

CHAIRMAN'S STATEMENT

To shareholders:

I am pleased to present the 2006 financial and operational results of the Company and our prospects for the year of 2007.

FINANCIAL RESULTS

For the fiscal year ended 31 December 2006, the Company's revenues were Rmb3,159,863,000, representing an increase of 2.12% over the previous year. The total operating expenses were Rmb1,462,841,000, representing a decrease of 12.3% from the previous year. The profit attributable to the equity holders of the Company was Rmb1,092,899,000, representing an increase of 20.3% over the previous year.

The earnings per share of the Company were Rmb0.28 in 2006, compared with Rmb0.24 of the earnings per share in 2005.

The board of directors of the Company (the "Board") recommends the payment of a final dividend of Rmb0.08824 per share for the year 2006. Such dividend will be payable after approval has been granted at the annual general meeting of the Company. Together with the interim dividend of Rmb0.03933 per share (total approximately Rmb151,269,000), which was paid on Tuesday, 31 October 2006, the total dividends for the year were approximately Rmb508,301,000 (total dividends in 2005: approximately Rmb434,500,000).

OPERATIONAL RESULTS

Benefiting from the steady economic growth, the enhanced throughput capacity through facility reconstruction, and effective safety and security guarantee, the air traffic volumes of the Beijing Airport kept a bullish growth rate in 2006. The aircraft movements and passenger throughput in Beijing Airport recorded 376,643 and 48,654,770, representing an increase of 10.2% and 18.7% over the previous year, respectively. Freight throughput reached up to 1,028,099 tons, representing an increase of 31.6% over the previous year. According to the preliminary statistics of ACI, it initially showed that the passenger throughput at the Beijing Airport climbed to 9th in the world in 2006.

In 2006, the Company continued to enhance the throughput capacity of existing facilities by adding 55 new aircraft stands and certain amount of aprons and taxiways. Meanwhile, the Company accomplished several resource-reconstruction projects, including sub-terminals for remote stands, collaborative border-checking hall and baggage handling systems, which resulted in the increase of the number of remote boarding gates, enlarging areas of passenger waiting room and improving the efficiency of the baggage handling systems. As at 25 April 2007, the projects relating to reconstructing of existing facilities have been completed and put into use in succession, which would release the operational pressure of both terminals and airside in a great extent.



BCIA

CHAIRMAN'S STATEMENT (CONTINUED)

In 2006, the Company has successfully implemented the reorganization of aviation safety and security business, accessorial power and energy business and greening and environmental business as well as smoothly franchised out the air catering business and ground handling services. The concession revenues of non-aeronautical business in 2006 maintained a substantial growth of 30.7% over the previous year. The franchising results of restaurants and food shops, advertising and retailing for the past several years showed that the franchise-out operation in Beijing Airport was a win-win development both for the franchisees and the Company, which would enhance operating margins of the Company, improve the clients' satisfaction index and make significant contributions to develop mature market-based franchisees.

In the second half of 2006, the Company focused on the acquisition of the target assets of Beijing Airport Phase III Expansion Project. As at the date of 25 April 2007, the construction of Phase III Expansion Project stepped into the stage of structure sealing, exterior and interior fitting-out, the installation and adjustment of IT systems and other equipments.

At the same time, the Company was undertaking several financing projects, which consisted of both debt financing and the proposed issue of not more than 800,000,000 A shares in order to finance the acquisition and continuous construction of the phase III expansion project at the Beijing Airport ("Phase III Expansion"), Currently, both debt financing and the proposed A shares issuance are in progress smoothly.

Meanwhile, a number of professional teams regarding the commencement of operation of Terminal 3 of the Company achieved substantial advancement in the following terms: ensuring the operation mode as double terminals with international flights (all the international flights will be allocated in Terminal 2 and Terminal 3), studying-out the resources allocation scheme, formulating the operation scheme of airside area, terminals and roadside area, framing the process of passenger flows, accomplishing of the commercial planning of the terminal as well as starting-up the business invitation, etc.

CHAIRMAN'S STATEMENT (CONTINUED)

PROSPECTS

For the first quarter of 2007, the aircraft movements, passenger throughput and cargo throughput of Beijing Airport represented increase of 13.0%, 19.3% and 16.2% over the same period of the previous year, respectively, and the increase of international traffic volumes gradually exceeded that of domestic traffic volumes. The Company estimates that the air traffic volumes will sustain a continuous and steady growth, correspondingly, the aeronautical revenues will increase steadily. However, the existing facilities will subject to over-capacity in 2007. The Company is dedicated to strengthen the safety and security management in order to enhance the flights' on-time rate and improve the quality of services.

2007 is the critical year for the Company's preparation for the operation of Terminal 3 and the related airfield. The Company will focus on several key flows such as flights flow, passengers flow and IT flow to further improving the operation. The Company will also work on the integrated examination and checking of the facilities and equipments such as baggage handling system, the driverless electric train system and IT system, etc. In addition, the Company will make sure that related qualified services providers and operators station into Terminal 3 and commence business timely.

For the forthcoming year, the Company will continue to execute the strategy of franchise-out of non-aeronautical businesses, enhance the cooperation and marketing with the existing franchisees in order to improve the quality of services and operation margin of the existing franchiseing businesses. In addition, the Company will actively explore potential business resources for franchising, and study the franchising mode of the new resources when Terminal 3 is put into operation.

Looking into the future, the Company faces the critical moment for challenge of all-rounded development and the establishment of a large-scale international airport. The Company will dedicate to provide safer, more comfortable boarding environment and enhancing and people-oriented services, and to pay substantial concern on corporate social responsibility on issues such as environmental protection, career development of staff and the community development neighbouring the Beijing Airport.

The Company's achievements made in the year of 2006 are totally attributed to the hard work of all staff. I sincerely appreciate all the staff of the Company and sincerely appreciate the support from all shareholders and other related parties as ever.

By order of the Board
Wang Jiadong
Chairman

25 April 2007
Beijing PRC.