

OTHER INFORMATION

CHANGE OF DIRECTORS

Pursuant to the resolutions of an extraordinary shareholders meeting held on 19 January 2004, Mr. Chen Wenli and Mr. Zhang Han'an were reappointed the directors of the Company upon the expiration of their respective term of office; Mr. Jing Xingxiang resigned as a non-executive director of the Company, and Mr. Xie Zhuang was appointed as an independent non-executive director of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2004, the Group has a total of 629 employees, representing an increase of 61 employees as compared to 568 employees at the beginning of the year. Employees are remunerated based on their performance, experience and prevailing industry practices and the remuneration policy and package will be reviewed on a regular basis. Employees may receive bonus and incentive payments as a reward for individual performance. For the six months ended 30 June 2004, total staff costs accounted for 6% of the Group's total turnover, representing a decrease of 14% from last year.

08

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 30 June 2004, none of the directors or supervisors or chief executives had any interests or short positions in any shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register of the Company required to be kept under section 352 of the SFO. None of the directors, supervisors, chief executives or their spouses or their children under age eighteen is entitled to subscribe for the shares of the Company or other members of the Group.

SHARE CAPITAL STRUCTURE

As at 30 June 2004, the total issued share capital of the Company was RMB473,213,000 divided into 473,213,000 shares with a par value of RMB1.0 per share. The total issued shares of the Company comprise two parts, namely, Domestic shares and H shares and the percentage of those shares in the total issued share capital of the Company is as follows:

	Number of Shares	Percentage in total issued share capital
Domestic Shares	246,300,000	52.0%
H Shares	226,913,000	48.0%
Total issued shares	473,213,000	100%

DISCLOSURE OF INTERESTS

As at 30 June 2004, the following persons (other than directors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register of interest in shares and short positions maintained under section 336 of the SFO.

09

Long positions in shares

Domestic shares

Name of Shareholders	Capacity	Nature of interest	Number ordinary shares	Percentage of issued domestic shares/issued share capital
Haikou Meilan International Airport Company Limited (Note 1)	Beneficial owner	Corporate	237,500,000	96.43/50.20

H Shares

Name of Shareholders	Capacity	Nature of interest	Number ordinary shares	Percentage of issued H shares/issued share capital
Copenhagen Airport A/S (Note 2)	Beneficial owner	Corporate	94,643,000	41.71/20.00
J.P. Morgan Chase & Co. (Note 3)	Beneficial owner	Corporate	29,431,000	12.97/6.22
Allianz Aktiengesellschaft (Note 4)	Beneficial owner	Corporate	18,346,000	6.33/3.88
Morgan Stanley	Beneficial owner	Corporate	18,277,000	8.05/3.86
Commonwealth Bank of Australia	Beneficial owner	Corporate	14,372,000	6.33/3.04

Notes:

1. Haikou Meilan International Airport Company Limited is a company established in the PRC and the controlling shareholder of the Company.
2. Copenhagen Airport A/S is a public company owned by the Danish government and other private and institutional investors in and outside Denmark, and the shares of which are listed on the Copenhagen Stock Exchange.
3. Other than the 29,431,000 H shares listed above, J.P. Morgan Chase & Co. was also interested in 13,886,000 H shares that were of lending pool representing 6.1% of the total issued H shares of the Company as at 30 June, 2004.
4. The interests of Allianz Aktiengesellschaft in the Company were held through a series of associated corporations.

Long positions in underlying shares

No long positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Short positions in shares

Name of Shareholders	Capacity	Nature of interest	Number ordinary shares	Percentage of issued H Shares/ total issued share capital
Morgan Stanley	Beneficial owner	Corporate	2,146,000	0.95/0.45

Short positions in underlying shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, as at 30 June 2004, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

USE OF PROCEEDS FROM ISSUE OF H SHARES

As at 30 June 2004, proceeds from the issue of H Shares by the Company had been applied as follows:

- Approximately RMB94,380,000 was applied as payment to the Parent Company for the acquisition of land use rights for the construction of Phase II of Meilan Airport;
- Approximately RMB117,270,000 was applied to the expansion of the apron and terminal areas of Meilan Airport; and
- Approximately RMB14,100,000 was applied to the construction of an international customs and inspection joint operation building for passenger and cargo transportation.

The balance of the net proceeds has been placed with creditable commercial banks in the PRC.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the securities of the Company during the six months ended 30 June 2004.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and is chaired by an independent non-executive director. The audit committee of the Company has, together with the management, reviewed the accounting standards and practices adopted by the Group, and discussed matters relating to auditing, internal controls and financial reporting, including a review of the audited interim financial statements for the six months ended 30 June 2004 and the interim results announcement.

DETAILS OF COMPLIANCE WITH RULE 3.10(1), RULE 3.10(2) AND RULE 3.21 OF THE LISTING RULES

As at 30 June 2004, there are three independent non-executive directors in the Board of the Company as required under Rule 3.10(1) of the Listing Rules; However, none of those independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2). The Company will appoint an appropriate member with the requisite qualification as independent non-executive director to fulfil Rule 3.10(2) requirement as soon as practical.

As at 30 June 2004, the audit committee of the Company comprises three independent non-executive directors, but none of those independent directors has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules. The Company will appoint an appropriate member to the audit committee to satisfy Rule 3.21 requirement once it has appointed a non-executive independent director with the requisite qualifications pursuant to Rule 3.10(2).

12

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June, 2004, in compliance with the Code of Best Practice set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)

Most of the directors of the Company are citizens of the mainland of the PRC and are restricted in dealing H shares by PRC laws. Therefore, the Company does not adopt any code of conduct regarding directors' securities transactions under the Model Code; None of the directors of the Company entered into any securities transaction, for any part of the accounting period contained in the interim report, which was contradictory to the Model Code.

By Order of the Board

Chen Weni

Chairman

Hainan Province, the PRC

22 September 2004