

CORPORATE GOVERNANCE

The Group is committed to maintaining and achieving the highest standards of corporate governance consistent with the needs and requirements of the business and all of its stakeholders. The Stock Exchange has issued a new Code on Corporate Governance Practices (the "New Code") which came into effect for the reporting year commencing on 1 January 2005. The Company has considered the New Code and has taken steps to ensure compliance therewith and to improve its corporate governance practices to ensure a high degree of transparency, responsibility and accountability.

In the first half of 2005, the Company has been fully compliant with all provisions of the Code on Corporate Governance Practices contained in Appendix 14 of The Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules").

Details of the composition and terms of reference of the audit, remuneration and nomination committees can be found on the Company's website: www.pacbasin.com.

Directors' Securities Transactions

The Board of Directors has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry of all Directors, the Directors of the Company have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

Senior Management and Staff Securities Transactions

Senior managers and those staff who are more likely to be in possession of unpublished price sensitive information or other relevant information in relation to the Group have adopted rules based on the Model Code for Securities Transactions by Directors on 30 August 2004 (the "Dealing Rules"). These senior managers and staff have been individually notified and provided with a copy of the Dealing Rules.

Shareholders' Rights

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may write directly to the Company Secretary at the Company's Hong Kong registered office of 7th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong, or they may send an email to companysecretary@pacbasin.com.