

Sample notes to the financial statements for the year ended 31 December 2007

First-time Statement of Compliance with IFRSs

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements also comply with International Financial Reporting Standards and Interpretations (IFRSs) issued by the International Accounting Standards Board.

HKFRSs were fully converged with IFRSs (except for certain differences in transitional provisions) with effect from 1 January 2005. However, as this is the first time the Group is making an explicit and unreserved statement of compliance with IFRSs, 1 January 2006 represents the date of transition to IFRSs in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

In order to be able to comply with the transitional provisions of IFRS 1 as well as to be able to continue to comply with HKFRSs, the group has elected to early adopt HKAS 23 (revised) *Borrowing Costs*. The change in accounting policy was applied retrospectively to borrowing costs relating to qualifying assets whose commencement date for capitalisation was on or after 1 January 2005. Please refer to Note x for the impact of the change in accounting policy on the consolidated financial statements of the Group. [delete if not applicable]

The adoption of IFRS 1 does not have any other financial impact on the Group's financial statements in 2007 or prior years.