值模型與我們對當前和新興做法的了解進行比較、評估公平價值計算的輸入數據以及建立我們自身的估值模型以進行重估；

- assessing whether the financial statement disclosures appropriately reflect the Group's exposure to financial instrument valuation risk in accordance with the requirements of the prevailing accounting standards.

評估財務報告披露是否適當地反映 貴集團根據現行會計準則的規定承擔的金融工具估值風險。

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

綜合財務報告及其核數師報告以外的信息

董事須對其他信息負責。其他信息包括年報內所載綜合財務報告及我們載於其中的核數師報告以外的所有信息。我們預期其他信息將於本核數師報告日期後可供我們查閱。

我們對綜合財務報告的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的保證結論。

就我們對綜合財務報告的審計，我們的責任乃於其他信息可供查閱時細閱有關資料，在此過程中，考慮其他信息與綜合財務報告或我們在審計過程中所知悉的情況是否存在重大抵觸或似乎存在重大錯誤陳述。

董事就綜合財務報告須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報告，並對董事認為為使綜合財務報告的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報告時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督貴集團的財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

核數師就審計綜合財務報告須承擔的責任

本行的目標乃對綜合財務報告整體而言是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本行意見的核數師報告。本報告乃按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，本報告不可用作其他用途。我們概不就本報告的內容向任何其他人士負責或承擔任何責任。

合理保證為高水平的保證，但不能保證按照《香港審計準則》進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評估董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。
- 對董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- 評估綜合財務報表的整體列報方式、結構及內容(包括披露事項)，以及綜合財務報表是否公平反映相關交易及事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督及執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

除其他事項外，我們與審核委員會溝通了審計的計劃範圍及時間安排以及重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Po Shan.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2019

核數師就審計綜合財務報告須承擔的責任(續)

我們亦向審核委員會提交聲明，表明我們已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響我們獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

從與審核委員會溝通的事項中，我們確定該等對本期綜合財務報表的審計為最重要的事項，因而構成關鍵審計事項。我們在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於我們之報告中註明某事項造成的負面後果超過產生的公眾利益，則我們決定不應在報告中註明該事項。

出具本獨立核數師報告的審計項目合夥人為黃寶珊。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓

二零一九年三月十九日