



To shareholders:

I am pleased to announce the 2004 financial and operational results of Beijing Capital International Airport Company Limited and its subsidiaries (together the "Group").

FINANCIAL RESULTS

For the fiscal year ended 31 December 2004, the Group's operating revenues less business tax and levies were Rmb3,035,937,000, representing an increase of 38.5% over the previous year. The net profit was Rmb749,354,000, representing an increase of 87.3% over the previous year.

The earnings per share of the Group was Rmb0.19 in 2004, and it was Rmb0.10 in 2003.

The board of directors of the Company (the "Board") recommends the payment of a final dividend of Rmb0.06490 per share for the year 2004. Such dividend will be payable after approval have been granted at the annual general meeting of the Company. Together with the interim dividend of Rmb0.02499, which was paid on Friday, 29 October 2004, the total dividends for the year were Rmb0.08989 per share (total dividends in 2003: Rmb0.05298 per share).

OPERATIONAL RESULTS

In 2004, the signing of the new Sino-US aviation agreement and the successful completion of the airport localisation process showed that Chinese civil aviation industry continued marching forward to a full market environment.

Due to the steady growth of China's economy and the further development of its tourism market, the total aircraft movements at the airports in mainland China reached 2,665,239 in 2004, representing an increase of 25.8% over the previous year, and the passenger throughput reached 241,896,670, representing an increase of 38.8% over the previous year.

Benefiting from the advanced geographic location, the steady economic growth, and the complete elimination of the influence of the Severe Acute Respiratory Syndrome ("SARS"), the aircraft movements and the passenger throughput at the Beijing Airport reached 304,778 and 34,883,190 respectively, representing an increase of 29.2% and 43.2% respectively over the previous year, which both exceeded the average increase level of airports in mainland China. Preliminary statistic showed that the passenger throughput at the Beijing Airport ranked 20th in the world in 2004.



In view of the continuous growing market demands, the limited space for existing facilities at the Beijing Airport has become the bottle-neck which limited its business from further increase. In order to solve this problem, the Company completed the renovation of Terminal 1 which was re-opened in 2004 and also made several adjustments to the facilities and workflows in Terminal 2 to enhance its passenger handling capacity. Meanwhile, 11 new aircraft parking stands were built to enhance the aircraft handling capacity.

When trying to ensure the growth of air traffic volumes, the Company also took every effort to provide satisfactory services to the passengers. In 2004, the Company took positive measures to improve its service quality. Even though the passenger throughput increased more than 10,000,000, survey results showed that the overall satisfaction degree of passengers at the Beijing Airport has increased over the previous year.

On 9 September 2004, the General Administration of Civil Aviation of China ("CAAC") issued the "Notice Regarding the Trial Operation of Concession at Certain Airports". According to the notice, the Beijing Airport was selected as one of the airports for trial concession operation.

PROSPECTS

In the first two months of 2005, all air traffic volume at the Beijing Airport maintained strong growth. It is expected that, because of the steady growth of China's economy and the continuous increase in the aviation market demand in Beijing, the air traffic volume at the Beijing Airport will continue to grow which will provide a firm support to the increase in the Group's aeronautical revenues.

In order to release the operational pressure brought by the increase in the air traffic volume, the Company will continue its re-construction of the existing facilities to enhance their operational efficiency. Such measures include the construction of new express exits from the runways, construction of new aircraft parking stands, the addition of new check-in counters in the terminals, and the re-engineering of the boarding gates, the baggage handling system and the information system.

The phase three expansion (or "expansion plan") of the Beijing Airport, which is under construction, will have material effects on the mid-to-long term development of the Beijing Airport. It will not only meet the functional requirements of the Beijing Olympic Games in 2008, but will also keep the handling capacity of the Beijing Airport in line with increase of air traffic market demands in the Beijing area till 2015. More importantly, it will provide an opportunity for the Beijing Airport to become a major hub airport in Asia. The Company took care of the process of the construction, and participated in the discussion and confirmation of relevant design requirements in order to ensure that the facilities would fit future operations.



At the same time, the implementation of the trial period of airport business concession and the reform of the airports' aeronautical pricing system undertaken by CAAC may also have positive effects on the development of the Group's businesses in the long term.

From 2005, the Group will adjust its operating models in non-aeronautical business by franchising retailing, restaurant and other food and beverage businesses, etc. out to specialised companies instead of self-operating. Such adjustments will have structural effects on the Group's non-aeronautical revenues and relevant cost. On the whole, the Company expects that the Group's profits contributed by these businesses will not be obviously affected by the adjustments, and it is expected that the contribution to the profits by non-aeronautical business will continue growing in the future.

The Company will continue its focus on quality management, and efforts to promote our management so that we can provide satisfactory services to all clients including the airlines, the passengers and other users of the airport.

The first stage consultation & cooperation agreement with a period of 5 years between the Company and its strategic shareholder ADP Management expired on 31 January, 2005. Both parties have agreed on the intention to continue the co-operation, while the relative executive proposal for the new stage cooperation is under positive discussion.

I sincerely appreciate the efforts and substantial results made by all the staff of the Group in the past year and sincerely appreciate the support from all shareholders and other related parties as ever.

By order of Directors

Wang Zhanbin

Chairman

Beijing, the PRC
22 March 2005



Core Values:

Safety

Sincerity

Harmony