

USE OF PROCEEDS FROM ISSUE OF H SHARES

As at 30 June 2002, the proceeds from the H shares issue had been used in accordance with the Prospectus as follows:

- as to approximately Rmb420,000,000 for the payment of a portion of construction cost of Terminal Two;
- as to approximately Rmb156,000,000 for the payment of the rehabilitation of the west runway and the installation of navigation lighting system;
- as to approximately Rmb262,662,000 for the payment of the construction of the Cross-Field Taxiway;
- as to approximately Rmb1,321,886,000 for the repayment of the bank loans.

The remaining proceeds were deposited in Bank of China.