

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 Code on Corporate Governance Practices (the “Code”) as promulgated by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) came into effect for the reporting year commencing on 1 January 2005, save for the provisions on internal controls which came into effect for accounting periods commencing from 1 July 2005 onwards. The Company has considered the Code and has put in place corporate governance practices to meet all the code provisions and such recommended best practices that are considered relevant to the Group.

With respect to internal controls, all departments within the Group have documented their key tasks and the risks associated with those tasks and these have been reviewed, graded and tabulated in a risk register by the risk management committee. Specific details on the control process including (but not limited to) levels of authority granted to individuals, responsibility and documentary audit trails are contained in the risk register. The Group commenced the control testing process in July 2006. A full report in respect of the Group’s key internal controls, including financial, operational and compliance controls and risk management functions will be set out in the Company’s Corporate Governance Report as part of the Company’s 2006 Annual Report.

In the first half of 2006, the Company has been fully compliant with all code provisions of the Code as 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, nomination and executive committees can be found on the Company’s website at 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Senior managers and those staff who are more likely to be in possession of unpublished price sensitive information or other relevant information in relation to the Group have adopted rules based on the Model Code on 30 August 2004 (the "Dealing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.
