

[For Immediate Release]



## Hainan Meilan International Airport Announces 2005 Interim Results Endeavour to Expedite International Route Expansion

### Financial Highlights

	For the six months ended 30 June		Change (%)
	2005 RMB '000	2004 RMB '000	
Total Revenue	<b>173,949</b>	188,867	(7.9%)
- Aeronautical	<b>128,828</b>	137,043	(6.0%)
- Non-aeronautical	<b>45,121</b>	51,824	(12.9%)
Gross Profit	<b>120,156</b>	131,345	(8.5%)
Net Profit Attributable to Shareholders	<b>80,890</b>	101,630	(20.4%)
Earnings Per Share (RMB)	<b>17 cents</b>	21 cents	(19.0)%

(29 August 2005 – Hong Kong) Hainan Meilan International Airport Company Limited (“Meilan Airport” or the “Company”; Stock code: 357) together with its subsidiaries (the “Group”) announced today its interim results for the six months ended 30 June 2005.

For the six months ended 30 June 2005, the Group’s total revenue reached RMB173,949,000, representing a decrease of 7.9% as compared to the corresponding period last year. Net profit attributable to shareholders slightly decreased 20.4% to RMB80,890,000 as compared with the corresponding period the previous year. Earnings per share were RMB17 cents (2004: RMB 21 cents). The Board of Directors announced the payment of an interim dividend of RMB8.4 cents per share for the six months ended 30 June 2005

Commenting on the interim results, Mr. Wang Zhen, Chief Executive Officer of Meilan Airport, said, “Having had the adjustment of the PRC aviation transportation market in the first half of 2005, traffic volume at Hainan Meilan International Airport experienced contraction for the first time since its inauguration. Consequently, our revenue decreased mainly due to the airlines’ concentrated efforts in enhancing their primary route networks, through the focus of deployment of resources on three nationwide pivotal airports in Beijing, Shanghai and Guangzhou, which contributed to a drop in the capacity of resources allocated to Hainan Meilan International Airport and resulted in the reduction in traffic volume and aircraft movement. Besides, the income tax of the Company was changed from full exemption to a 50% reduction since 2005, which is another reason of the decrease in the net profit attributable to equity holders of the Company.”

For the six months ended 30 June 2005, the Group's total revenue generated from its aeronautical business decreased by 6.0% to RMB128,828,000, mainly due to the decline in aircraft movement as compared to the corresponding period the previous year. During the period, accumulative passenger throughput totalled 3,629,000 persons, aircraft movement was 35,254 and cargo throughput was 52,328.8 tonnes, representing slight decreases of 5.8%, 1.2% and 2.8% respectively.

In the first half of 2005, the Group continued to step up its marketing efforts on domestic routes, by establishing close relationships with different airline companies to attract more flights to and from Haikou. Additionally, the Group expedited its international route expansion to attract more international airlines to develop routes to and from Haikou for increasing the operation and revenue from international routes. The Group will also deploy efforts to assist domestic airlines in applying to the CAAC for the right to operate routes from Haikou to give Hainan Meilan International Airport more room for development.

As at 30 June 2005, 14 international airline companies had launched routes to and from Haikou. Additional flights included charter flights launched by PB Air of Thailand, Air Asia of Malaysia, Silk Air of Singapore and scheduled flights launched by CR Airways of Hong Kong, further demonstrating the Group's capability in expanding its international route network. Besides, the Group attended New Routes Asia Conference in Kuala Lumpur, Malaysia in March and explored opportunities for cooperation with numerous international airlines which showed immense interest in developing the Haikou route. International airlines in Japan, Russia and some Southeast Asian countries are carrying out similar investigations and researches. Meanwhile, the Group will continue to build stronger ties with domestic airlines and discuss the feasibility of introducing extended aviation rights, for positioning Haikou as a transit point to other Southeast Asian regions.

The core construction work of the passenger terminal building and apron under Phase II expansion plan of Hainan Meilan International Airport was completed and passed inspection. The expansion project is at its construction closeout stage which is expected to be completed and inspected within this year. The building and apron will commence operation once the permit is granted by CAAC after inspection. This expansion has laid a solid foundation for the Group to expand its operational scale, enhance efficiency and propel its future development.

As for the non-aeronautical business, revenue decreased by 12.9% to RMB45,121,000. It was mainly attributable to the decrease in tourism transportation revenue of 23.6%, together with a decrease of 35% in retail revenue as the operation of the shopping mall was passed to Duty Free Shoppers Hong Kong Ltd. (“DFS”). The Group also expedited the transformation of its existing management model for its non-aeronautical business to establish close working relationships and win-win business cooperation mechanism with Select Service Partner Hong Kong Limited (“SSP”) and DFS.

In the first half of 2005, the Group proactively implemented its “Customer Satisfaction Project” and took initiatives to accommodate changes in customer demand for more personalized services as opposed to the previous uniform services. The Group will continue to adhere to its service philosophy, provide innovative services and improve services quality, so as to establish Meilan Airport’s brand as a quality service provider. Besides focusing on brand building for its tourist services, the Group endeavored in enhancing its corporate competitiveness and strengthening its profile as an international hygienic airport, which became the fourth international hygienic airport in the PRC..

Mr. Wang concluded, “Looking ahead, we will continue to enhance our core business developments, adjust our sales strategy in a timely manner, establish a wider array of effective communication channels with international airlines, attract more airlines to establish routes to and from Hainan, strengthen budget management and cost controls, enhance the safety standards of services, promulgate safety standards and regulations and improve the technology of equipment for upgrading safety standards. Furthermore we will apply the funds raised from the H shares to gradually implement stated plans and realize our business development strategy for further enhancement of our Company’s value and shareholders’ returns.

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***About Hainan Meilan International Airport:***

The Company is currently engaged in both aeronautical and non-aeronautical businesses at the Meilan Airport in Hainan Province, China. Its aeronautical businesses consist of the provision of terminal facilities, ground handling services, and passenger and cargo handling services. Its non-aeronautical businesses include leasing of commercial and retail spaces at the Hainan Meilan International Airport, airport-related business franchising, advertising, car parking, tourism services and the sale of duty-free and consumer goods.

For more information, please contact

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