

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Ordinary shares of HK\$0.02 each of the Company

Substantial shareholders	Notes	Number of issued ordinary shares held		Approximate percentage of the total issued share capital of the Company
		Long position	Short position	
				%
Billirich Investment Limited	1	885,000,000	–	26.42
CATIC (H.K.) Limited	1	885,000,000	–	26.42
CATIC International Holdings Limited	1	885,000,000	–	26.42
China Aviation Industry Corporation II	1	885,000,000	–	26.42
China Aviation Industry Corporation I	1	885,000,000	–	26.42
China National Aero-Technology Import & Export Corporation	1	885,000,000	–	26.42
Tacko International Limited	1	885,000,000	–	26.42
Asian Basin Limited	2, 4	300,000,000	–	8.00
Mr. Yan Fa Qiang	2, 4	300,000,000	–	8.00
Mr. Zhang Shi Hua	2, 4	300,000,000	–	8.00
Helmsman Limited	3, 4	300,000,000	–	8.00
Ms. Xue Li Yan	3, 4	300,000,000	–	8.00
Kingsway Financial Services Group Limited	5, 6	5,729,033,510	–	57.01
SW Kingsway Capital Group Limited	5, 6	5,729,033,510	–	57.01
SW Kingsway Capital Holdings Limited	5, 6	5,729,033,510	–	57.01
World Developments Limited	5, 6	5,729,033,510	–	57.01
Innovation Assets Limited	5, 6	5,729,033,510	–	57.01
Kingsway International Holdings Limited	5, 6	5,729,033,510	–	57.01
Mr. Lam Ka Chung William	5, 6	5,729,033,510	–	57.01
Madam Lam Wong Yuk Sin Mary	5, 6	5,729,033,510	–	57.01
Mr. Choi Koon Shum Jonathan	5, 6	5,729,033,510	–	57.01
Madam Kwan Wing Kum Janice	5, 6	5,729,033,510	–	57.01
Integrated Asset Management (Asia) Limited	6	2,625,000,000	–	26.12

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. The entire issued share capital of Billirich Investment Limited is wholly-owned by CATIC International Holdings Limited, whose issued share capital is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Tacko International Limited, the controlling shareholder of CATIC International Holdings Limited which owns approximately 33.83% equity interest in CATIC International Holdings Limited, is a wholly-owned subsidiary of CATIC (H.K.) Limited, which is in turn a wholly-owned subsidiary of China National Aero-Technology Import & Export Corporation. China National Aero-Technology Import & Export Corporation is owned as to 50% by China Aviation Industry Corporation I and as to 50% by China Aviation Industry Corporation II.
2. The entire issued share capital of Asian Basin Limited is owned as to 33.34% by Mr. Yan Fa Qiang and as to 66.66% by Mr. Zhang Shi Hua.
3. The entire issued share capital of Helmsman Limited is owned by Ms. Xue Li Yan.
4. Each of Helmsman Limited and Asian Basin Limited is beneficially interested in 100,000,000 shares, 100,000,000 2005-Warrants and 100,000,000 2006-Warrants.
5. These shares represent the portion of the offer shares underwritten by Kingsway Financial Services Group Limited pursuant to the terms and conditions of an underwriting agreement to which Kingsway Financial Services Group Limited is deemed to be interested pursuant to the Securities and Futures Ordinance. Kingsway Financial Services Group Limited is a wholly-owned subsidiary of SW Kingsway Capital Group Limited ("SWKCG"), which is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited ("SWKCHL"). SWKCHL is approximately 74% owned by World Developments Limited ("WDL"), which is a wholly-owned subsidiary of Innovation Assets Limited ("IAL"). IAL is a wholly-owned subsidiary of Kingsway International Holdings Limited ("KIHL"). KIHL is approximately 40% beneficially owned by Lam Ka Chung William ("Mr. Lam") and approximately 46% owned by Choi Koon Shum Jonathan ("Mr. Choi"). Lam Wong Yuk Sin Mary ("Mrs. Lam") is the spouse of Mr. Lam, and Madam Kwan Wing Kum Janice ("Madam Kwan") is the spouse of Mr. Choi. Accordingly, each of SWKCG, SWKCHL, WDL, IAL, KIHL, Mr. Lam, Mrs. Lam, Mr. Choi and Madam Kwan is deemed to be interested in these shares.
6. The percentages of shareholding are calculated based on the maximum number of the then issued shares of the Company as enlarged by the open offer proposed by the Company in May 2005.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions representing 5% or more of the issued share capital of the Company as at 30th June, 2005.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 30th June, 2005.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial matters including the review of unaudited financial statements.

The interim financial report has been reviewed by the Company's auditors in accordance with Statement of Audit Standards No. 700 "Engagement to review interim financial reports".