

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2006, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than the interests disclosed above in respect of the directors, the following shareholders had notified the Company of their relevant interests and short positions in the issued share capital of the Company:

Substantial shareholders	Number of shares held <i>(Note 1)</i>	Capacity	Approximate percentage of the total issued share capital %
Billirich Investment Limited	265,500,000 <i>(long)</i>	Beneficial owner	20.93
CATIC (H.K.) Limited	265,500,000 <i>(long)</i>	Interest of controlled corporation <i>(Note 2)</i>	20.93
CATIC International Holdings Limited	265,500,000 <i>(long)</i>	Interest of controlled corporation <i>(Note 2)</i>	20.93
China Aviation Industry Corporation II	265,500,000 <i>(long)</i>	Interest of controlled corporation <i>(Note 2)</i>	20.93
China Aviation Industry Corporation I	265,500,000 <i>(long)</i>	Interest of controlled corporation <i>(Note 2)</i>	20.93
China National Aero-Technology Import & Export Corporation	265,500,000 <i>(long)</i>	Interest of controlled corporation <i>(Note 2)</i>	20.93

**SUBSTANTIAL SHAREHOLDERS (Continued)**

<b>Substantial shareholders</b>	<b>Number of shares held</b> <i>(Note 1)</i>	<b>Capacity</b>	<b>Approximate percentage of the total issued share capital</b> %
Tacko International Limited	265,500,000 <i>(long)</i>	Interest of controlled corporation <i>(Note 2)</i>	20.93
Bonus World Limited	180,000,000 <i>(long)</i>	Beneficial owner <i>(Note 3)</i>	14.19
JPMorgan Chase & Co.	156,160,000 <i>(long)</i> 60,230,000 <i>(pool)</i>	<i>(Note 4)</i> <i>(Note 4)</i>	12.31 4.75
Legg Mason Inc.	113,510,000 <i>(long)</i>	Investment manager	8.95

*Note:*

1. "Long" means long position. "Pool" means lending pool.
2. 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. Tacko International Limited, the controlling shareholder of CATIC International Holdings Limited which owns approximately 35.70% 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.
3. Bonus World Limited's interest in the Company includes 124,500,000 shares and 55,500,000 non-listed warrants issued on 22nd March, 2006 which are exercisable during the period from the date of issue to 22nd March, 2008 at an initial subscription price of HK\$0.20 per share (subject to adjustment).

## **SUBSTANTIAL SHAREHOLDERS (Continued)**

*Note: (Continued)*

4. According to the substantial shareholder notice filed by JPMorgan Chase & Co. dated 16th May, 2006, the shares were held in the following capacities:

Beneficial owner	59,030,000
Investment manager	36,900,000
Custodian/approved lending agent	60,230,000

Save as disclosed above, as at 30th June, 2006, so far as was known to any director or chief executive of the Company, no person other than a director or chief executive of the Company had any interests or short positions in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

The Company has not redeemed any of its shares during the six months ended 30th June, 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## **CORPORATE GOVERNANCE**

The Company has complied with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30th June, 2006.

## **AUDIT COMMITTEE**

The Audit Committee, comprises the three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group's unaudited condensed consolidated interim accounts have been reviewed and approved by the Audit Committee, who is of the opinion that such accounts comply with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.