

## Chairman's Statement



To shareholders,

I am pleased to announce the 2000 operational and financial results of Beijing Capital International Airport Company Limited (the "Company") and its joint venture and subsidiary (together the "Group").

For the fiscal year ended 31 December, 2000, the Group recorded a revenue of Rmb1,828,447,000, representing an increase of 27.2% over the previous year; and a net profit of Rmb483,487,000, an increase of 12.9% over the previous year.

During 2000, with the improvement of the overall economy of the PRC, air traffic increased substantially in Beijing. Passenger throughput, aircraft movements and freight throughput reached 21,691,077 and 187,190, and 557,366 tons, respectively, representing increase of 19.2%, 13.5% and 20.6% respectively. The results maintained Beijing's leading position in the PRC airport industry. In 2000, the aeronautical revenue reached Rmb1,300,450,000, an increase of 16.0% over the previous year.

The year of 2000 is the first full fiscal year since Beijing Airport's major expansion. The new facilities provided space for non-aeronautical business development. Revenues from duty free shop, rental, advertising and car park increased significantly. In 2000, non-aeronautical revenue reached Rmb527,997,000, representing an increase of 67.2% from 1999.

With the commencement of operations of Terminal Two, new freight terminal and new car park building, depreciation, cost of utilities and maintenance increased significantly, resulting in the Group's operating cost in 2000 reaching Rmb1,129,278,000, representing an 84.9% increase over the previous year. This increase in operating cost was the main reason for the decrease in the Group's operating profit.

In 2000, the Company repaid most of the foreign currency loans including all loans denominated in Japanese yen. This resulted in an exchange gain of Rmb185,000,000. The repayment reduced the impact of exchange rate fluctuations on the Company's future profits.

In 2000, the Company renovated the west runway and completed the construction of the cross-field taxiway. These new facilities improved the handling capacities of Beijing Airport and laid a foundation for the Company to satisfy increasing air traffic demand for the next several years.

The Company believes that the establishment of hub airport is the main trend of airport industry worldwide. Making Beijing Airport a transit hub will substantially increase passenger throughput and flights, which will increase aeronautical revenue and will also provide non-aeronautical business opportunities. Additionally, launching hub strategy will help rationalise air routes and improve the service quality of Beijing Airport. Therefore, developing a transit hub is one of the Company's strategic focuses in the future. In 2000, the Company conducted special research with consultants, base airline and regulators on measures to implement the hub pote strategy.

The Company believes that the China's economy and aviation industry will continue to grow steadily. The PRC's potential entry into WTO will create more favourable environment for the industry. The Company will take advantage of the opportunities and carry out expansion strategy to leverage its experience in airport development and management. The Company will selectively invest in some large and mid-sized airports in China. In 2000, the Company signed preliminary letters of intent for investments with several airports. The final decision will depend on further due diligence and the restructuring process at these airports.

We are satisfied with the strategic co-operation between the Company and A orts de Paris ("ADP"). In 2000, Mr. Alain Falque, chairman of ADP Management, was appointed as a member of the Company's board. During the past year, the Company and ADP conducted comprehensive co-operation in hub development, airport master plan, non-aeronautical business and management training. The strategic partnership would both benefit the Company in achieving its goal to be a first class airport and help ADP expand its market in China.

I sincerely appreciate the efforts made by all the staff and the support from all shareholders. The Company will aggressively pursue opportunities, realise the great potentials provided by the new facilities and carry out expansion and hub strategy to build on its position as the leader in China's airport industry to provide fruitful return to shareholders.

By order of the Board of Directors  
**Li Peiyong**  
*Chairman of the Board of Directors*

Beijing, the PRC  
23rd April, 2001