



Beijing Capital International Airport Company Limited

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)

Stock Code: 0694



Xi'an
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2010
Interim Report

The Board of Directors (the "Board") of Beijing Capital International Airport Company Limited (the "Company") announces the operating results and unaudited financial results which have been reviewed by the audit committee of the Company (the "Audit Committee") for the first half year of 2010 and the prospect of the second half year of 2010.

SUMMARY OF FINANCIAL RESULTS

(All amounts are expressed in thousands of Renminbi ("RMB") except per share data)

	Unaudited For the six months ended 30 June		
	2010	2009	Change
Revenues	2,744,987	2,306,535	19.01%
Operating expenses	2,021,179	1,953,679	3.46%
EBITDA	1,384,346	1,037,930	33.38%
Profit attributable to shareholders	200,997	104,540	92.27%
Earnings per share, basic and diluted (RMB)	0.046	0.024	92.27%

	Unaudited As at 30 June 2010	Audited As at 31 December 2009	Change
Total assets	34,866,243	36,607,752	-4.76%
Total liabilities	22,151,313	23,997,088	-7.69%
Total equity	12,714,930	12,610,664	0.83%

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE AERONAUTICAL BUSINESS

For the first half year of 2010, benefiting from the rapid growth of the domestic economy and the recovery of the global economy, the air traffic volumes at Beijing Capital Airport have kept steady growth. The aircraft movements at Beijing Capital Airport were 251,608, representing an increase of 5.75% as compared with the same period of the previous year. The passenger throughput reached 35,091,937, representing an increase of 13.22% as compared with the same period of the previous year. The cargo and mail throughput reached 732,230 tonnes, representing an increase of 11.04% as compared with the same period of the previous year.

Details of which are as follows:

	For the six months ended 30 June		
	2010	2009	Change
Aircraft movements <i>(unit: movement)</i>	251,608	237,933	5.75%
Domestic	201,155	191,514	5.03%
International, Hong Kong, Macau and Taiwan	50,453	46,419	8.69%
Passenger throughput <i>(unit: number of people)</i>	35,091,937	30,993,208	13.22%
Domestic	26,992,762	24,460,272	10.35%
International, Hong Kong, Macau and Taiwan	8,099,175	6,532,936	23.97%
Cargo and mail throughput <i>(unit: tonnes)</i>	732,230	659,451	11.04%
Domestic	422,176	371,540	13.63%
International, Hong Kong, Macau and Taiwan	310,054	287,911	7.69%

The aircraft movements increased at a relatively lower speed, which was mainly due to that the slots of Beijing Capital Airport was relatively saturated and the international aircraft movements and passenger throughput increased at a relatively higher speed, which was mainly due to that the comparable data in the same period of the previous year was relatively lower, and a recovery increase was shown in the related volumes during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

AERONAUTICAL REVENUES

	Unaudited For the six months ended 30 June		
	2010 RMB'000	2009 RMB'000	Change
Passenger charges	677,002	594,898	13.80%
Aircraft movement fees and related charges	569,128	525,348	8.33%
Airport fee	445,004	391,028	13.80%
Total Aeronautical Revenues	1,691,134	1,511,274	11.90%

For the first half year of 2010, the total aeronautical revenues of the Company were RMB1,691,134,000, representing an increase of 11.90% as compared with the same period of the previous year.

For the first half year of 2010, the passenger charges of the Company were RMB677,002,000, representing an increase of 13.80% as compared with the same period of the previous year. The aircraft movement fees and related charges were RMB569,128,000, representing an increase of 8.33% as compared with the same period of the previous year. The airport fee was RMB445,004,000, representing an increase of 13.80% as compared with the same period of the previous year. Among which, the growths in passenger charges and airport fee revenues were in line with the corresponding rise in passenger throughput, and the growth in aircraft movement fees and related charges was obviously higher than that of aircraft movements, which was mainly because commencing from 1 January 2010, the Company restarted to levy the surcharge of the aircraft movement fees to airline companies (no more than 10% of the aircraft movement fees payable by the airline clients).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

NON-AERONAUTICAL REVENUES

	Unaudited		
	For the six months ended 30 June		
	2010	2009	Change
	RMB'000	RMB'000	
Concession revenues	658,146	486,919	35.17%
Including: Advertising	322,253	251,808	27.98%
Retailing	260,819	170,368	53.09%
Restaurants	42,977	34,536	24.44%
Ground handling	10,408	8,864	17.42%
Other concession	21,689	21,343	1.62%
Rentals	369,434	283,777	30.18%
Car parking fee	19,499	14,960	30.34%
Others	6,774	9,605	-29.47%
Total non-aeronautical revenues	1,053,853	795,261	32.52%

For the first half year of 2010, the non-aeronautical revenues of the Company were RMB1,053,853,000, representing an increase of 32.52% as compared with the same period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

NON-AERONAUTICAL REVENUES (Continued)

For the first half year of 2010, the concession revenues of the Company were RMB658,146,000, representing an increase of 35.17% as compared with the same period of the previous year. Among which, the concession revenues from advertising of the Company were RMB322,253,000, representing an increase of 27.98% as compared with the same period of the previous year, mainly because for the first half year of 2010, the area utilised on advertisements represented a substantial increase under the influence of the growth in economy as compared with the same period of the previous year. The concession revenues from retailing were RMB260,819,000, representing an increase of 53.09% as compared with the same period of the previous year, mainly because during the same period of the previous year, the passengers' consumption desire was repressed due to the effect of the economic crisis and some clients had terminated their concession, therefore the relevant revenues were lower. But for the first half of this year, the passenger volume has obviously increased, and the consumption, especially that of international passengers, has been released. The concession revenues from restaurants were RMB42,977,000, representing an increase of 24.44% as compared with the same period of the previous year, which was mainly resulted from the increase in the passenger throughput. The concession revenues from ground handling service were RMB10,408,000, representing an increase of 17.42% as compared with the same period of the previous year, which was mainly because of the growth in the related business volume. The other concession revenues were RMB21,689,000, representing an increase of 1.62% as compared with the same period of the previous year.

For the first half year of 2010, the rental income of the Company was RMB369,434,000, representing an increase of 30.18% as compared with the same period of the previous year, which was mainly due to that during the reporting period, the Company enlarged areas used for operating leases, and reached agreements with some of its clients for the lease of related facilities in the terminals.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

NON-AERONAUTICAL REVENUES (Continued)

For the first half year of 2010, the revenues from car parking of the Company were RMB19,499,000, representing an increase of 30.34% as compared with the same period of the previous year, mainly because the rise in passenger throughput has driven the volume of car parking to increase by approximately 21% and the number of long term parking cars has also increased.

For the first half year of 2010, the other revenues of the Company were RMB6,774,000, representing a decrease of 29.47% as compared with the same period of the previous year. The other revenues mainly include the revenues from the management fee of the ground traffic centre ("GTC") engaged by Capital Airport Holding Company (the Parent Company" or "CAHC") and the revenues from provision of airport-pass service in the terminals.

OPERATING EXPENSES

	Unaudited For the six months ended 30 June		
	2010	2009	Change
	RMB'000	RMB'000	
Depreciation and amortisation	(757,432)	(782,090)	-3.15%
Utilities and power	(274,826)	(267,580)	2.71%
Repairs and maintenance	(231,620)	(206,106)	12.38%
Aviation safety and security guard costs	(178,668)	(149,585)	19.44%
Staff costs	(166,766)	(154,110)	8.21%
Sub-contracting costs	(110,325)	(104,438)	5.64%
Greening and environmental maintenance	(93,428)	(104,390)	-10.50%
Real estate and other taxes	(74,183)	(71,643)	3.55%
Rental expenses	(55,782)	(31,701)	75.96%
Other costs	(78,149)	(82,036)	-4.74%
Total operating expenses	(2,021,179)	(1,953,679)	3.46%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATING EXPENSES *(Continued)*

For the first half year of 2010, the Company continued to take measures of implementing strict expenditure control, and achieved good results. The operating expenses of the Company were RMB2,021,179,000, representing an increase of 3.46% as compared with the same period of the previous year. The growth in operating expenses was obviously lower than the rise in air traffic volumes and various revenues for the reporting period.

For the first half year of 2010, the depreciation and amortisation expenses of the Company were RMB757,432,000, representing a decrease of 3.15% as compared with the same period of the previous year, mainly because the useful lives of part of its fixed assets have expired and depreciation will no longer be made for these assets.

For the first half year of 2010, the utilities and power expenses of the Company were RMB274,826,000, representing an increase of 2.71% as compared with the same period of the previous year.

For the first half year of 2010, the repairs and maintenance expenses of the Company were RMB231,620,000, representing an increase of 12.38% as compared with the same period of the previous year, which was mainly resulted from the increase in demand in the repairs and maintenance of luggage systems and security systems in the reporting period.

For the first half year of 2010, the aviation safety and security guard costs of the Company were RMB178,668,000, representing an increase of 19.44% as compared with the same period of the previous year, which was mainly because of the growth in the staff costs of the aviation safety and security guards.

For the first half year of 2010, the staff costs of the Company were RMB166,766,000, representing an increase of 8.21% as compared with the same period of the previous year.

For the first half year of 2010, the sub-contracting costs of the Company were RMB110,325,000, representing an increase of 5.64% as compared with the same period of the previous year, mainly because the increase in air traffic volumes has driven the related demands to increase.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING EXPENSES (Continued)

For the first half year of 2010, the greening and environmental maintenance expenses of the Company were RMB93,428,000, representing a decrease of 10.50% as compared with the same period of the previous year, mainly because during the reporting period, the Company took effective measures of expenditure control and reduced related costs.

For the first half year of 2010, the real estate and other taxes of the Company were RMB74,183,000, representing an increase of 3.55% as compared with the same period of the previous year.

For the first half year of 2010, the rental expenses of the Company were RMB55,782,000, representing an increase of 75.96% as compared with the same period of the previous year, mainly because the Company rented an office building from a subsidiary of the Parent Company during the reporting period.

Benefiting from the measures of expenditures control, for the first half year of 2010, the other costs of the Company were RMB78,149,000, representing a decrease of 4.74% as compared with the same period of the previous year.

PROSPECT FOR THE SECOND HALF YEAR OF 2010

For the first half year of 2010, the passenger throughput at Beijing Capital Airport reached 35,091,937, ranking the second according to the statistics of Airports Council International ("ACI"); the satisfaction index of passengers at Beijing Capital Airport was 4.64, ranking the fifth globally; the Company had made achievements in its service, operation and operating results.

In the second half year of 2010, the air traffic growth in the first half year is expected to be maintained at Beijing Capital Airport, while the international passenger throughput will outperform the domestic passenger throughput in terms of growth.

In the second half year of 2010, the Company will actively seek policy support and strengthen the cooperation with other airlines to simplify the transit process, improve flight bank and attract transit passengers. In addition, the Company is to proactively launch the regular flights of large aircrafts such as Airbus A380 to ease the contradiction between the air traffic growth and the inadequate slots at Beijing Capital Airport.

PROSPECT FOR THE SECOND HALF YEAR OF 2010

(Continued)

In the second half year of 2010, the Company will still endeavour to ensure the continuous and safe operation and improve service quality through enhancing its service quality management in accordance with the international standards ISO10002, thus establishing and promoting the service brand of “Chinese-style services”.

In the second half year of 2010, the Company will continue its business strategy of increasing revenues and reducing expenditure. In particular, it aims to control the operating costs and the investment scale in fixed assets leveraging on strict budget management. More efforts will be put on marketing to enhance resource utilisation and unit value. Meanwhile, it will actively explore new model for resources utilisation, so as to optimise service, reduce costs and increase revenues.

The policy of charging the civil airport construction and management fee (the “Airport Fee”) will expire on 31 December 2010. As the revenue of the Airport Fee represents a large portion of the Company’s operating revenues and net profit, the change in this policy will have a direct impact on the future operating results and the financial position of the Company. The Company has communicated with the relevant authorities (including the Ministry of Finance and the Civil Aviation Administration of China (“CAAC”)) in respect of the Airport Fee policy, fully explaining the substantial importance of the Airport Fee revenue in maintaining the Company’s healthy operation and development and expressing the Company’s request to continue the current policy under which the Airport Fee is recognised as revenue. So far, there is no further definite information about the Airport Fee policy. In the second half year, the Company will keep active communication with the relevant authorities and carry out assessments on the possible effects of the change in Airport Fee policy based on various assumptions. The Company will inform shareholders any updated information in a timely manner.

According to the long-term planning of the National Development and Reform Commission, CAAC and the Beijing Municipal Government on the construction of airport, the construction and planning of a new airport in Beijing will soon be initiated in the second half year of 2010. The Company will proactively take part in the feasibility study on the project and strive for participation in the construction of the new airport, so as to ensure the construction proposal in line with the operating requirements in the future, as well as gearing up for special study on the operation of the new airport. In respect of the construction of the new airport, the Company will update shareholders upon obtaining detailed information.

OTHER INCOME

For the six months ended 30 June 2010, the other income of the Company was RMB14,673,000, representing an increase of 706.21% as compared with the same period of the previous year, which mainly resulted from the foreign exchange gains from loans from the Parent Company which is denominated in the US dollar.

INTERIM DIVIDENDS

The Board does not recommend to distribute any interim dividend for the six months ended 30 June 2010.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at 30 June 2010, the Company had total cash and cash equivalents amounting to RMB259,817,000, and those for the year ended 31 December 2009 were RMB683,595,000.

As at 30 June 2010, the Company's long-term bank borrowings were RMB7,500,000,000, and loans from the Parent Company were RMB6,738,636,000. The details of bank borrowings and loans from the Parent Company are set out in Note 9 and Note 11 respectively to the condensed interim financial information.

The Company completed the issue of the corporate bonds of 5-year (annual rate of 4.45%) and 7-year (annual rate of 4.65%) in the public market of Shanghai Stock Exchange on 5 February 2010, which raised funds of the total sum of RMB4.9 billion. The corporate bonds were listed and traded on Shanghai Stock Exchange on 10 March 2010.

As at 30 June 2010, the Company had unutilised banking facilities totalling RMB18.5 billion(as at 31 December 2009: RMB19,941,398,000).

As at 30 June 2010, the current ratio of the Company was 49.86%, and that as at 31 December 2009 was 14.72%, such ratios were computed by dividing the total current assets by total current liabilities as at those respective dates.

WORKING CAPITAL AND FINANCIAL RESOURCES

(Continued)

As at 30 June 2010, the liability-to-asset ratio of the Company was 63.53%, and that as at 31 December 2009 was 65.55%. Such ratios were computed by dividing the total liabilities by the total assets as at those respective dates.

	As at 30 June 2010	As at 31 December 2009
Current Ratio	49.86%	14.72%
Liability-to-asset Ratio	63.53%	65.55%

As at 30 June 2010, the Company had repaid the short-term borrowings amounting to RMB12.8 billion which were taken over from the Parent Company by using the long-term bank borrowings and the proceeds from the issuance of corporate bonds, so the current liabilities decreased, and the current ratio was higher than the last year.

For the six months ended 30 June 2010, the details of the cash flow of the Company, as compared with the same period of the previous year, are as follows:

	Unaudited For the six months ended 30 June 2010 RMB'000	2009 RMB'000
Net cash from operating activities	2,455,042	469,750
Net cash used in investing activities	(196,311)	(661,562)
Net cash (used in)/from financing activities	(2,682,467)	57,074
Net decrease in cash and cash equivalents	(423,736)	(134,738)
Cash and cash equivalents at the beginning of the reporting period	683,595	576,458
Effect of exchange rate changes	(42)	(6)
Cash and cash equivalents at the end of the reporting period	259,817	441,714

WORKING CAPITAL AND FINANCIAL RESOURCES

(Continued)

For the six months ended 30 June 2010, net cash from operating activities of the Company was RMB2,455,042,000, representing a significant increase of 422.63%, which mainly because of the recovery of the receivables of the Company.

For the six months ended 30 June 2010, net cash used in investing activities of the Company was RMB196,311,000, representing a decrease of 70.33%, which mainly because the Company paid part of the consideration, RMB500 million, for the acquisition of the Phase III Assets (*Note*) in the same period of the previous year.

For the six months ended 30 June 2010, net cash used in financing activities of the Company was RMB2,682,467,000, mainly including the proceeds from long-term bank borrowing amounting to RMB7.5 billion with fixed interest rate and the proceeds from the issuance of corporate bonds with a net sum of RMB4,874,350,000, and the repayment of short-term bank borrowings amounting to RMB12.8 billion and the repayment of loans from the Parent Company amounting to RMB2 billion.

The details of the cash flow of the Company for the six months ended 30 June 2010 are set out on page 26 of the Interim Report.

Note: In 2008, the Company acquired the Airfield Assets, Terminal Three of the Beijing Capital Airport ("T3"), T3 related assets, roads within airport area, the driverless electric train system, commercial areas and other relevant equipment, machinery and facilities and the land use rights of the land on which T3 and other related constructions is situated (collectively the "Phase III Assets"). Please refer to the circular of the Company dated 21 February 2008 for the relevant details.

CHARGE ON ASSETS

As at 30 June 2010, there was no material charge on the assets of the Company.

ACQUISITION AND DISPOSAL

During the six months ended 30 June 2010, there was no material acquisition or disposals in relation to any of the Company's subsidiaries and associates.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company had not redeemed, purchased or sold any of its shares during the six months ended 30 June 2010.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Company's businesses are principally denominated in RMB, except for part of non-aeronautical revenues, purchases of certain equipment, goods and materials and payment of consulting fees which are received or paid in United States dollars ("US dollars" or "USD") or Hong Kong dollars ("HK dollars" or "HKD"). Dividends payable to the shareholders of the Company holding H shares are declared in RMB and paid in HK dollars.

According to the overall plan of the acquisition of the Phase III Assets, as at 30 June 2010, the Company assumed the US dollar-denominated loans of USD403,280,000 from the European Investment Bank related to the Phase III Assets and the interest thereof, accordingly, the fluctuation of RMB exchange rate against the US dollar will therefore affect the financial results of the Company.

During the reporting period, the Company had not carried out any foreign currency hedging.

As at 30 June 2010, the assets and liabilities of the Company denominated in foreign currencies (mainly in USD and HKD) included cash and cash equivalents of approximately RMB7,364,000 (as at 31 December 2009: RMB7,689,000), trade and other receivables of approximately RMB54,670,000 (as at 31 December 2009: RMB43,121,000), trade and other payables of approximately RMB136,000 (as at 31 December 2009: RMB136,000), loans from the Parent Company of approximately RMB2,738,636,000 (as at 31 December 2009: RMB2,672,841,000).

During the reporting period, the Company recorded an exchange gain of RMB14,489,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

The total amount of the long-term loans from the Parent Company and the current portion of the long-term loans from the Parent Company of the Company is RMB6,738,636,000, which includes the loans from the European Investment Bank at an interest rates of six-month LIBOR plus 0.4% and the corporate bonds from the Parent Company at an interest rate with reference to the published inter-bank repo rate issued by China Foreign Exchange Trading Centre & National Interbank Funding Centre. As such, any change in LIBOR and rates of People's Bank of China will affect the interest expenses and the financial results of the Company.

MATERIAL INVESTMENT, MATERIAL INVESTMENT PLAN AND MATERIAL FINANCING PLAN

During the reporting period, there was no material investment, material investment plan and material financing plan.

CONTINGENT LIABILITIES

Save as disclosed in Note 18 to the condensed interim financial information, the Company had no other significant contingent liabilities as at 30 June 2010.

EMPLOYEES AND EMPLOYEES' WELFARE

As at 30 June 2010, the number of employees of the Company was as follows, together with the comparative figures in the previous year:

	As at 30 June 2010	As at 30 June 2009
Total number of employees	1,861	1,992

The remuneration policy of employees is determined by the management of the Company based on market competitive practice and mainly consists of two parts, i.e. basic salaries and salaries based on performance.

MATERIAL LITIGATION OR ARBITRATION

The Company was not involved in any material litigation or arbitration during the reporting period.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2010, the Company did not have any entrusted deposits or uncollected fixed deposit upon maturity placed in any financial institutions or any other entities.

CAPITAL STRUCTURE AND ITS CHANGES

1. CAPITAL STRUCTURE

As at 30 June 2010, the total number of issued share capital of the Company was 4,330,890,000, including:

	Number of shares	Percentage to total issued share capital
Domestic shares	2,451,526,000	56.61%
H shares	1,879,364,000	43.39%

CAPITAL STRUCTURE AND ITS CHANGES *(Continued)*

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

As at 30 June 2010, the interests and short positions of the shareholders, other than the directors or the 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 Securities of Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") were as follows:

Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Approximate percentage of shareholding to the relevant Class of shares capital	Approximate percentage to the total issued share capital
Capital Airports Holding Company <i>(Note 1)</i>	Domestic Shares	2,451,526,000 (L)	Beneficial Owner	100%	56.61%
Government of Singapore Investment Corporation Pte Ltd <i>(Note 2)</i>	H Shares	396,074,000 (L)	Investment manager	21.07%	9.15%
Artio Global Management LLC (formerly Julius Baer Investment Management LLC) <i>(Note 3)</i>	H Shares	168,948,692 (L)	Investment manager	8.99%	3.90%

(L) = Long position

(S) = Short Position

(P) = Lending Pool

CAPITAL STRUCTURE AND ITS CHANGES *(Continued)*

2. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS *(Continued)*

Note:

1. Capital Airports Holding Company was incorporated in the PRC, and is the controlling shareholder of the Company.

Mr. Dong Zhiyi, the chairman of the Board and an executive Director, is the General Manager of Capital Airports Holding Company.

Mr. Chen Guoxing, a non-executive Director, is the Vice General Manager of Capital Airports Holding Company.

Mr. Gao Shiqing, a non-executive Director, is the Vice General Manager of Capital Airports Holding Company.

Ms. Zhao Jinglu, a non-executive Director, is the Chief Accountant of Capital Airports Holding Company.

2. The registered address of Government of Singapore Investment Corporation Pte Ltd is located in Singapore.
3. The registered address of Artio Global Management LLC (formerly known as Julius Baer Investment Management LLC) is located in New York, USA, and is the member of Julius Baer Holdings, Inc.

SHORT POSITION IN SHARES

According to the register required to be kept by the Company under Section 336 of the SFO, as at 30 June 2010, there were no substantial shareholders or other people holding any short positions in the shares and underlying shares of the Company.

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 other interests or short positions in the shares and underlying shares of the Company as at 30 June 2010.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES AND THEIR SECURITIES TRANSACTIONS

As at 30 June 2010, none of the directors or the supervisors or the chief executives of the Company had any interests or short positions in any shares, any underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of SFO) 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 the Stock Exchange of Hong Kong Limited ("HKEx") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). None of the directors, the supervisors and the chief executives of the Company, or their associates had been granted or had exercised any such rights during the six months ended 30 June 2010.

AUDIT COMMITTEE

The Audit Committee of the Company consists of the four independent non-executive directors of the Company, and Mr. Kwong Che Keung, Gordon is the Chairman. Mr. Kwong Che Keung, Gordon, Mr. Dong Ansheng, Mr. Wang Xiaolong and Mr. Japhet Sebastian Law have experience in financial, legal and securities matters, and Mr. Kwong Che Keung, Gordon is a Certified Public Accountant. External auditors are invited to attend the Audit Committee meetings regularly and they can communicate with the Audit Committee individually, as they deem necessary.

The Audit Committee fulfills its supervisory responsibility as delegated by the Board through examining any matter relating to financial reporting, internal control systems, and considering auditing issues. The Audit Committee shall meet at least twice a year to review auditors' reports, the status of the Company's audits, internal auditing reports, and the interim and annual accounts of the Company prior to making recommendation to the Board for approval.

The Audit Committee is responsible for the evaluation of the Company's system of internal control and risk management.

The Audit Committee has reviewed the Company's condensed interim financial information for the six months ended 30 June 2010. It has also reviewed the accounting principles and methods adopted by the Company. The Audit Committee considers that the disclosure of the financial information in the condensed interim financial information and in the interim report complies with the applicable accounting standards and the requirements of the Listing Rules and the laws of Hong Kong.

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining high standards of corporate governance practices. The Company has complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended on 30 June 2010.

BOARD OF DIRECTORS

Mr. Dong Zhiyi was elected as the Chairman of the Board at the Board meeting of the Company on 16 March 2010 and the term of the appointment will expire on the date of the annual general meeting of the Company to be held in 2011, which is the end of the term of the fourth session of the Board. Mr. Dong Zhiyi resigned as the General Manager on 22 March 2010.

Mr. Zhang Guanghui was elected as an executive director of the Company at the annual general meeting of the Company on 22 June 2010 and the term of the appointment will expire on the date of the annual general meeting of the Company to be held in 2011, which is the end of the term of the fourth session of the Board.

The Board currently consists of 10 members, including 2 executive directors, 4 non-executive directors and 4 independent non-executive directors. There are four committees, including the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The members of the Board are as follows:

Mr. Dong Zhiyi	Chairman, Executive director
Mr. Zhang Guanghui	General Manager, Executive director
Mr. Chen Guoxing	Non-executive Director
Mr. Gao Shiqing	Non-executive Director
Ms. Zhao Jinglu	Non-executive Director
Mr. Mr. Yam Kum Weng	Non-executive Director
Mr. Kwong Che Keung, Gordon	Independent Non-executive Director
Mr. Dong Ansheng	Independent Non-executive Director
Mr. Japhet Sebastian Law	Independent Non-executive Director
Mr. Wang Xiaolong	Independent Non-executive Director

COMPLIANCE WITH THE MODEL CODE

The Company has formulated "the Model Code for Securities Transactions by Directors and Staff" as its code of conduct for securities transactions by directors and staff at terms no less than the required standard of the Model Code. For the six months ended 30 June 2010, the Company strictly complied with the Model Code for Securities Transactions by Directors and Staff.

Having made specific enquiries to the directors, supervisors and senior management of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2010.

CONDENSED BALANCE SHEET

AS AT 30 JUNE 2010

	Note	Unaudited As at 30 June 2010 RMB'000	Audited As at 31 December 2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	32,378,166	33,095,556
Land use rights		736,069	744,184
Intangible assets		94,974	106,291
Deferred income tax assets		113,460	111,621
		33,322,669	34,057,652
Current assets			
Inventories		76,615	57,906
Trade and other receivables	6	1,207,142	1,808,599
Cash and cash equivalents		259,817	683,595
		1,543,574	2,550,100
Total assets		34,866,243	36,607,752
EQUITY			
Capital and reserves			
Share capital	7	4,330,890	4,330,890
Share premium		4,602,735	4,602,735
Capital reserve	16(a)	350,000	300,000
Statutory and discretionary reserves	16(b)	2,033,116	1,974,416
Retained earnings		1,398,189	1,255,892
Proposed final dividend		—	146,731
Total equity		12,714,930	12,610,664

CONDENSED BALANCE SHEET (Continued)

AS AT 30 JUNE 2010

	Note	Unaudited As at 30 June 2010 RMB'000	Audited As at 31 December 2009 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	9	7,500,000	—
Bonds payable	10	4,875,874	—
Retirement benefit obligations		70,815	60,950
Deferred income		7,160	8,391
Loans from Parent Company	11	6,601,704	6,606,020
		19,055,553	6,675,361
Current liabilities			
Trade and other payables	8	2,717,092	2,271,830
Interest payable		151,081	89,348
Short-term bank borrowings	9	—	12,800,000
Current income tax liabilities		87,916	91,577
Current portion of retirement benefit obligations		2,739	2,151
Current portion of loans from Parent Company	11	136,932	2,066,821
		3,095,760	17,321,727
Total liabilities		22,151,313	23,997,088
Total equity and liabilities		34,866,243	36,607,752
Net current liabilities		(1,552,186)	(14,771,627)
Total assets less current liabilities		31,770,483	19,286,025

The notes on pages 27 to 54 form an integral part of this condensed interim financial information.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Unaudited	
		For the six months ended 30 June	
	<i>Note</i>	2010	2009
		RMB'000	RMB'000
Revenues			
Aeronautical	4	1,691,134	1,511,274
Non-aeronautical	4	1,053,853	795,261
		2,744,987	2,306,535
Business tax and levies			
Aeronautical		(50,734)	(48,965)
Non-aeronautical		(62,154)	(50,766)
		(112,888)	(99,731)
Operating expenses			
Depreciation and amortisation		(757,432)	(782,090)
Utilities and power		(274,826)	(267,580)
Repairs and maintenance		(231,620)	(206,106)
Aviation safety and security guard costs		(178,668)	(149,585)
Staff costs		(166,766)	(154,110)
Sub-contracting costs		(110,325)	(104,438)
Greening and environmental maintenance		(93,428)	(104,390)
Real estate and other taxes		(74,183)	(71,643)
Rental expenses		(55,782)	(31,701)
Other costs		(78,149)	(82,036)
		(2,021,179)	(1,953,679)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Unaudited	
		For the six months ended 30 June	
	<i>Note</i>	2010	2009
		RMB'000	RMB'000
Other income	13	14,673	1,820
Operating profit	12	625,593	254,945
Finance income	14	3,827	2,043
Finance costs	14	(361,390)	(117,930)
		(357,563)	(115,887)
Profit before income tax		268,030	139,058
Income tax expense	15	(67,033)	(34,518)
Profit for the period		200,997	104,540
Total comprehensive income for the period		200,997	104,540
Earnings per share, basic and diluted (RMB)	17	0.046	0.024
Dividends			
Interim dividend declared	16(c)	—	—

The notes on pages 27 to 54 form an integral part of this condensed interim financial information.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited						
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory and discretionary reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2009		4,330,890	4,602,735	300,000	1,937,032	1,139,207	12,309,864
Total comprehensive income for the period		–	–	–	–	104,540	104,540
Transfer to statutory and discretionary reserves	16(b)	–	–	–	8,034	(8,034)	–
Balance at 30 June 2009		4,330,890	4,602,735	300,000	1,945,066	1,235,713	12,414,404
Representing:							
Share capital and reserves		4,330,890	4,602,735	300,000	1,945,066	1,235,713	12,414,404
Balance at 30 June 2009		4,330,890	4,602,735	300,000	1,945,066	1,235,713	12,414,404
Balance at 1 January 2010		4,330,890	4,602,735	300,000	1,974,416	1,402,623	12,610,664
Total comprehensive income for the period		–	–	–	–	200,997	200,997
2009 final dividend		–	–	–	–	(146,731)	(146,731)
Cash contribution from Parent Company	16(a)	–	–	50,000	–	–	50,000
Transfer to statutory and discretionary reserves	16(b)	–	–	–	58,700	(58,700)	–
Balance at 30 June 2010		4,330,890	4,602,735	350,000	2,033,116	1,398,189	12,714,930
Representing:							
Share capital and reserves		4,330,890	4,602,735	350,000	2,033,116	1,398,189	12,714,930
Balance at 30 June 2010		4,330,890	4,602,735	350,000	2,033,116	1,398,189	12,714,930

The notes on pages 27 to 54 form an integral part of this condensed interim financial information.

CONDENSED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited	
		For the six months ended 30 June	
		2010	2009
		RMB'000	RMB'000
Net cash from operating activities		2,455,042	469,750
Net cash used in investing activities	20	(196,311)	(661,562)
Net cash(used in)/from financing activities	20	(2,682,467)	57,074
Net decrease in cash and cash equivalents		(423,736)	(134,738)
Cash and cash equivalents at 1 January		683,595	576,458
Effect of exchange rate changes		(42)	(6)
Cash and cash equivalents at 30 June		259,817	441,714

The notes on pages 27 to 54 form an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. GENERAL INFORMATION

Beijing Capital International Airport Company Limited ("Company") was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 15 October 1999 and listed on The Stock Exchange of Hong Kong Limited since 1 February 2000. The Company is majority owned by Capital Airports Holding Company, a state-owned enterprise established in the PRC ("CAHC" or the "Parent Company") under the control of the Civil Aviation Administration of China ("CAAC").

The Company is principally engaged in the ownership and operation of the international airport in Beijing ("Beijing Capital Airport") and the provision of related services. The address of its registered office is Capital Airport, Beijing, the PRC.

This condensed interim financial information is presented in RMB unless otherwise stated. This condensed interim financial information was approved by the Board of Directors for issue on 17 August 2010.

This condensed interim financial information has not been audited.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2010 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

As at 30 June 2010, the current liabilities of the Company exceeded the current assets by approximately RMB1,552,186,000 (as at 31 December 2009: RMB14,771,627,000). Given the debt obligations and working capital requirements, management has thoroughly considered the Company's available sources of funds as follows:

- The Company's continuous net cash inflow from operating activities; and
- Unutilised long-term banking facilities of RMB18.5 billion.

Based on the above considerations, the Board of Directors is of the opinion that the Company has sufficient available financial resources to meet or refinance its working capital requirements as and when they fall due. As a result, the financial information of the Company for the six months ended 30 June 2010 has been prepared on a going concern basis.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new/revised standards, amendments to standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2010:

IFRS 1 (Revised)	First-time Adoption of IFRSs
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction
IFRS 3 (Revised)	Business Combinations
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedge Items
IFRIC 17	Distributions of Non-cash Assets to Owners

In addition, the International Accounting Standards Board also published a number of amendments to existing standards effective 1 January 2010 under its annual improvement projects.

The adoption of the above new/revised standards, amendments to standards and interpretation does not have any significant impact on the condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

3. ACCOUNTING POLICIES *(Continued)*

Since 2009, the Company has early adopted IAS 24 (Revised), "Related Party Disclosures" which is effective for annual periods beginning on or after 1 January 2011. The amendment introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose the name of the government and the nature of their relationship, the nature and amount of any individually-significant transactions, and the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party.

There are certain other new/revised standards, amendments to standards and interpretations which are not yet effective for the year beginning on 1 January 2010 and have not been early adopted by the Company in the condensed interim financial information. These include IFRS 1 'First-time Adoption of IFRSs' which is effective for annual periods beginning on or after 1 January 2011 and allows treating revaluation basis as deemed cost. It clarifies that entities may employ the "deemed cost" exemption not only when the "deemed cost" is measured before the date of transition to IFRS, but also if the "deemed cost" is measured during the first IFRS reporting period. There is also a special provision that existing IFRS preparers may also be able to retrospectively apply this. Management is currently assessing the related impacts to the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Strategy Committee which is appointed out of the executive directors by the Board of Directors. This committee reviews the Company's internal reporting in order to assess performance and allocate resources.

The Company has no identifiable operating segments and runs a single business of operating and managing an airport and provision of related services in the PRC. Financial information on revenues is available for the Strategy Committee to make operating decisions.

Analysis of revenue by category	For the six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Aeronautical:		
Passenger charges	677,002	594,898
Aircraft movement fees and related charges	569,128	525,348
Airport Fee <i>(note a)</i>	445,004	391,028
	1,691,134	1,511,274
Non-aeronautical:		
Concessions	658,146	486,919
Rentals	369,434	283,777
Car parking fee	19,499	14,960
Others	6,774	9,605
	1,053,853	795,261
Total revenues	2,744,987	2,306,535

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

4. REVENUE AND SEGMENT INFORMATION (Continued)

- (a) Pursuant to a notice issued by the Ministry of Finance on 19 December 2007, the period for the Airport Fee levied by the Company was extended up to 31 December 2010.

The charge rates of the Airport Fee are regulated by relevant authorities. The Company recognises the Airport Fee according to the authorised charge rates of the total amount collected from outbound passengers when departing the airport.

The Company is domiciled in the PRC from where all of its revenues from external customers are derived and in where all of its assets are located.

5. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Opening net book value as at 1 January	33,095,556	34,217,029
Additions	26,663	48,842
Disposals	(9,152)	(611)
Depreciation	(734,901)	(756,854)
Closing net book value as at 30 June	32,378,166	33,508,406

As at 30 June 2010, buildings and taxiways with net book values of RMB669,603,000 (as at 31 December 2009: RMB680,436,000) and RMB1,040,704,000 (as at 31 December 2009: RMB1,054,427,000) respectively are situated on parcels of allocated land owned by the Parent Company and another party. These parcels of land are occupied by the Company at nil consideration. The Company is in the process of applying for the building ownership certificates of these buildings.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 30 June 2010, buildings and terminal with a net book value of RMB9,784,094,000 (as at 31 December 2009: RMB9,905,319,000) are situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the Phase III Assets*. The Company is in the process of applying for the building ownership certificates of these buildings.

* In 2008, the Company acquired the Airfield Assets, Terminal Three of Beijing Capital Airport ("T3"), T3 related assets, roads within airport area, the driverless electric train system, commercial areas and other relevant equipment, machinery and facilities and the land use rights of the land on which T3 and other related constructions are situated (collectively the "Phase III Assets").

6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Trade receivables		
— CAHC, its fellow subsidiaries and related parties (Note 21(a))	357,472	416,900
— other parties	794,855	1,331,989
	1,152,327	1,748,889
Less: Provision for impairment	(36,950)	(37,046)
	1,115,377	1,711,843
Notes receivable		
— other parties	14,121	32,407
Prepayments and other receivables		
— CAHC, its fellow subsidiaries and related parties (Note 21(a))	49,810	49,810
— other parties	27,834	14,539
	77,644	64,349
	1,207,142	1,808,599

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

6. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of the trade receivables is as follows:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Less than 3 months	739,979	898,799
4-6 months	174,581	288,355
7-12 months	97,930	325,303
1-2 years	112,517	214,581
2-3 years	17,228	15,532
Over 3 years	10,092	6,319
	1,152,327	1,748,889

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly between 1 to 6 months.

7. SHARE CAPITAL

	Number of ordinary shares (thousands)	H-Shares of RMB1.00 each RMB'000	Domestic Shares of RMB1.00 each RMB'000	Total RMB'000
Registered, issued and fully paid:				
As at 31 December 2009				
and 30 June 2010	4,330,890	1,879,364	2,451,526	4,330,890

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

8. TRADE AND OTHER PAYABLES

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Payable to Parent Company (Note 21(a))	93,603	59,335
Payables to CAHC's fellow subsidiaries and related parties (Note 21(a))	798,878	700,202
Construction payable	338,872	379,860
Tax payable (note b)	312,578	312,578
Advance from CAAC (note c)	278,795	—
Repairs and maintenance charges payable	192,226	143,805
Payroll and welfare payable	166,305	170,199
Receipts on behalf of North China Air Traffic Control Bureau (note d)	71,509	71,509
Sub-contracting charges payable	67,596	11,362
Dividends payable	57,388	—
Greening and environmental maintenance charges payable	48,203	31,990
Accounts payable for purchases	26,183	27,337
Business tax payable	25,307	19,284
Deposits received	23,348	74,370
Housing subsidy payable to employees (note e)	13,256	13,191
Notes payable	—	58,602
Other payables	203,045	198,206
	2,717,092	2,271,830

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

8. TRADE AND OTHER PAYABLES (Continued)

- (a) The ageing analysis of trade and other payables is as follows:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Less than 3 months	843,879	1,012,910
4-6 months	559,558	159,932
7-12 months	316,775	91,762
Over 12 months	996,880	1,007,226
	2,717,092	2,271,830

- (b) The amount represents payable to tax bureau for deed taxes in respect of the acquisition of the Phase III Assets.
- (c) The amount represents the Airport Fee received in advance from CAAC.
- (d) This represents the receipts received by the Company on behalf of North China Air Traffic Control Bureau on the service rendered for air traffic control, communication and weather, etc. The balance is payable on demand.
- (e) 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. The one-off housing subsidy was attributable to the period prior to the Company's restructuring in 1999 in preparation for the offering of the Company's shares.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

9. BANK BORROWINGS

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Long-term (note a)	7,500,000	—
Short-term (note b)	—	12,800,000
	7,500,000	12,800,000

(a) This represents bank borrowings which are unsecured, repayable in 2013, denominated in RMB and bear interests at 4.30% per annum.

(b) During the six months ended 30 June 2010, the Company repaid short-term bank borrowings of RMB12,800,000,000 in full.

10. BONDS PAYABLE

On 5 February 2010, the Company issued bonds with an aggregate principal amount of RMB4,900,000,000 with maturity periods of 5 and 7 years.

The bonds are unsecured, guaranteed by the Parent Company and interest-bearing at 4.45% to 4.65% per annum. The interest is payable annually and the principal amount is repayable in 2015 and 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

11. LOANS FROM PARENT COMPANY

As part of the acquisition of the Phase III Assets, the Company entered into agreements with the Parent Company to assume the following long-term borrowings which were previously obtained by the Parent Company with same terms. The borrowings were not reassigned into the name of the Company.

	Loans previously obtained by the Parent Company from		Total
	European Investment Bank <i>(note a)</i> RMB'000	domestic financial institutions <i>(note b)</i> RMB'000	
As at 30 June 2010			
Loans from Parent Company	2,738,636	4,000,000	6,738,636
Less: current portion	(136,932)	—	(136,932)
	2,601,704	4,000,000	6,601,704
As at 31 December 2009			
Loans from Parent Company	2,672,841	6,000,000	8,672,841
Less: current portion	(66,821)	(2,000,000)	(2,066,821)
	2,606,020	4,000,000	6,606,020

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

11. LOANS FROM PARENT COMPANY *(Continued)*

- (a) This loan is denominated in the US dollar, unsecured and interest bearing at LIBOR plus 0.4% per annum. The interest is payable semi-annually. The principal amount is repayable by instalments semi-annually commencing on 15 December 2010 with maturity through 15 June 2030.
- (b) These loans are denominated in RMB and unsecured. The interest rate is referenced to published inter-bank repo rates issued by China Foreign Exchange Trading Centre & National Interbank Funding Centre and repriced every half yearly. The interest is payable semi-annually.

During the period ended 30 June 2010, a principal amount of RMB2,000,000,000 was repaid. The remaining principal of RMB4,000,000,000 will be repayable in full in 2016.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

12. OPERATING PROFIT

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

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Depreciation on property, plant and equipment		
— owned assets	723,038	743,718
— owned assets leased out under operating leases	11,863	13,136
Loss on disposals of property, plant and equipment	16	595
Amortisation of land use rights	8,115	8,134
Amortisation of intangible assets	16,397	17,102
Operating lease rentals		
— office building (Note 21(b))	26,147	—
— land use rights on which the airfield and related areas of Phase III Assets are situated (Note 21(b)(ii))	14,000	14,000
— information technology centre (Note 21(b))	8,172	8,172
— land use rights (Note 21(b)(iii))	3,750	3,382
— other rentals	3,713	6,147
Reversal of provision for impairment of trade receivables	(96)	—

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

13. OTHER INCOME

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Foreign exchange gains	14,489	1,020
Amortisation of deferred income relating to government subsidies	184	800
	14,673	1,820

14. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	3,827	2,043
Finance costs:		
Interest for bank borrowings <i>(Note 9)</i>	(156,847)	—
Interest for loans from Parent Company <i>(Note 11 and 21(b))</i>	(109,665)	(115,252)
Interest for bonds <i>(Note 10)</i>	(92,372)	—
Interest for notes payable	—	(1,530)
Bank charges	(2,506)	(1,148)
	(361,390)	(117,930)
	(357,563)	(115,887)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

15. INCOME TAX EXPENSE

The Company is subject to corporate income tax at a rate of 25% (2009: 25%) on its taxable income as determined in accordance with the relevant PRC income tax rules and regulations.

	For the six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Current tax	68,872	36,734
Deferred tax credit	(1,839)	(2,216)
	67,033	34,518

16. PROFIT APPROPRIATIONS

(a) Capital reserve

Capital reserve represents equity contributions from CAHC in cash to which CAHC is fully entitled.

In accordance with the relevant laws and regulations of PRC, this amount is to be accounted for as capital reserve of the Company and it is not to be distributed as dividend. In future, when the Company increases its share capital, the capital reserve may be converted into shares of the Company to be held by CAHC, provided appropriate conditions are met. The conversion is however subject to obtaining prior approval from the relevant government authorities and shareholders.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

16. PROFIT APPROPRIATIONS *(Continued)*

(b) 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 financial statements) for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the Company's registered capital), and, at the discretion of the Board of 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.

Pursuant to the shareholders' resolution in the Annual General Meeting on 22 June 2010, the profit appropriation of RMB58,700,000 (20% of profit after taxation) to the discretionary surplus reserve fund for the year ended 31 December 2009 was recorded in this financial information for the six months ended 30 June 2010.

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 IFRS. As at 30 June 2010, the reserve available for distribution was approximately RMB1,071,100,000 (as at 31 December 2009: RMB1,078,084,000).

(c) Dividends

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 4,330,890,000 ordinary shares in issue during the six-month periods.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six-month periods.

	For the six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company <i>(RMB'000)</i>	200,997	104,540
Basic and diluted earnings per share <i>(RMB per share)</i>	0.046	0.024

18. CONTINGENCIES

The Directors of the Company understand that certain residents living in the vicinity of Beijing Capital 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 date, the outcome was still pending. Any potential financial impact to the Company, if any, will depend on the final resolution of these complaints with the parties involved. The Company has no further information to ascertain any liability on its part and the extent of compensation payable and therefore no provision has been made in the financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

19. COMMITMENTS

Capital commitments

Capital commitments primarily relate to the construction of and the equipment to be installed at the airport terminals and other airport facilities upgrading projects. The Company had the following outstanding capital commitments not provided for in the financial information as at 30 June 2010:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Authorised but not contracted for	1,162,144	1,190,094
Contracted but not provided for	120,022	112,101
	1,282,166	1,302,195

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

19. COMMITMENTS (Continued)

Operating lease arrangements – where the Company is the lessee

As at 30 June 2010, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Not later than 1 year	43,547	51,719
Later than 1 year and not later than 5 years	141,693	141,693
Later than 5 years	604,856	623,496
	790,096	816,908

Operating lease arrangements – where the Company is the lessor

As at 30 June 2010, the future minimum lease payment receivables under non-cancellable operating leases are as follows:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Not later than 1 year	263,606	412,751
Later than 1 year and not later than 5 years	111,701	99,140
Later than 5 years	–	15,000
	375,307	526,891

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

19. COMMITMENTS *(Continued)*

Concession income agreements

As at 30 June 2010, the future minimum concession income receivables under non-cancellable agreements in respect of the operating rights of retailing, advertising, restaurant, food shop and other businesses are as follows:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Not later than 1 year	154,727	133,080
Later than 1 year and not later than 5 years	507,844	532,000
Later than 5 years	7,500	—
	670,071	665,080

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

20. SUPPLEMENTARY INFORMATION TO CONDENSED CASH FLOW STATEMENT

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

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Investing activities		
Purchase of property, plant and equipment	(198,467)	(182,313)
Purchase of intangible assets	(1,978)	(9,157)
Payment for acquisition of Phase III Assets	—	(500,000)
Net cash inflow on disposal of an associate	—	24,689
Net proceeds from disposals of property, plant and equipment	—	16
Interest received	4,134	5,203
	(196,311)	(661,562)
Financing activities		
Proceeds from long-term bank borrowings	7,500,000	—
Proceeds from issuance of bonds	4,874,350	—
Proceeds from loans from Parent Company	80,623	—
Cash contribution from Parent Company	50,000	—
Proceeds from short-term bank borrowings	—	84,535
Repayment of short-term bank borrowings	(12,800,000)	—
Repayment of loans from Parent Company	(2,000,000)	—
Interest paid	(298,097)	(27,461)
Dividends paid	(89,343)	—
	(2,682,467)	57,074

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

21. RELATED PARTY TRANSACTIONS

The Company is controlled by CAHC which owns 56.61% of the Company's shares. The remaining 43.39% of the shares are widely held. The Directors of the Company consider CAHC, which is a PRC state-owned enterprise under the control of CAAC, to be the ultimate holding company.

The Company is part of a larger group of companies under CAHC and has extensive transactions and relationships with the members of the CAHC group. The Directors of the Company consider that the transactions between the Company and the members of the CAHC group are activities in the ordinary course of business.

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, 'Related Party Disclosure', government-related entities and their subsidiaries, other than the CAHC group companies, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are also defined as related parties of the Company. On that basis, related parties include CAHC and its subsidiaries (other than the Company), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and CAHC as well as their close family members.

A significant portion of the Company's business activities are conducted with state-owned enterprises. Sales of services to these state-owned enterprises are at state-prescribed prices which are similar to prices to other customers. The Company considers that these sales are activities in the ordinary course of business. In this connection, the Company has significant trading balances with state-owned enterprises in the ordinary course of business which have similar terms of repayments as balances with third parties.

In addition, a large portion of the Company's bank deposits/bank borrowings were held at/borrowed from state-owned financial institutions in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern at prevailing market terms and rates.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

21. RELATED PARTY TRANSACTIONS (Continued)

For the purpose of the related party transaction disclosures, the Directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

Other than the transactions as disclosed in the respective notes, the following is a summary of significant transactions carried out with related parties in the ordinary course of business.

(a) Balances with related parties

As at 30 June 2010, balances with related parties comprised of:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Trade and other receivables from CAHC, its fellow subsidiaries and related parties (Note 6 and (i))	407,282	466,710
Deposit placed with a subsidiary of CAHC (note ii)	5	94,254
Trade and other payables to CAHC (Note 8 and (i))	93,603	59,335
Trade and other payables to CAHC's fellow subsidiaries and related parties (Note 8 and (i))	798,878	700,202
Interest payable to Parent Company	51,275	75,659
Loans from Parent Company (Note 11)	6,738,636	8,672,841

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

21. RELATED PARTY TRANSACTIONS (Continued)

(a) Balances with related parties (Continued)

- (i) The amounts due from and to CAHC, its fellow subsidiaries and related parties are unsecured, interest free and repayable within the next twelve months.
- (ii) The deposits were entered into in accordance with the terms as set out in the respective agreements. The interest rates were set at prevailing market rates.

(b) Transactions with related parties

	For the six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Transactions with CAHC, its fellow subsidiaries and related parties:		
Revenues:		
Concessions from subsidiaries of CAHC and related parties	638,336	468,963
Rental income from subsidiaries of CAHC and related parties for leasing of premises, office space and counters	103,220	98,895
Management fee from CAHC	3,170	2,707
Aeronautical revenue from related parties	—	6,621

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

	For the six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Expenses:		
Provision of utilities and power supply by a subsidiary of CAHC	273,799	267,580
Provision of aviation safety and security guard services by a subsidiary of CAHC	178,668	149,585
Provision of terminal maintenance and operation services by related parties	165,257	64,499
Provision of certain sanitary services, baggage cart management services and greening and environmental maintenance services by a subsidiary of CAHC	69,557	72,477
Provision of accessorial power and energy services by a subsidiary of CAHC	45,740	48,723
Leasing of office building from a subsidiary of CAHC	26,147	—
Leasing of land on which the airfield and related areas of Phase III Assets are situated from CAHC (note i)	14,000	14,000

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

	For the six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Provision of travelling guidance services to passengers by a subsidiary of CAHC	10,609	10,091
Leasing of information technology centre from CAHC	8,172	8,172
Provision of taxi scheduling services from a subsidiary of CAHC	5,000	—
Leasing of land use rights from CAHC (note ii)	3,750	3,382
Provision of airfield maintenance services from a subsidiary of CAHC	2,745	2,745
Leasing of apartments from a subsidiary of CAHC	1,350	1,350
Provision of beverage services by a subsidiary of CAHC	1,132	1,190
Leasing of apartments from CAHC	564	1,100
Interest charges on loans from Parent Company	109,665	115,252
Other:		
Provision of construction services from a subsidiary of CAHC	8,379	4,600

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2010

21. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

- (i) On 31 January 2008, the Company entered into a lease agreement with CAHC in respect of the land on which the airfield and related areas of Phase III Assets are situated for a period of 20 years at an annual rental of RMB28,000,000.
- (ii) On 16 November 1999, the Company entered into an agreement with CAHC to lease the land use rights for the land on which the runways, taxiways, aprons and certain parking areas are situated with provisions for early termination on specified circumstances, at an annual rental of RMB7,423,000 (2009: RMB7,423,000). CAHC has leased the land from the PRC government for a period of 50 years for runways, taxiways and aprons and 40 years for certain parking areas.

(c) Key management personnel compensation

	For the six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Salaries, allowances and other benefits	993	1,265

GENERAL INFORMATION OF THE COMPANY

BOARD OF DIRECTORS

Executive Directors

Dong Zhiyi (Chairman)
Zhang Guanghui (General Manager)

Non-executive Directors

Chen Guoxing
Gao Shiqing
Zhao Jinglu
Yam Kum Weng

Independent Non-executive Directors

Kwong Che Keung, Gordon
Dong Ansheng
Japhet Sebastian Law
Wang Xiaolong

COMMITTEES

Audit Committee

Kwong Che Keung, Gordon (Chairman)
Dong Ansheng
Japhet Sebastian Law
Wang Xiaolong

Remuneration Committee

Wang Xiaolong (Chairman)
Kwong Che Keung, Gordon
Dong Ansheng
Japhet Sebastian Law
Gao Shiqing

GENERAL INFORMATION OF THE COMPANY *(Continued)*

COMMITTEES *(Continued)*

Nomination Committee

Dong Ansheng (Chairman)
Kwong Che Keung, Gordon
Japhet Sebastian Law
Wang Xiaolong
Dong Zhiyi

Strategy Committee

Dong Zhiyi (Chairman)
Zhang Guanghui

LEGAL REPRESENTATIVE

Dong Zhiyi

COMPANY SECRETARY

Shu Yong

AUDITOR

PricewaterhouseCoopers

REGISTERED ADDRESS

Capital Airport, Beijing, the People's Republic of China

PRINCIPAL ADDRESS OF BUSINESS IN HONG KONG

21/F, Gloucester Tower, the Landmark,
15 Queen's Road Central, Hong Kong.

GENERAL INFORMATION OF THE COMPANY *(Continued)*

INVESTORS RELATION DEPARTMENT

Secretariat to the Board

E-mail address: ir@bcia.com.cn
Fax number: 8610 6450 7700
Website: www.bcia.com.cn

SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited

1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE INFORMATION

Name of H shares: Beijing Airport
Stock code: 00694

PRICE AND TURNOVER HISTORY

Year	Price per Share		Turnover of share (in millions)
	High (HK\$)	Low (HK\$)	
2009			
July	5.93	4.83	242.3
August	5.77	4.30	183.9
September	5.07	4.29	154.3
October	5.68	4.50	147.5
November	6.30	5.00	140.8
December	5.59	4.78	150.5
2010			
January	5.59	4.33	200.8
February	4.45	3.99	162.8
March	4.99	4.12	262.8
April	4.81	4.38	170.4
May	4.82	3.70	121.0
June	4.75	3.96	81.4