

SALES OF STAFF QUARTERS

Upon the incorporation of the Company on 15th October, 1999, the Company and Beijing Capital Airport Group Corporation (the "Parent Company") has agreed that i) the Parent Company would continue to provide the housing benefits available to the Company's employees prior to the incorporation of the Company and ii) the Company has no obligations to reimburse the Parent Company any cost or losses incurred by the Parent Company relating to such housing benefits. As the Company does not own any staff quarters, the Company did not sell any staff quarters to its employees in the first half of 2001.

The Company has noted that on 6th September, 2000, the Ministry of Finance issued the document Cai Qi [2000] NO. 295 which specified certain financial treatments for staff housing subsidies effective from the date of announcement. Currently the Company does not have any formal scheme to provide housing cash subsidies to its employees. Therefore, it is not practicable to quantify the amount.