

OTHER INFORMATION

CHANGE OF DIRECTORS

On 9 May 2003, Mr. Chen Wenli, Chairman of the Company, was re-designated as a non-executive director. On the same date, Mr. Wang Zhen and Mr. Huang Qiu were appointed as executive directors of the Company, and Mr. Li Xianhua and Mr. Liu Lu resigned as directors of the Company.

EXPOSURE TO FOREIGN EXCHANGE RISK

As all business operations of the Group were in China, including Hong Kong and Macau, all assets and liabilities were denominated in Renminbi, Hong Kong Dollars and US Dollars, the Directors believe that the Group does not have any material foreign exchange risk on its operations. During the period under review, the Group did not experience any material difficulty or negative impact on its operations or liquidity as a result of fluctuations in currency exchange rates. The Directors also believe that the Group has sufficient foreign exchange to meet its foreign exchange requirements.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2003, the Group has a total of 477 employees, representing a decrease of 4 as compared to 481 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 2003, total staff costs accounted for 9% of the Group's total turnover, up 110% from last year, as a result of the incentive payments paid to employees and remuneration for the management in 2003.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2003, 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 corporations (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 18 is entitled to subscribe for the shares of the Company.

CAPITAL STRUCTURE

The total number of shares in issue of the Company as at 30 June 2003 was 473,213,000 shares in which:

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



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DISCLOSURE OF INTERESTS

As at 30 June 2003, the following persons (other than directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares

Domestic shares

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

H Shares

Name	Capacity	Nature of interest	Number of 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
Commonwealth Bank of Australia (Note 3)	Beneficial owner	Corporate	20,618,000	9.09/4.36
Allianz Aktiengesellschaft	Beneficial owner	Corporate	16,144,000	7.11/3.41
CITIC Pacific Limited (Note 4)	Beneficial owner	Corporate	12,523,000	5.52/2.65

Notes:

1. Haikou Meilan Airport Company Limited is a company established in the PRC and the controlling shareholder of the Company.
2. Copenhagen Airports 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. The interests of Commonwealth Bank of Australia in the Company are held through a series of wholly-owned subsidiaries.
4. The interests of CITIC Pacific Limited in the Company are held through a series of associated corporations. CITIC Pacific Limited is a publicly listed company on The Stock Exchange of Hong Kong Limited.

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

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



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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 2003, 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 2003, proceeds from the issue of H Shares by the Company had been applied as follows:

- Approximately RMB94,380,000 is applied as payment to the Parent Company for the acquisition of land use rights for the construction of Phase II of the Hainan Meilan Airport;
- Approximately RMB50,000,000 is applied to the expansion of the apron and terminal areas of Meilan Airport; and
- Approximately RMB12,600,000 is applied to the construction of an international customs and inspection joint operation building for passenger and cargo transportation.

The balance of the net proceeds is placed with creditable commercial banks in the PRC and for investments in short term money market instruments.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the listed securities of the Company during the six months ended 30 June 2003.

AUDIT COMMITTEE

The audit committee of the Company has, together with the management, reviewed the accounting principles, 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 2003 and the interim results announcement.

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 2003, in compliance with the Code of Best Practice set out in Appendix 14 to the Listing Rules.

By order of the Board
Chen Wenli
Chairman



Hainan Province, the PRC
28 August 2003