The board of directors (the "Board") of Beijing Capital International Airport Company Limited (the "Company") is pleased to announce the unaudited consolidated financial position and operating results of the Company and its subsidiaries (collectively, the "Group") as at 30 June 2005 and for the six months ended 30 June 2005, which have been reviewed by the audit committee of the Company (the "Audit Committee"), together with the unaudited comparative figures for the corresponding period of 2004 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(All amounts expressed in thousands of Renminbi ("Rmb"), except per share data)

		Unaudited For the six months ended 30 June	
	Note	**2005**	**2004** (Restated)
Revenues:			
Aeronautical	3	944,734	830,670
Non-aeronautical	3	415,018	584,853
		1,359,752	1,415,523
Business tax and levies:			
Aeronautical		(28,343)	(24,920)
Non-aeronautical		(18,806)	(19,603)
		(47,149)	(44,523)
Costs:			
Depreciation		(248,961)	(212,458)
Staff costs		(159,216)	(165,999)
Utilities and power		(102,291)	(78,974)
Repairs and maintenance		(55,581)	(70,852)
Costs of goods and materials		(25,179)	(145,372)
Other costs		(147,721)	(165,735)
Total costs		(738,949)	(839,390)
Gain on disposal of certain assets and liabilities and a subsidiary	5	22,110	–
Operating profit	4	595,764	531,610
Finance costs - net	6	(8,353)	(14,806)
Share of gain (loss) of associates		221	(602)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(All amounts expressed in thousands of Renminbi ("Rmb"), except per share data)

		Unaudited For the six months ended 30 June	
	Note	**2005**	**2004** (Restated)
Profit before income tax		587,632	516,202
Income tax expense	7	(184,174)	(176,691)
Profit for the period		403,458	339,511
Attributable to:			
Equity holders of the Company		400,619	341,407
Minority interests		2,839	(1,896)
Dividend proposed			
- last year final dividend	8(b)	249,615	154,115
Dividends declared			
- current year interim dividend	8(b)	114,923	96,115
Dividend per share (proposed) (Rmb)			
- last year final dividend	8(b)	0.06490	0.04007
Dividends per share (declared) (Rmb)			
- current year interim dividend	8(b)	0.02988	0.02499
Earnings per share - basic and diluted (Rmb)	9	0.10	0.09

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2005

(All amounts expressed in thousands of Rmb)

	Note	Unaudited 30 June 2005	Audited 31 December 2004
ASSETS			
Non-current assets			
Property, plant and equipment	12	7,068,524	7,029,809
Land use rights		242,803	246,036
Goodwill		–	427
Intangible assets		5,343	5,124
Investment in associated companies	10	30,262	30,041
Available-for-sale financial assets		2,000	2,000
Deferred tax assets		30,863	38,108
		7,379,795	7,351,545
Current assets			
Inventories		45,571	118,699
Receivables and prepayments	11	1,246,598	901,489
Term deposits with initial term of over three months		163,683	55,126
Cash and cash equivalents		1,402,143	1,274,548
		2,857,995	2,349,862
Total assets		10,237,790	9,701,407

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

AS AT 30 JUNE 2005

(All amounts expressed in thousands of Rmb)

	Note	Unaudited 30 June 2005	Audited 31 December 2004
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares		3,846,150	3,846,150
Share premium		2,209,648	2,209,648
Statutory and discretionary reserves	8(a)	958,895	820,602
Retained earnings		665,527	518,124
Declared or proposed dividends	8(b)	114,923	249,615
		7,795,143	7,644,139
Minority interests		21,448	35,020
Total equity		7,816,591	7,679,159
Liabilities			
Non-current liabilities			
Defined benefit pension and post-retirement benefit obligations		83,238	104,216
Deferred income	15	20,229	—
Other long-term liabilities		105	104
		103,572	104,320
Current liabilities			
Trade and other payables	14	996,053	949,964
Income tax and other taxes payable		164,062	211,533
Short-term bank loans (unsecured)	13	1,150,000	750,000
Current portion of defined benefit pension and post-retirement benefit obligations		7,512	6,431
		2,317,627	1,917,928
Total liabilities		2,421,199	2,022,248
Total equity and liabilities		10,237,790	9,701,407

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(All amounts expressed in thousands of Rmb)

		Attributable to equity holders of the Company					Minority interests	Unaudited Total equity
	Note	Share capital	Share premium	Revaluation surplus	Statutory and discretionary reserves	Retained earnings		
Balance at 1 January 2004, as previously reported		3,846,150	2,209,648	229,862	608,208	442,916	19,911	7,356,695
Changed in accounting policy for buildings and runways	12	–	–	(229,862)	–	38,093	–	(191,769)
Balance at 1 January 2004, as restated		3,846,150	2,209,648	–	608,208	481,009	19,911	7,164,926
Profit for the period (Restated)	12	–	–	–	–	341,407	(1,896)	339,511
Disposal		–	–	–	–	–	(600)	(600)
Dividends								
– 2003 final dividend		–	–	–	–	(154,115)	–	(154,115)
Transfer to statutory and discretionary reserves		–	–	–	138,171	(138,171)	–	–
Balance at 30 June 2004		3,846,150	2,209,648	–	746,379	530,130	17,415	7,349,722
Representing:								
Share capital and reserves		3,846,150	2,209,648	–	746,379	434,015	17,415	7,253,607
2004 declared interim dividend		–	–	–	–	96,115	–	96,115
Balance at 30 June 2004		3,846,150	2,209,648	–	746,379	530,130	17,415	7,349,722

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(All amounts expressed in thousands of Rmb)

	Note	Attributable to equity holders of the Company					Minority interests	Unaudited Total equity
		Share capital	Share premium	Revaluation surplus	Statutory and discretionary reserves	Retained earnings		
Balance at 1 January 2005		3,846,150	2,209,648	–	820,602	767,739	35,020	7,679,159
Profit for the period		–	–	–	–	400,619	2,839	403,458
Addition		–	–	–	–	–	200	200
Disposal	5	–	–	–	–	–	(6,525)	(6,525)
Dividends								
– 2004 final dividend		–	–	–	–	(249,615)	–	(249,615)
– dividends to minority shareholders		–	–	–	–	–	(10,086)	(10,086)
Transfer to statutory and discretionary reserves		–	–	–	138,293	(138,293)	–	–
Balance at 30 June 2005		3,846,150	2,209,648	–	958,895	780,450	21,448	7,816,591
Representing:								
Share capital and reserves		3,846,150	2,209,648	–	958,895	665,527	21,448	7,701,668
2005 declared interim dividend		–	–	–	–	114,923	–	114,923
Balance at 30 June 2005		3,846,150	2,209,648	–	958,895	780,450	21,448	7,816,591

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(All amounts expressed in thousands of Rmb)

		Unaudited For the six months ended 30 June	
	Note	**2005**	**2004**
Net cash from operating activities		408,884	548,975
Net cash used in investing activities	18	(520,854)	(236,971)
Net cash from financing activities	18	239,813	1,389,240
Effect of exchange rate changes		(248)	(434)
Net increase in cash and cash equivalents		127,595	1,700,810
Cash and cash equivalents at beginning of period		1,274,548	1,099,935
Cash and cash equivalents at end of period		1,402,143	2,800,745

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In the notes all amounts are shown in thousands of Rmb except otherwise stated)

1. COMPANY ORGANISATION AND PRINCIPAL ACTIVITIES

Beijing Capital International Airport Company Limited (the "Company") was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 15 October 1999 to take over and operate the international airport in Beijing ("Beijing Airport"), the PRC, and certain ancillary commercial businesses pursuant to a group restructuring (the "Restructuring") of Capital Airports Holding Company (formerly known as Beijing Capital International Airport, hereinafter referred to as the "CAHC"). The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

On 27 January 2000, 1,346,150,000 shares in the Company of Rmb1.00 each were issued to the public at HK$1.87 per share and such shares were listed on The Stock Exchange of Hong Kong Limited on 1 February 2000.

The principal activities of the Group are the ownership and operation of the Beijing Airport and the provision of related services. On 1 January 2005, the Group disposed of its entire interest in Beijing Airport Foods Service Co., Ltd. ("BAFS"), a subsidiary principally engaged in the operation of restaurants and food shops. On 26 January 2005, the Group disposed of the related assets and liabilities used to operate the Group's retailing and advertising businesses to two related parties. The Group also entered into certain agreements with the respective buyer parties to transfer the operating rights of these businesses in return for concession income. See note 5 for details.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new / revised IASs and International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Committee which are effective for accounting period commencing on or after 1 January 2005.

In 2004, the Group changed its accounting policy in accounting for buildings and runways from the revaluation model to the historical cost model. This has been accounted for retrospectively and a prior year adjustment had been made in the financial statements. The change in the Group's accounting policy and the effect of adopting this revised policy are set out in note 12 below.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

In 2005, the Group adopted the new / revised IASs and IFRSs, which are relevant to the operations of Group. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 16	Property, Plant, and Equipment
IAS 17	Leases
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 33	Earnings per Share
IAS 39	Financial Instruments: Recognition and Measurement
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations

The adoption of IASs 1, 2, 8, 10, 16, 17, 21, 33 and IFRS 5 did not result in substantial changes to the accounting policies of the Group. In summary:

IAS 1 has affected the presentation of minority interest and other disclosures.

IASs 2, 8, 10, 16, 17, 33 and IFRS 5 had no material effect on the policies of the Group.

IAS 21 had no material effect on the policy of the Group. The functional currency of each of the entities of the Group has been re-evaluated based on the guidance to the revised standard. All the entities used Renminbi ("Rmb") as their functional currency as well as presentation currency.

IAS 24 has affected the identification of related parties and some other related-party disclosures. Related parties include CAHC and its related parties, other major state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company, CAHC Group as well as their close family members.

The adoptions of IASs 27 and 28 have resulted in changes in accounting policies for investments in subsidiaries and associates at company level. Until 31 December 2004, investments in subsidiaries and associates at company level are accounted for using the equity method. Subsequent to that date, the Company and its subsidiaries, at company level, restated such investments at cost less any accumulated impairment losses.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

The adoption of IASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- IAS 16 - the exchange of property, plant and equipment is accounted at fair value prospectively;
- IAS 21 - prospective accounting for goodwill and fair value adjustments as part of foreign operations; and
- IAS 39 - does not require the classification of financial assets at fair value through profit or loss of previously recognised financial assets.

IAS 39 requires simultaneous adoption with IAS 32.

There was no impact on opening retained earnings at 1 January 2004 from the adoption of the new / revised IASs and IFRSs.

3. REVENUES AND SEGMENT INFORMATION

The Group conducts its business within one business segment - the business of operating an airport and provision of related services in the PRC. As the products and services provided by the Group are all related to the operation of an airport and subject to similar business risks, no segment income statement has been prepared by the Group during the six months ended 30 June 2005. The Group also operates within one geographical segment because its revenues are primarily generated and its assets are located in the PRC. Accordingly, no geographical segment data is presented.

Analysis of revenue by category	**For the six months ended 30 June**	
	2005	**2004** (Restated)
Aeronautical:		
Passenger charges	312,303	280,763
Aircraft movement fees and related charges	364,168	334,747
Airport Fee	268,263	215,160
Total aeronautical revenues	944,734	830,670
Non-aeronautical:		
Concessions (Note 5)	142,115	—
Ground handling facilities and services income	116,759	122,549
Rentals	70,817	65,280
Air catering	39,991	34,754
Car parking	22,956	20,307
Repairs and maintenance services	15,189	569
Retailing (Note 5)	—	229,699
Restaurants (Note 5)	—	50,490
Advertising (Note 5)	—	54,890
Others	7,191	6,315
Total non-aeronautical revenues	415,018	584,853
Total revenues	1,359,752	1,415,523

4. OPERATING PROFIT

The following items have been included in arriving at operating profit:

	For the six months ended 30 June	
	2005	**2004** (Restated)
Depreciation on property, plant and equipment		
– owned assets	243,952	211,247
– owned assets leased out under operating leases	5,009	1,211
Loss on disposal of property, plant and equipment	2,164	50
Repairs and maintenance expenditure on property, plant and equipment	55,581	70,852
Amortisation of intangible assets (included in other costs)	827	2,139
Amortisation of goodwill (included in other costs)	–	54
Operating lease rentals payable		
– buildings	2,191	1,263
– land use rights	6,859	6,859
Inventory		
– inventory provision	–	12,487
Trade receivables		
– reversal of impairment charge for bad and doubtful debts	–	(2,550)
Staff costs	159,216	165,999

5. GAIN ON DISPOSAL OF CERTAIN ASSETS AND LIABILITIES AND A SUBSIDSARY

On 26 January 2005, the Group disposed of the related assets and liabilities used to operate the Group's retailing and advertising businesses to two related parties. The Group also entered into certain agreements with the respective related parties, in which the Group transferred the operating rights of the retailing and advertising businesses for a period of ten years, in return for concession income calculated primarily based on a percentage of revenue of each of these businesses with minimum guaranteed amounts.

5. GAIN ON DISPOSAL OF CERTAIN ASSETS AND LIABILITIES AND A SUBSIDSARY (Continued)

The financial summaries of the retailing businesses were as follows:

	For the period ended 26 January 2005	For the year ended 31 December 2004
Revenues	–	514,103
Costs	–	(406,698)
Profit from operations	–	107,405
Finance cost, net	–	(3,306)
Profit before taxation	–	104,099
Taxation	–	(34,151)
Profit after taxation	–	69,948
Operating cash inflows	–	36,215
Investing cash flows	–	–
Financing cash flows	–	–
Total cash inflows	–	36,215

	At 26 January 2005	At 31 December 2004
Non-current assets	1,621	1,621
Current assets	189,210	189,210
Total assets	190,831	190,831
Total liabilities	(136,117)	(136,117)
Net assets	54,714	54,714

The gain on disposal was determined as follows:

Proceeds from sale	76,006
Net assets sold	(54,714)
Gain on disposal	21,292

As of 30 June 2005, the net cash outflow on disposal is determined as follows:

Proceeds from disposal (received)	76,006
Less: Cash and cash equivalents in retailing businesses disposed of	(88,774)
Net cash outflow on disposal	(12,768)

5. GAIN ON DISPOSAL OF CERTAIN ASSETS AND LIABILITIES AND A SUBSIDSARY (Continued)

The financial summaries of the advertising businesses were as follows:

	For the period ended 26 January 2005	For the year ended 31 December 2004
Revenues	–	110,469
Costs	–	(12,117)
Profit from operations	–	98,352
Finance income, net	–	285
Profit before taxation	–	98,637
Taxation	–	(32,082)
Profit after taxation	–	66,555
Operating cash inflows	–	31,939
Investing cash outflows	–	(677)
Financing cash flows	–	–
Total cash inflows	–	31,262

	At 26 January 2005	At 31 December 2004
Non-current assets	760	760
Current assets	49,749	49,749
Total assets	50,509	50,509
Total liabilities	(32,178)	(32,178)
Net assets	18,331	18,331

The gain on disposal was determined as follows:

Proceeds from sale	19,563
Net assets sold	(18,331)
Gain on disposal	1,232

As of 30 June 2005, the net cash outflow on disposal is determined as follows:

Proceeds from disposal (received)	19,563
Less: Cash and cash equivalents in advertising businesses disposed of	(45,394)
Net cash outflow on disposal	(25,831)

5. GAIN ON DISPOSAL OF CERTAIN ASSETS AND LIABILITIES AND A SUBSIDSARY (Continued)

On 1 January 2005, the Group disposed of its entire 75% equity interest in BAFS, a subsidiary principally engaged in the operation of restaurants and food shops. The Group also entered into an agreement with BAFS, in which the Group transferred the operating rights of the restaurant and food shop businesses for a period of ten years, in return for concession income calculated primarily based on a percentage of the revenue of BAFS with minimum guaranteed amounts.

The financial summaries of BAFS were as follows:

	For the year ended 31 December 2004
Revenues	111,708
Costs	(112,940)
Loss from operations	(1,232)
Finance income, net	122
Loss before taxation	(1,110)
Taxation	—
Net loss for the period	(1,110)
Attributable to:	
Equity holders of the Company	(277)
Minority interests	(833)
Operating cash outflows	(3,957)
Investing cash outflows	(5,742)
Financing cash flows	—
Total cash outflows	(9,699)

	At 31 December 2004
Non-current assets	8,039
Current assets	31,838
Total assets	39,877
Total liabilities	(13,354)
	26,523
Minority interest	(6,525)
Equity attributable the Company's equity holders	19,998

5. GAIN ON DISPOSAL OF CERTAIN ASSETS AND LIABILITIES AND A SUBSIDSARY (Continued)

The loss on disposal was determined as follows:

Proceeds from sale	19,584
Net assets disposed of	(19,998)
Loss on disposal	(414)

As of 30 June 2005, the net cash outflow on disposal is as follows:

Proceeds from disposal (received)	–
Less: Cash and cash equivalents in subsidiary disposed of	(27,078)
Net cash outflow on disposal	(27,078)

6. FINANCE COSTS - NET

	For the six months ended 30 June	
	2005	**2004**
Interest expenses:		
– bank loans repayable within five years	(15,586)	(21,801)
Interest income	7,481	7,429
Exchange losses	(248)	(434)
	(8,353)	(14,806)

7. TAXATION

Under PRC income tax law, except for certain exemption available to certain Company's jointly controlled entities, the entities within the Group are subject to enterprise income tax and local income tax at rate of 30% and 3% respectively, resulting in an aggregate tax rate of 33% (2004: 33%) on the taxable income as reported in their statutory accounts which are prepared using the accounting principles and financial regulations applicable to PRC enterprises.

Pursuant to the approval documents issued by Beijing State Tax Bureau and Beijing Local Tax Bureau, a jointly controlled entity has been granted a 50% reduction (i.e. 12%) in enterprise income tax from 2004 to 2006, and full exemption from local income tax from 2002 to 2006 and a 50% reduction (i.e. 1.5%) from 2007 to 2011.

7. TAXATION (Continued)

Pursuant to the approval documents issued by Beijing State Tax Bureau and Beijing Local Tax Bureau, another jointly controlled entity enjoys a preferential enterprise income tax rate of 24% in 2005 and has been granted a 50% reduction (i.e. 1.5%) in local income tax from 2003 to 2007.

	For the six months ended 30 June	
	2005	**2004** (Restated)
Current tax	176,929	176,395
Deferred tax	7,245	296
	184,174	176,691

8. PROFIT APPROPRIATIONS

(a) Statutory and discretionary reserves

In accordance with the relevant laws and regulations of the PRC and the Articles of Association of the Company, when distributing the net profit of each year, the Company shall set aside 10% of its profit after taxation (based on the Company's local statutory accounts) for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the Company's registered capital), and 5% to 10% for the statutory public welfare fund and, at the discretion of the directors, to the discretionary surplus reserve fund. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends. The statutory public welfare fund can only be utilised on capital items for the collective benefit of the Company's employees. Title to these capital items will remain with the Company. This fund is non-distributable other than in liquidation.

The profit appropriation of Rmb138,293,000 (20% of profit after taxation) to the discretionary surplus reserve fund for the year ended 31 December 2004 was recorded in the financial statements for the six months ended 30 June 2005.

According to the Articles of Association of the Company, the reserve available for distribution is the lower of the amount determined under the PRC accounting standards and the amount determined under IFRSs. As at 30 June 2005, the reserve available for distribution was approximately Rmb577,522,000 (As at 31 December 2004: Rmb582,337,000).

8 PROFIT APPROPRIATIONS (Continued)

(b) Dividends

	For the six months ended 30 June	
	2005	**2004** (Restated)
Dividend proposed — Last year final dividend	249,615	154,115
Last year final dividend per share (Rmb)	0.06490	0.04007
Dividend declared — Current year interim dividend	114,923	96,115
Current year interim dividend per share (Rmb)	0.02988	0.02499

Notes:

(a) At the meeting of the Board of Directors held on 22 March 2005, the directors proposed a final dividend of Rmb0.06490 per ordinary share for the year ended 31 December 2004. The proposed dividend distribution was approved by the shareholders on the general meeting dated 2 June 2005 and has been reflected as an appropriation of retained earnings for the six months ended 30 June 2005.

(b) At the meeting of the Board of Directors held on 26 August 2005, the directors declared an interim dividend of Rmb0.02988 per ordinary share for the six months ended 30 June 2005. This declared dividend is not reflected as a dividend payable in these condensed financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2005.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the six months period.

	For the six months ended 30 June	
	2005	**2004** (Restated)
Profit attributable to equity shareholders of the Company (Rmb'000)	400,619	341,407
Weighted average number of ordinary shares in issue (thousands)	3,846,150	3,846,150
Basic earnings per share (Rmb per share)	0.10	0.09

No diluted earnings per share is presented as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2005 and 2004.

10. INVESTMENT IN ASSOCIATED COMPANIES

	30 June 2005	**31 December 2004**
At beginning of period	30,041	30,733
Share of gain (loss) after taxation	221	(692)
At end of period	30,262	30,041

The principal associated companies, all of which are unlisted, are:

	Place of incorporation	**Percentage of equity interest held**
Global Airport logistics Co., Ltd.	Beijing, the PRC	33%
Beijing Tian Di Xun Jie Airport Information Technology Co., Ltd.	Beijing, the PRC	20%
Beijing Airport Cargo Consolidation Service Co., Ltd.	Beijing, the PRC	35%

There were no changes in the percentage of equity interests held in the associated companies for the six months ended 30 June 2005.

11. TRADE AND OTHER RECEIVABLES

	30 June 2005	31 December 2004
Trade receivables	1,156,219	802,718
Less: Provision for impairment of receivables	(11,604)	(11,604)
Trade receivables — net	1,144,615	791,114
Prepayments	2,384	8,952
Other receivables	99,599	101,423
	1,246,598	901,489

As at 30 June 2005, the aging analysis of the trade receivables was as follows:

	30 June 2005	31 December 2004
Less than 1 year	1,040,857	732,846
1-2 years	83,173	69,720
2-3 years	32,189	152
	1,156,219	802,718

The credit terms given to trade customers are determined on an individual basis with the normal credit period between 3 to 6 months.

The accounts receivable balance as at 30 June 2005 included a receivable of Rmb441,761,000 of Civil Aviation Airport Construction Fee ("Airport Fee"). In accordance with the "Notice regarding Questions on Levy and Management Methods of Civil Aviation Airport Construction Fee (the "Airport Fee Notice")" issued jointly by General Administration of Civil Aviation of China (the "CAAC") and Ministry of Finance of the PRC (the "Ministry of Finance") on 22 July 2004, with effect from 1 September 2004, the Airport Fee is to be collected together with air tickets sold by the airlines companies instead of being collected at airport directly by the Group. Based on the Airport Fee Notice, the Group should eventually receive the Airport Fee from the Ministry of Finance. After the change in the collection procedures in September 2004, the Group has not received any settlement of the Airport Fee from the relevant PRC authorities as the authorities are still in the process of finalising the detailed procedures for the payment of the Airport Fee to the Group. The directors of the Company believe that such receivable will be fully recoverable within the next twelve months and the fair value of the receivable is not materially different from its carrying amount.

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2004, the Group changed its accounting policy with respect to its buildings and runways from the revaluation model to the historical cost model. In previous periods, the Group carried its buildings and runways at revalued amounts, based on valuations by external independent valuers conducted at least every five years or sooner if considered necessary by the directors, less accumulated depreciation and impairment losses. With effect from 1 January 2004, the Group decided to carry its buildings and runways at historical cost less accumulated depreciation and impairment losses in order to conform with the benchmark treatment in IAS 16. Retrospective adjustments have been made to account for the change in accounting policy.

The retrospective adjustments resulted in a reduction in net book value of property, plant and equipment of the Group as at 1 January 2004 of Rmb202,416,000, a reduction in revaluation surplus of the Group as at 1 January 2004 of Rmb229,862,000, an increase in retained earnings of the Group as at 1 January 2004 of Rmb38,093,000 and an increase in the profit of the Group for the six months ended 30 June 2004 of Rmb3,555,000.

13. SHORT TERM BANK LOANS (UNSECURED)

As at 30 June 2005, the Company had short term bank borrowings granted by various banks amounting to approximately Rmb1,150,000,000 (2004: Rmb750,000,000). These borrowings bore interest of 4.698% per annum. As at 30 June 2005, all the short term bank borrowings were unsecured.

14. TRADE AND OTHER PAYABLES

	30 June 2005	**31 December 2004**
Receipts on behalf of North China Air Traffic Control Bureau	260,659	209,275
Dividends payable	162,250	62,475
Construction payable	128,622	214,057
Payroll and welfare payable	93,180	105,030
Housing subsidy payable to employees	49,309	47,922
Trade payables	26,788	96,388
Other payables	275,245	214,817
	996,053	949,964

As at 30 June 2005, all trade payables were aged within one year.

Housing subsidy payable to employees includes one-off housing subsidy which was received from CAHC and is to be paid to certain employees of the Company on behalf of CAHC in accordance with the PRC housing reform regulations and was attributable to the period prior to the group restructuring in 1999 in preparation for the offering of the Company's shares.

15. DEFERRED INCOME

Pursuant to an approval document issued by Beijing State Tax Bureau on 27 April 2005, the Company has been granted an enterprise income tax credit on certain qualified purchases of domestically manufactured equipment. Such tax credit is deferred and recognised in the income statement over the estimated useful lives of the related equipment.

16. CONTINGENCIES

The directors of the Company understand that certain residents living in the vicinity of the Beijing Airport have made complaints to the Beijing Municipal Government of the aircraft engine noise created by approaching and departing aircrafts, and requested relocation and/or compensation. The directors of the Company also understand that the relevant government authorities have been involved in resolving these complaints.

As at the period end, the outcome is still pending. Any potential financial impact to the Group, if any, will depend on the final resolution of these complaints with the parties involved. The Group has no further information to ascertain any liability on its part and the extent of compensation payable, if any. No provision has been made in the condensed consolidated financial statements for any costs that may incur to resolve this issue.

17. COMMITMENTS

Capital commitments:

Capital commitments primarily relate to the construction of and the equipment to be installed at the airport terminal and other airport facilities upgrading projects. As at 30 June 2005, the Group had the following outstanding capital commitments not provided for in the financial statements:

	30 June 2005	31 December 2004
Authorised and contracted for	100,780	119,703
Authorised but not contracted for	470,231	718,837
	571,011	838,540

17. COMMITMENTS (Continued)

Operating lease commitments - where the Group is the lessee

As at 30 June 2005, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2005	Land use rights 31 December 2004
Not later than 1 year	7,475	7,475
Later than 1 year and not later than 5 years	27,367	28,579
Later than 5 years	240,954	246,139
	275,796	282,193

Operating lease commitments - where the Group is the lessor

As at 30 June 2005, the future minimum lease payment receivables under non-cancellable operating leases for buildings are as follows:

	30 June 2005	31 December 2004
Not later than 1 year	57,076	187,329
Later than 1 year and not later than 5 years	26,960	88,544
Later than 5 years	5,234	5,869
	89,270	281,742

Concession income commitments

As at 30 June 2005, the future minimum concession income receivables under non-cancellable agreements for the operating rights of retailing, advertising, restaurant and food shop businesses are as follows:

	30 June 2005	31 December 2004
Not later than 1 year	292,000	—
Later than 1 year and not later than 5 years	1,168,000	—
Later than 5 years	1,314,000	—
	2,774,000	—

18. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

Cash flow from / (used in) investing and financing activities included the following:

	For the six months ended 30 June	
	2005	**2004**
Investing activities:		
Purchases of property, plant and equipment	(354,101)	(287,839)
Net cash outflow on disposal of discontinued operations	(65,677)	–
Financing activities:		
Drawdown of short-term bank loans	1,150,000	2,486,419
Repayment of short-term bank loans	(750,000)	–
Repayment of long-term bank loans	–	(1,043,239)
Dividends paid	(160,187)	(53,940)

19. RELATED PARTY TRANSACTIONS

The Group is part of a larger group of companies under CAHC and has extensive transactions and relationships with members of the CAHC group. Because of these relationships, it is possible that the terms of the transactions between the Group and members of the CAHC group are not the same as those that would result from transactions with or among other related parties or wholly unrelated parties.

CAHC itself is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 (revised 2003), "Related Party Disclosure", state-owned enterprises and their subsidiaries, other than CAHC group companies, directly or indirectly controlled by the PRC government are also defined as related parties of the Group.

A significant portion of the Group's business activities are conducted with state-owned enterprises. Sale of certain services to these state-owned enterprises are at state-prescribed prices which are similar to prices to other customers. The Group considers that these sales are activities in the ordinary course of business.

19. RELATED PARTY TRANSACTIONS (Continued)

The Group is ultimately controlled by the PRC government, which also controls a substantial number of entities in the PRC. For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, the Group receives Airport Fee as part of its retail transactions and thus, is likely to have extensive transactions with the employees of stated-owned enterprises while such employees are on corporate business as well as key management personnel and their close family members. These transactions are carried out on normal commercial terms that are consistently applied to all customers. Due to the vast volume and the pervasiveness of these transactions, management is unable to determine the aggregate amount of the transactions for disclosure. Therefore, the transactions disclosed below do not include retail transactions with these related parties. Management believes that meaningful information relative to related party disclosures has been adequately disclosed.

(a) Transactions with related parties

The following is a summary of significant transactions carried out with related parties in the ordinary course of business for the six months ended 30 June 2005:

	For the six months ended 30 June	
	2005	**2004**
Transactions with CAHC and fellow subsidiaries:		
Revenues:		
Leasing of premises to a subsidiary of CAHC	5,513	4,725
Expenses:		
Provision of utilities and power supply by CAHC	(101,980)	(78,071)
Leasing of land use rights from CAHC	(3,077)	(3,077)
Provision of certain sanitary services and baggage cart management services by a subsidiary of CAHC	(8,360)	–
Other transactions:		
Payment for renovation management services fee to a subsidiary of CAHC	3,013	–

19. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

For the six months ended 30 June 2005, the Group received approximately Rmb36,581,000 (2004: Rmb33,250,000) on behalf of CAHC, representing CAHC's share of the aircraft movement fees for emergency medical services rendered.

	For the six months ended 30 June	
	2005	**2004**
Transactions with Singapore Airlines Limited ("SAL"), parent company of Singapore Airport Terminal Services Limited ("SATS"), foreign joint venture partner in Beijing Airport Inflight Kitchen Ltd. ("BAIK") and Beijing Aviation Ground Services Co., Ltd. ("BGS"), jointly controlled entities of the Company:		
Provision of landing facilities, basic ground handling service, passenger and baggage security checks and other related services to SAL	8,402	6,662

The following transactions were carried out with the Company's jointly controlled entities (amounts shown below are after elimination of the Company's proportionate interests in these intra-group transactions):

	For the six months ended 30 June	
	2005	**2004**
Share of ground handling services income from BGS	7,809	7,103
Rental income from BGS for leasing of counters, premises and office space	9,869	10,467

19. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

The following transactions were carried out by the Company's jointly controlled entities with the Group's related parties. Amounts shown below represent the amounts attributable to the Group based on the Company's proportionate interests in those jointly controlled entities.

	For the six months ended 30 June	
	2005	**2004**
Revenues:		
Transactions between BGS and SAL:		
Income from ground handling services provided to SAL	7,438	8,720
Transactions between BAIK and SAL:		
Income from air catering services to SAL	5,300	6,949

19. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

The following transactions were carried out with other state-owned enterprises:

	For the six months ended 30 June	
	2005	**2004**
Transactions with other state-owned enterprises		
Revenues:		
Passenger charges, aircraft movement fees and related charges	518,610	468,180
Concessions	142,115	–
Ground handling facilities and services income	46,696	66,791
Rentals	20,396	23,924
Air catering	19,396	19,900
Interest income	6,727	6,974
Expenses:		
Interest expenses on loans from banks	(15,586)	(21,801)
Subcontracting labour fee for maintenance	(4,847)	(6,558)
Insurance	(2,115)	(1,048)
Other transactions:		
Acquisition of property, plant and equipment	252,729	177,700
Purchases of goods and materials	879	4,453
Drawdown of bank loans	1,150,000	2,486,419
Repayment of short-term bank loans	(750,000)	–
Repayment of long-term bank loans	–	(1,008,000)

The above transactions with related parties were entered into in accordance with the terms as set out in the agreements governing the transactions, or related regulations stipulated by CAAC or as mutually agreed between the parties.

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

As at 30 June 2005, balances with related parties comprised:

	30 June 2005	31 December 2004
Balances with CAHC and fellow subsidiaries:		
Other payables	(92,361)	(29,871)
Balances with partners in jointly controlled entities:		
Trade and other receivables	22,641	18,244
Other payables	(320)	—
Balance with other state-owned enterprises:		
Trade and other receivables	692,387	564,515
Trade and other payables	(123,802)	(177,336)
Bank deposits	1,066,366	955,903
Term deposits with initial term of over three months	154,683	46,883
Loans from state-owned banks	(1,150,000)	(750,000)

(c) Key management personnel compensation

	For the six months ended 30 June	
	2005	2004
Salaries, allowances and other benefits	664	324

20. INTERESTS IN SUBSIDIARIES

As at 30 June 2005, the Company had equity interests in the following subsidiary, all of which operate in the PRC:

Name	Place / date of establishment / legal status	Percentage of equity interest held: Directly held	Percentage of equity interest held: Indirectly held	Issued and fully paid capital ('000)	Principal activities
Beijing Bowei Airport Support Limited ("Bowei")	Beijing, PRC 26 August 1999 Sino-foreign equity joint venture	60%	–	US$4,200	Provision of repair and maintenance services for airport related facilities
China Civil Airport Equipment Co., Ltd.	Beijing, PRC 17 June 1996 Limited liability company	–	51%	Rmb10,000	Production of airport equipment and materials

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

As at 30 June 2005, the Company had equity interests in the following jointly controlled entities, all of which are Sino-foreign equity joint ventures and operate in the PRC:

Name	Place and date of establishment	Percentage of equity interest held / voting power / profit sharing	Issued and fully paid capital ('000)	Principal activities
Beijing Aviation Ground Services Co., Ltd.	Beijing, the PRC 18 August 1994	60%	US$9,900	Airport ground handling services
Beijing Airport Inflight Kitchen Ltd.	Beijing, the PRC 27 April 1993	60%	US$24,000	Air catering services

The strategic operating, investing and financing activities of BAIK and BGS are jointly controlled by the Company and the respective joint venture partners.

22. ADDITIONAL FINANCIAL INFORMATION ON BALANCE SHEET

As at 30 June 2005, the net current assets of the Group amounted to approximately Rmb540,368,000. On the same date, the total assets less current liabilities of the Group were approximately Rmb7,920,163,000.

23. PRIOR YEAR COMPARATIVES

The comparative figure of ground handling facilities and services income has been reclassified from aeronautical revenue to non-aeronautical revenue to conform with the change in presentation adopted for the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARIES OF FINANCIAL RESULTS

(all amounts expressed in thousands of Renminbi ("Rmb") except per share data)

	For the six months ended 30 June 2005	2004 (Restated)	Change
Revenues, net of business taxes and levies	1,312,603	1,371,000	-4.3%
Earnings before interests, taxes, amortisation and depreciation	845,525	745,225	13.5%
Profit attributable to shareholders	400,619	341,407	17.3%
Earnings per share - basic and diluted (Rmb)	0.10	0.09	11.1%

HIGHLIGHTS OF PERFORMANCE

For the first half of 2005, benefiting from the rapid growth in the civil aviation market in China, the aviation volume of Beijing Capital International Airport ("Beijing Airport") recorded a substantial growth. For the first half of 2005, aircraft movements at Beijing Airport reached 162,951, representing an increase of 12.6% over the same period of the previous year; passenger throughput reached 18,715,398, representing an increase of 19.7% over the same period of the previous year; and freight throughput was 359,219 tons, representing an increase of 16.7% over the same period of the previous year.

	For the six months ended 30 June 2005	2004	Change
Aircraft movements	162,951	144,751	12.6%
Domestic	127,545	113,194	12.7%
International, Hong Kong and Macau	35,406	31,577	12.2%
Passenger throughput	18,715,398	15,637,139	19.7%
Domestic	14,462,686	12,006,518	20.5%
International, Hong Kong and Macau	4,252,712	3,630,621	17.1%
Freight throughput (unit: tons)	359,219	307,936	16.7%
Domestic	245,492	208,452	17.8%
International, Hong Kong and Macau	113,727	99,484	14.3%

HIGHLIGHTS OF PERFORMANCE (Continued)

For the first half of 2005, the Group's revenues net of business taxes and levies were Rmb1,312,603,000, representing a decrease of 4.3% from the same period of the previous year, in which aeronautical revenues net of business taxes and levies were Rmb916,391,000, representing an increase of 13.7% over the same period of the previous year, and non-aeronautical revenues net of business taxes and levies were Rmb396,212,000, representing a decrease of 29.9% from the same period of the previous year.

For the first half of 2005, operating costs of the Group were Rmb738,949,000, representing a decrease of 12.0% from the same period of the previous year.

For the first half of 2005, net profit of the Group was Rmb400,619,000, representing an increase of 17.3% over the same period of the previous year.

AERONAUTICAL BUSINESSES

		For the six months ended 30 June		
		2005	**2004** (Restated)	**Change**
Total aeronautical revenues		944,734	830,670	13.7%
Including:	Passenger charges	312,303	280,763	11.2%
	Aircraft movement fees and related charges	364,168	334,747	8.8%
	Airport fee	268,263	215,160	24.7%
Less:	Business tax and levies	(28,343)	(24,920)	13.7%
Aeronautical revenues, net of business taxes and levies		916,391	805,750	13.7%

For the first half of 2005, total aeronautical revenues of the Group were Rmb944,734,000, and aeronautical revenues net of business taxes and levies were Rmb916,391,000, both representing an increase of 13.7% over the same period of the previous year.

For the first half of 2005, affected by the growth of traffic volumes, passenger charges, aircraft movement fees and related charges of the Group, which were directly related to aircraft movements at Beijing Airport, reached Rmb312,303,000 and Rmb364,168,000 respectively, representing an increase of 11.2% and 8.8% over the same period of the previous year, respectively. Airport fee, which was directly related to passenger throughput, was Rmb268,263,000, representing an increase of 24.7% over the same period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

NON-AERONAUTICAL BUSINESSES

		For the six months ended 30 June 2005	2004 (Restated)	Change
Total non-aeronautical revenues		415,018	584,853	-29.0%
Including:	Concessions	142,115	–	–
	Ground handling facilities and services income	116,759	122,549	-4.7%
	Rentals	70,817	65,280	8.5%
	Air catering	39,991	34,754	15.1%
	Car parking	22,956	20,307	13.0%
	Repairs and maintenance	15,189	569	2569.4%
	Retailing	–	229,699	-100.0%
	Restaurants	–	50,490	-100.0%
	Advertising	–	54,890	-100.0%
	Others	7,191	6,315	13.9%
Less:	Business tax and levies	(18,806)	(19,603)	-4.1%
Non-aeronautical revenues, net of business taxes and levies		396,212	565,250	-29.9%

For the first half of 2005, total non-aeronautical revenues of the Group were Rmb415,018,000, representing a decrease of 29.0% from the same period of the previous year; and non-aeronautical revenues net of business taxes and levies were Rmb396,212,000, representing a decrease of 29.9% from the same period of the previous year.

The Group disposed of the related assets and liabilities used to operate the Company's retailing and advertising businesses and sold its 75% equity interests in BGS. Also, since 1 January 2005, the Group has franchised out its retailing, restaurants and advertising businesses in the terminals of Beijing Airport. For the first half of 2005, concessions income of the Group was Rmb142,115,000.

For the first six months of 2005, the ground handling facilities and services income of the Group was Rmb116,759,000, representing a decrease of 4.7% from the same period of the previous year.

Because of the re-opening of Terminal 1, the Company leased more offices, counters and related business spaces to airlines and other clients. The rentals of the Group for the first half of 2005 were Rmb70,817,000, representing an increase of 8.5% over the same period of the previous year.

NON-AERONAUTICAL BUSINESSES (Continued)

With the growth in market demand, the air catering revenue of the Group was Rmb39,991,000 for the first half of 2005, representing an increase of 15.1% over the same period of the previous year.

For the first six months of 2005, the growth of aviation volume drove the growth of car parking volume at Beijing Airport. The Group's car parking revenue was Rmb22,956,000, representing an increase of 13.0% over the same period of the previous year.

For the first six months of 2005, the repair and maintenance services revenues of the Group were Rmb 15,189,000, representing an increase of 2569.4% over the same period of the previous year, which was caused by the increase in repairs and maintenance services revenues of Beijing Bowei Airport Support Company ("Bowei") and Bowei's subsidiary, China Civil Airport Equipment Co., Ltd. ("CCAE"). CCAE was merged to Bowei in October, 2004, and is engaged in repairs and maintenance business.

For the first six months of 2005, the other revenues of the Group were Rmb7,191,000, representing an increase of 13.9% over the same period of the previous year.

OPERATING COSTS

		For the six months ended 30 June				
		2005	**2004** (Restated)	**Change**	**Comparable figure in 2004***	**Comparable change***
Operating Costs		738,949	839,390	-12.0%	657,097	12.5%
Including:	Depreciation	248,961	212,458	17.2%	212,005	17.4%
	Staff costs	159,216	165,999	-4.1%	137,145	16.1%
	Utilities and power	102,291	78,974	29.5%	78,001	31.1%
	Repairs and maintenance	55,581	70,852	21.6%	68,896	-19.3%
	Costs of goods and materials	25,179	145,372	-82.7%	14,445	74.3%
	Other costs	147,721	165,735	-10.9%	146,605	0.8%

* : the comparable figure in 2004 refers to figure after deducting the respective costs of retailing, restaurants and advertising for the first half of 2004; the comparable change refers to the increase or decrease in 2005 over the comparable figure in 2004.

For the first half of 2005, operating costs of the Group were Rmb738,949,000, representing a decrease of 12.0% from the same period of the previous year, and representing an increase of 12.5% over the comparable figure in 2004.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING COSTS (Continued)

For the first half of 2005, since Terminal 1 reopened in September, 2004, and certain projects in runways and in terminals were finished and put into use, the depreciation expense of the Group was Rmb248,961,000, representing an increase of 17.4% over the comparable figure in 2004.

For the first half of 2005, the staff costs of the Group were Rmb159,216,000, representing an increase of 16.1% over the comparable figure in 2004. It was because with better operating results of the Group, the performance salaries of the employees increased and that the reopening of Terminal 1 drove the staff costs up.

For the first half of 2005, costs of utilities and power of the Group were Rmb102,291,000, representing an increase of 31.1% over the comparable figure in 2004. It was because during the reporting period, the re-opening of Terminal 1 led to the growth of utilities and power consumption.

For the first half of 2005, costs of repairs and maintenance of the Group were Rmb55,581,000, representing a decrease of 19.3% from the comparable figure in 2004. It was mainly because several major projects that had been delayed as a result of the Severe Acute Respiratory Syndrome were carried out in 2004. The Group also improved its budget management and cost control on repairs and maintenance projects in the first half of this year.

For the first half of 2005, the costs of goods and materials of the Group were Rmb25,179,000, representing an increase of 74.3% over the comparable figure of the previous year. It was mainly caused by the increase in the related costs of catering and ground handling businesses, and the inclusion of the related costs of CCAE in 2005.

Other costs of the Group include consulting fee, amortisation of intangible assets, rental, urban real estate tax, expenditure for short-term employees etc. Other costs of the Group for the first six months of 2005 were Rmb147,721,000, representing an increase of 0.8% over the comparative figure in 2004.

THE GROUP'S DEVELOPMENT AND PROSPECT FOR THE SECOND HALF OF 2005

For the second half of 2005, driven by the increase in aviation transportation demand in tours and business trips, it is expected that the growth of traffic volume at Beijing Airport will continue and annual passenger throughput will exceed 40 million, which will improve the leading position of Beijing Airport in Asia and airport industry worldwide. The Group's performance will benefit from it to a higher level.

For the second half of 2005, the Group will keep the implementation of re-construction plan of the existing facilities and airfield to enlarge the capacity of terminals and airfield area and to promote the efficiency so that the need of aviation market could be met farthest in the next several years. On the other hand, the Group will continue to take measures to improve the quality of services for the passengers' satisfaction.

THE GROUP'S DEVELOPMENT AND PROSPECT FOR THE SECOND HALF OF 2005 (Continued)

The Group has commenced to set up a professional team to analyse and plan the whole operation scheme applicable to Beijing Airport after the completion of the Expansion III project, and to well prepare in the area of technologies and human resources, aiming to make sure the long-term stable development.

In the second half of 2005, the Group will continue to aim on transformation from direct operation to management. The Group will experiment the franchise model on non-aeronautical businesses such as air catering and ground handling services in Beijing Airport under the guideline "Building a fair and square market circumstance" and under the principles of using the market economy rules and protecting the Group's interests.

INTERIM DIVIDEND

The Board resolved that the interim dividend shall be Rmb0.02988 per share for the six months ended 30 June 2005 (the interim dividend in 2004: Rmb0.02499).

Pursuant to the Company's articles of association, dividends payable to the holders of domestic shares will be paid in Rmb, while dividends payable to the holders of H Shares will be paid in Hong Kong dollars. The dividends payable in Hong Kong dollars will be calculated based on the average exchange rate of Rmb to Hong Kong dollars published by the People's Bank of China over the period of one calendar week prior to the declaration of the dividend (i.e. from 15 August 2005 to 19 August 2005). During the period, the average exchange rate of Rmb to Hong Kong dollar was HK$1.00 = Rmb1.0421. Accordingly, the amount of interim dividend for each H Share of the Company is HK$0.02867.

The register of the shareholders of the Company will be temporarily closed from Monday, 26 September 2005 to Friday, 30 September 2005 (both days inclusive), during which period no transfer of shares will be registered. The interim dividend is expected to be paid on or before Monday, 31 October 2005, to the shareholders whose names appear on the register of shareholders on Saturday, 1 October 2005.

In order to be qualified for the interim dividend, the holders of H shares whose transfers have not been registered are requested to deposit the transfer documents together with relevant share certificates to the Company's H share Registrars: Hong Kong Registrars Limited at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 23 September 2005.

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

As at 30 June 2005, none of the directors or supervisors or chief executive of the Company had any interests or short positions in any shares, any underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance "SFO, Chapter 571 of the Laws of Hong Kong") as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and Hong Kong Exchanges and Clearing Limited ("HKEx") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). None of the directors, supervisors, chief executive of the Company, or their associates had been granted or had exercised any such rights during the six months ended 30 June, 2005.

CAPITAL STRUCTURE AND ITS CHANGES

1. CAPITAL STRUCTURE

The total number of issued shares of the Company as at 30 June 2005 was 3,846,150,000 including:

	Shares	Percentage in total issued share capital
Domestic shares	2,500,000,000	65%
H Shares	1,346,150,000	35%

2. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS

Substantial Shareholders

As at 30 June 2005, the interests and short positions of the shareholders, other than directors or supervisors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Approximate percentage of shareholding in the relevant class of share capital	Approximate percentage of the total issued share capital
Capital Airports Holding Company	Domestic Shares	2,500,000,000 (L)	Beneficial owner	100% (L)	65% (L)
Aeroports de Paris	H Shares	253,591,346 (L) (Note)	Interest of a controlled corporation	18.84% (L)	6.59% (L)

(L) – Long position in shares

Note:

253,591,346 H Shares were directly held by ADP Management SA, a controlled corporation owned as to 99.76% by Aeroports de Paris. Hence, Aeroports de Paris is deemed to be interested in those H Shares under the SFO.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company during the six months ended 30 June 2005.

ACQUISITION AND DISPOSALS

On 1 January 2005, the Company sold its 75% equity interests in BAFS. Save as disclosed above, during the six months ended 30 June 2005, there were no material acquisition and disposals in relation to the Company's subsidiaries and associated companies.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2005, the Group had total cash and cash equivalents and short-term time deposits amounting to Rmb1,565,826,000, and those for the year ended 31 December 2004 were Rmb1,329,674,000.

As at 30 June 2005, the current ratio of the Group was 1.23, and that as at 31 December 2004 was 1.23. Such ratios were computed by dividing the total current assets by total current liabilities on those dates respectively.

As at 30 June 2005, the gearing ratio of the Group was 23.65%, and that as at 31 December 2004 was 20.84%. Such ratios were computed by dividing the total amount of liabilities by the total assets as at the dates respectively.

The Group's short-term and long-term loans are mainly obtained from PRC financial institutions. As at 30 June 2005, the Group's total outstanding loans increased by Rmb400,000,000 from Rmb750,000,000 as at 31 December 2004 (all in short-term loans) to Rmb1,150,000,000 (all in short-term loans). All of the Group's short-term bank loans are of fixed interest rate. The Group does not use any financial instruments for hedging purposes.

PLEDGE OF ASSETS

As at 30 June 2005, there was no material pledge of assets.

EMPLOYEES AND EMPLOYEES' WELFARE

The numbers of employees of the Group are as follows, together with comparisons with those in the previous year:

	As at 30 June 2004	As at 31 December 2003
Total employees	7,308	8,872
Contracted employees	2,953	3,471
Temporary employees	4,355	5,401

As the Group exited from the direct operation of its retailing, advertising and restaurants businesses, and entered into concession agreements with the operators, the number of employees decreased, which was the primary reason for the change in number of employees.

The remuneration policy of employees of the Group is determined by management based on market practice, mainly consisting of two parts: basic salaries and salaries on performance. For the six months ended 30 June 2005, the staff costs of the Group were Rmb159,216,000.

ENTRUSTED LOANS AND OVERDUE FIXED DEPOSITS

As at 30 June 2005, the Group did not have any entrusted loans or matured but not yet withdrawn fixed deposit placed in financial institutions or any other entities.

MATERIAL LITIGATION OR ARBITRATION

The Group was not involved in any material litigation or arbitration during the period reported.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group is exposed to foreign exchange currency risk primarily as a result of its foreign currency denominated cash and cash equivalents of Rmb45,217,477, short-term time deposits of Rmb2,482,950, receivables and prepayments of Rmb50,544,493 and trade and other payables of Rmb2,053,414. The Group had no foreign currency hedging activities during the six months ended 30 June 2005.

On 21 July 2005, the People's Bank of China declared in its Notice Regarding Consummating the Reform of RMB Exchange Rate Regime (the "Notice"). Since the date of release, a managed float exchange regime based on market demand and supply and adjustments with reference to a basket of currencies has been implemented. The exchange rate of RMB to US dollar changed from US$1.00 = Rmb8.2765 to US$1.00 = Rmb8.11. At present, the Group's (1) aircraft movements fees and related charges paid by foreign, Hong Kong and Macao airlines, and (2) revenues from the ground handling services and air catering services provided by Beijing Aviation Ground Services Co., Ltd ("BGS") and Beijing Airport Inflight Kitchen Ltd. ("BAIK") respectively to foreign, Hong Kong and Macao airlines, are revenues denominated in foreign currencies. The exchange risks of the Group mainly result from the above revenues. It is expected that the implementation of the Notice will bring some exchange losses to the Group, but would not significantly affect the Group's financial position and operating results.

CONTINGENT LIABILITIES

As at 30 June 2005, the Group had no significant contingent liabilities.

COMPLIANCE WITH THE CODE AS SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted "the Model Code for Securities Transactions by Director and Staff" for securities transactions on terms no less exacting than the required standard of the Model Code. Following specific enquiry made with the directors of the Company, the Company has confirmed that each of the directors of the Company has complied with the Model Code during the six months ended 30 June 2005.

CORPORATE GOVERNANCE REPORT

RE-ELECTION OF THE BOARD AND RE-ESTABLISHMENT OF SPECIAL COMMITTEES

The Board of the Company of the second term was established on 12 June 2002, and its term expired on 2 June 2005, the date of the annual general meeting of the Company. On the same date, the Board of the third term was elected by the shareholders of the Company. Except that Mr. Wang Zengyi did not continue to act as director by reason of age, all the remaining eight directors were re-elected as the new directors of the Company. At the same time, Mr. Gao Shiqing was elected as director of the Company. At present, the Board is composed of nine directors, including two executive directors, four non-executive directors and three independent non-executive directors. Accordingly, the audit committee and the remuneration committee were re-established under the Board. The members of the Board are as follows:

Mr. Wang Zhanbin	Chairman
Mr. Wang Jiadong	Director and General Manager
Mr. Gao Shiqing	Non-executive director
Mr. Chen Guoxing	Non-executive director
Mr. Zheng Hui	Non-executive director
Mr. Dominique Pannier	Non-executive director
Mr. Long Tao	Independent non-executive director
Mr. Moses Cheng Mo Chi	Independent non-executive director
Mr. Kwong Che Keung	Independent non-executive director

REMUNERATION COMMITTEE

On 2 June 2005 the third term of the Board has re-established the remuneration committee. The responsibilities of the remuneration committee include reviewing and approving the general policies concerning strategic compensations, and determining all the executive directors and senior management's specific remuneration combination, etc.

The remuneration committee is composed of Mr. Long Tao, Mr. Moses Cheng Mo Chi, Mr. Kwong Che Keung, Mr. Wang Jiadong and Mr. Gao Shiqing. Mr. Long Tao acts as chairman of the committee. The meeting is held at least once every year.

AUDIT COMMITTEE

The Audit Committee was re-established on 2 June 2005. The main responsibilities of the Committee include overseeing of the Company's financial reporting system and internal control procedures, etc. The members of the Audit Committee are composed of the three independent non-executive directors of the Company. Mr. Kwong Che Keung is appointed as chairman. No less than two meetings are held every year.

During the reporting period, the Company has complied with Rules 3.21 - 3.23 of the Listing Rule. The Audit Committee of the Company has reviewed with management the accounting principles, accounting standards and methods as adopted by the Group, and discussed matters relating to the internal control and financial reporting, including review of the unaudited financial information as at and for the six months ended 30 June 2005.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICES

To the best knowledge of the directors of the Company, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "Code"), throughout the six months ended 30 June 2005.

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2005, in compliance with the code provisions of the Code.

OTHER

According to Rule 3.24 of the Listing Rules, the Company must ensure that, at all times, it employs an individual on a full time-basis. The responsibility of such individual includes oversight of the Company and its subsidiaries in connection with the financial reporting procedures, internal controls and compliance with the requirements under the Listing Rules with regard to financial reporting and other accounting-related issues. The individual must be a member of the senior management of the Company and must be a qualified accountant and a fellow or associate member of the Hong Kong Society of Accountants or a similar body of accountants recognized by that Society for the purpose of granting exemptions from the examination requirement for membership of that Society. During the reporting period, the Company did not employ a qualified accountant. This deviation resulted from that the Company wished to and tried to engage an appropriate person, who on one hand can meet the requirement of the Listing Rules, and who on the other hand has resourceful knowledge and experience in airport management, and the accounting system in the PRC, so as to benefit the internal management of the Company. The Company had actively recruited several candidates but could not find a suitable candidate to meet the above requirements.

By order of the Board
Beijing Capital International Airport Company Limited
Wang Zhanbin
Chairman

26 August 2005
Beijing, the PRC