

China to launch 1st jumbo jet company

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China's first jumbo passenger aircraft company, with a registered capital of 20 billion yuan (\$2.82 billion), is set to launch in Shanghai.

The company will be set up next week or sometime before May, depending on when it can finish registration, Wednesday's China Securities Journal cited sources close to the matter as saying.

Major shareholders, including the State-owned Assets Supervision and Administration Commission, the Shanghai government, aviation companies and other state-owned enterprises will gather in Shanghai for the first board meeting on Friday.

Each of the three state-owned firms, namely the country's major metal producers, Baosteel and Chinalco, as well as Sinochem Co, will invest 1 billion yuan for a 5 percent stake.

China's top two aircraft producers, the China Aviation Industry Corporation I (AVIC I) and the China Aviation Industry Corporation II (AVIC II), will mainly invest in the form of production assets they now have.

Earlier reports said AVIC I and AVIC II would hold an equal stake. The actual figure was unavailable.

The new company will be responsible for project management, design, test flights, sales and after service, said Jin Xingming, the aviation administration of Shanghai director.

China plans to fly its first jumbo plane in 15 years. It usually takes 10 to 20 years of research and development to develop such a company, an Avic I source said.

According to the source, China will pump about 60 billion yuan in the research and development of jumbo planes.

The establishment of the jumbo passenger plane company was approved in February 2007 by the State Council, China's cabinet. This was to make the country capable of building aircraft with a take-off weight of more than 100 tons, or planes with more than 150 seats.

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