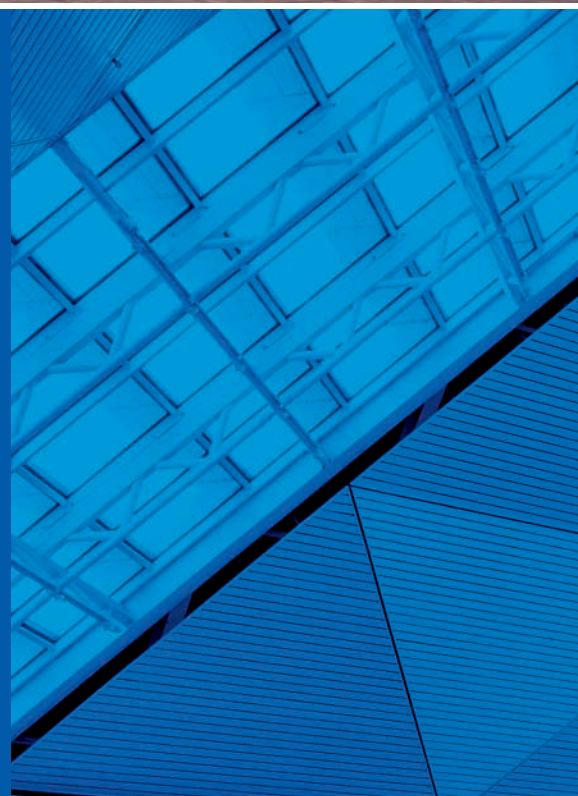
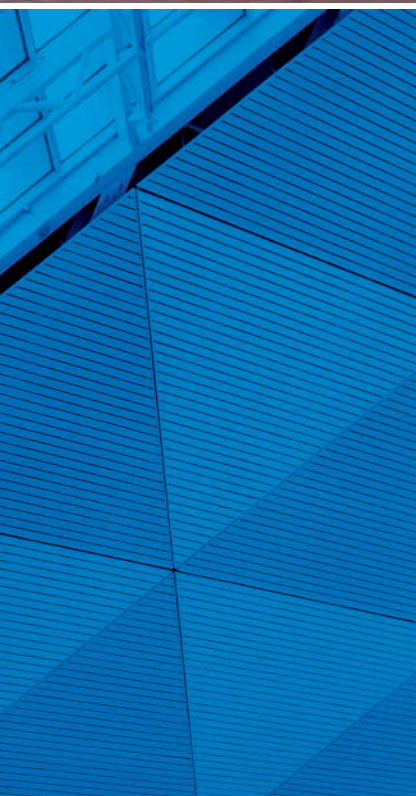




CHAIRMAN'S STATEMENT





DEDICATED TO
REALIZE OUR
MISSION THROUGH
ENHANCING OUR
COMPETITIVENESS



CHAIRMAN'S STATEMENT



THE INTRODUCTION OF A STRATEGIC INVESTOR IS ONE OF THE MAJOR STEPS TO STRENGTHEN OUR COMPETITIVE ADVANTAGE.

To all shareholders,

THE YEAR OF 2002 WAS A VERY FRUITFUL YEAR FOR MEILAN AIRPORT.

We achieved good results through the efforts of our dedicated staff. Our profit generating capabilities have been further strengthened through the impressive growth of our aeronautical and non-aeronautical businesses. Further, our corporate position has been significantly enhanced via the introduction of a strategic investor, Copenhagen Airports A/S ("Copenhagen Airport"), which helps to improve the management standard of the airport and procure the successful listing of the Company on the Hong Kong Stock Exchange in November 2002.

RESULTS

In 2002, Meilan Airport's turnover totalled RMB283.45 million, representing an increase of 53% over that of the previous year. Revenue from the aeronautical businesses amounted to RMB209.54 million in 2002, representing an increase of 58% over that of previous year. Revenue from the non-aeronautical businesses surged by 42% to RMB73.91 million. Net profit attributable to shareholders increased by 83% to RMB160.09 million. The profit growth was mainly attributable to the increase in traffic throughput. The Company also obtained the right to retain 50% of Airport fees from the beginning of 2002 and benefited from revenues generated from the four revenue-generating assets acquired from Haikou Meilan Airport Company Limited (the "Parent Company") during the year.



CHAIRMAN'S STATEMENT

OVERVIEW

The Listing of Meilan Airport successfully raised approximately RMB895 million through a public offer and an international placing of H Shares. The Listing has helped Meilan Airport enter into the international capital markets, a significant milestone in the development of the Group's international status. The Listing of Meilan Airport was widely supported by international and local investors. This validates the direction and the quality of the Group's operations, and demonstrates the markets' recognition of the Group's potential. All these factors have contributed to the Group's confidence of becoming an outstanding airport operation and management company.

The Group accomplished various targets during the year under review. Total aircraft movements (excluding non-transportation aircraft movements of 4,382 in 2001 and 9,614 in 2002) increased by 7% from 49,404 in 2001 to 52,884 in 2002, directly boosting the Group's revenue generated from its aeronautical businesses. Hainan Meilan Airport recorded an annual passenger throughput of 5.6 million, representing an increase of 10.2% over that of the previous year. Cargo throughput of the same period increased by 4% to 76,480 tonnes.

The Group's non-aeronautical revenues have surged significantly. This was mainly due to revenues relating to or derived from the four acquired assets from the Parent Company and management fees collected from Sanya Phoenix Airport ("Sanya Airport"). The revenues of non-aeronautical businesses reached RMB73.91 million.



CHAIRMAN'S STATEMENT

STRATEGIES AND OUTLOOK

Despite the downturn of the global aviation industry, the aviation sector in China is entering a new era with the introduction of new aircrafts and international management experiences. The year of 2003 will be the first full operational year for Meilan Airport since it has entered the international capital markets and has brought in a world-class airport management partner. The extensive experiences of Copenhagen Airport in infrastructure planning, customer services and retail and catering services will enhance the Group's business fundamentals and further improve the performance of its non-aeronautical businesses. The Group is confident that these strengths will drive Meilan Airport towards an even brighter future.



According to the statistics announced by the Hainan Provincial Tourism Bureau, there was a significant increase in the number of visitors to Hainan during the Lunar New Year holiday in 2003, and Hainan has become one of the most popular winter resorts in China. Due to the increasing popularity of Hainan as a tourist destination, the strong economic growth of the country, and Hainan Meilan Airport's status as the main gateway to Hainan Island, the management expects that the increase in passenger and cargo throughputs will continue, further enhancing the profitability of the Group.

In addition, the Group will incorporate Copenhagen Airport's management experiences to strengthen Meilan Airport's management standard as well as improve its services and operational processes. The Group is committed to become a regional airport management company and is exploring ways to enhance its profitability. With a stable client base from the aeronautical businesses, impressive track record, significant growth potential and Copenhagen Airport's experiences in developing non-aeronautical businesses, the Group is confident of the long term sustainable growth prospects of Meilan Airport.



WE ACHIEVED SATISFACTORY
RESULTS THROUGH THE COMBINED
EFFORTS OF OUR DEDICATING
STAFF.



CHAIRMAN'S STATEMENT



ACKNOWLEDGEMENT

The successful Listing of Meilan Airport on the Hong Kong Stock Exchange, an international financial centre, has enabled us to capture the opportunities arising from the restructuring of China's aviation industry and attract worldwide capital for the future growth of the Group.

Based on the development advantages mentioned above, the management's extensive experiences and the international standards of operations in Hainan Meilan Airport, the Board believes that the Group is well-equipped to achieve its goals of increasing its profits and realizing promising returns for our shareholders.

We would like to thank all the business partners, customers and shareholders of Meilan Airport. On behalf of the Board and the management of Meilan Airport, I would like to express my deepest gratitude to our fellow staff members for their commitment to the Group. Let us work together to achieve better results and our goal of becoming a regional airport management company.

Chen Wenli

Chairman

Hainan Province, the PRC

19 March 2003