Beijing Capital International Airport Company Limited

2010
Annual Report

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

Stock Code: 0694

Contents

FINANCIAL SUMMARY

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

	2010	2009 (Restated)	2008 (Restated)	2007 (Restated)	2006 (Restated)
Operating Results					
Revenues	**5,776,731**	4,964,869	4,624,438	3,516,125	3,159,863
EBITDA	**3,016,061**	2,293,210	860,391	2,189,409	2,219,716
Profit before tax	**793,059**	396,919	56,526	1,599,922	1,556,695
Tax	**(197,868)**	(100,948)	(13,031)	(530,370)	(519,814)
Profit for the year	**595,191**	295,971	43,495	1,069,552	1,036,881
Attributable to:					
Equity holders of the Company	**595,191**	295,971	43,495	1,069,552	1,036,881
Minority interests	**—**	—	—	—	—
Earnings per share — basic and diluted *(RMB)*	**0.14**	0.07	0.01	0.26	0.26
Return on Equity	**4.43%**	2.32%	0.35%	9.80%	10.30%
Financial Position					
Assets					
Non-current assets	**32,901,246**	34,180,664	35,344,344	8,438,304	8,734,880
Current assets	**2,079,366**	2,550,100	2,463,416	4,011,947	3,567,129
Total	**34,980,612**	36,730,764	37,807,760	12,450,251	12,302,009
Equity and liabilities					
Shareholders' equity	**13,434,786**	12,733,676	12,437,705	10,908,690	10,062,951
Minority interests	**—**	—	—	—	—
Non-current liabilities	**18,604,220**	6,675,361	8,567,671	51,358	68,931
Current liabilities	**2,941,606**	17,321,727	16,802,384	1,490,203	2,170,127
Total	**34,980,612**	36,730,764	37,807,760	12,450,251	12,302,009


Advocating and practcing Chinese-style services
Developing an international hub

COMPANY PROFILE

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 on 15 October 1999 to own and manage the aeronautical operations and certain ancillary commercial businesses at the international airport in Beijing, the PRC (the "Beijing Capital Airport"). On 27 January 2000, 1,346,150,000 H 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 (the "Hong Kong Stock Exchange") on 1 February 2000. Upon such issue, the total share capital of the Company increased from 2,500,000,000 shares to 3,846,150,000 shares. Among which, Capital Airports Holding Company (the "Parent Company" or "CAHC") holds 2,500,000,000 domestic shares, representing 65% of the total share capital; the public investors hold 1,346,150,000 H shares, representing 35% of the total share capital. On 18 May 2001, as approved by the Ministry of Foreign Trade and Economic Cooperation of the PRC (the former entity of the Ministry of Commerce of the PRC), the Company became a foreign invested joint stock limited company.

The Company has completed the placing of H shares to institutional or professional investors in Hong Kong, on 4 October 2006 and 10 June 2008, respectively. Upon the completion of the above two placements, the total share capital of the Company increased to 4,330,890,000 shares. Among which, the Parent Company holds 2,451,526,000 domestic shares, representing 56.61% of the total share capital; the public investors hold 1,879,364,000 H shares, representing 43.39% of the total share capital.

At present, the Company is principally engaged in aeronautical and non-aeronautical businesses at the Beijing Capital Airport.

The aeronautical business of the Company consists of the provision of aircraft landings and take-offs and passenger service facilities, ground support services, and fire-fighting services for domestic and foreign air transportation enterprises.

By the end of 2010, there were 80 airliners (excluding the charter flight) operating at the Beijing Capital Airport, including 18 domestic airliners and 62 airliners from foreign countries, Hong Kong, Macau and Taiwan.

By the end of 2010, there were 214 flight points linking with the Beijing Capital Airport, including 118 domestic flight points and 96 international flight points.

The non-aeronautical business of the Company includes the franchise-based operation of: (1) ground handling agent services supplied for domestic and foreign airliners; (2) in-flight catering services; (3) duty free and other retail shops in the terminals; (4) restaurants and other catering businesses in the terminals; (5) leasing of advertising spaces inside and outside the terminals in the Beijing Capital Airport and other businesses.

The non-aeronautical business of the Company includes the self-operation of: (1) leasing of properties in the terminals; (2) provision of car parking services, and (3) the provision of ground handling facilities for ground handling agent companies.

CHAIRMAN'S STATEMENT

"In 2010, with the effort of all staff and management, the Company has attained significant performance on business by means of enhancing income and cantrolling costs."

Mr. Dong Zhiyi
Chairman

To shareholders:

In 2010, the Beijing Capital Airport has achieved steady business growth and become the second largest airport worldwide. With its friendliness and open attitude, the Beijing Capital Airport presents a favourable tend of development by pursuing the mission of "advocating and practicing Chinese - style services, developing an international hub". Meanwhile, the Company has been innovating in the management and strengthening the operations, so that significant improvement in the security, operation and services has been accomplished and financial results have improved significantly. With the prominent achievements that the Company attained in 2010, I am delighted to report to shareholders the 2010 operating and financial results of the Company, as well as our prospects for 2011.

STEADY GROWTH OF AIR TRAFFIC VOLUMES

In 2010, as the global economy has gradually recovered, benefiting from the rapid growth of China's domestic economy and strong support of China's civil aviation strategy, the Beijing Capital Airport's air traffic volumes maintain active growth. The annual aircraft movements and passenger throughput reached 517,584 and 73,948,113, representing an increase of 6.0% and 13.1% over the previous year, respectively. The annual cargo and mail throughput is 1,551,471 tonnes, representing an increase of 5.1% over the previous year. According to the statistics of Airports Council International ("ACI"), the Beijing Capital Airport's passenger throughput ranks the second globally and its turnovers of aircraft movements and cargo throughput rank the eighth and the fifteenth respectively in the world.

STEADY IMPROVEMENTS IN SECURITY AND SERVICE QUALITY

In 2010, the Company has taken various measures for the airport's steady improvement in security. Meanwhile, by optimising the slot of airlines, upgrading operations process and standards, enhancing the management of flight on-time performance, strengthening the coordinated operating mechanism with airlines and other parties, as well as improving the supporting system for operations under difficult weather conditions etc., the whole year's operation of the Beijing Capital Airport has been assured in order and stayed normal, stable and smooth.

In 2010, the Company has continued to adhere to customer needs-oriented and has been improving service quality and level by further completing the service standards and service manners. The Company has set every 25 June as "Chinese-Service Day" to promote the concept of "Chinese Service" and also to put it into practice. Furthermore, the Company, together with all the residing units of the airport including Customs, Immigrations, Quarantines, Airlines and ground handling service companies etc., have taken the lead in the industry to enter into the "Passenger Service Criterions", and on such basis, announced the passenger service commitments to accept public's supervision. In spite of carrying on with the Airport Service Quality (ASQ) survey from ACI for the satisfaction index of passengers, the Company has also participated in the global airports' service evaluation system of the British Skytrax and the service evaluation system organized by China Quality Long March Promoting Association, gaining all-round evaluations and assessments over the Beijing Capital Airport's service quality. In 2010, according to ACI's Airport Service Quality survey, the satisfaction index of passengers at the Beijing Capital Airport was 4.73 on a scale of 5 for the whole year, ranking the fourth globally. Meanwhile, the Beijing Capital Airport was also continuously certified by Skytrax as a 4 Star Airport.

PROMINENT ACHIEVEMENTS OF BUSINESS PERFORMANCE

In 2010, facing the fierce market competition, the Company broadened its scope of mind, and worked with all diligence to enhance income and strictly controlled costs, having obtained significant performance on business.

In 2010, the Company has further expanded its aviation market and optimised routes' network with another six foreign airlines like American Airlines etc. operating in the airport. Simultaneously, the Company has developed domestic express lines to connect Beijing with Shanghai, Guangzhou, Chengdu, Hong Kong, Hangzhou, Chongqing, Shenzhen and Qingdao, with a total of 300 flight movements per day. In 2010, the Company has achieved aeronautical revenues of RMB3,561,235,000, representing an increase of 13.8% over the previous year.

As for the non-aeronautical business, the Company has shortened the distance with the world advanced airports by extending international arrival duty free areas and promoting the average consumption level of international passengers. The area utilised on advertisements has represented a substantial expansion under the influence of the growth in economy, and the advertisement sale has also been improved. Therefore, the concession revenues from advertising have obviously increased. In 2010, the Company has achieved non-aeronautical revenues of RMB2,215,496,000, representing an increase of 20.8% over the previous year.

In 2010, the Company has achieved operating revenues of RMB5,776,731,000, representing an increase of 16.4% over the previous year.

Apart from the efforts of gaining more revenue, the Company also reinforced the costs control system, and has achieved significant result. Focusing on energy efficiency and environmental protection with the concept of "Green Airport", the Company reduced the energy consumption within the terminal so that the utilities and power expenses has been effectively controlled. In 2010, the Company's operating expenses totalled RMB4,117,258,000, representing a slight raise of merely 1.9% from the previous year.

In 2010, the Company has also taken measures to optimise the debt's structure. A total of RMB4.9 billion of corporate bonds, as well as RMB7.5 billion of three-year's bank borrowings were issued, which partially eliminated the possible new pressure caused by the possible increase of the banks' interest rate in the upcoming cycle, and the finance expenses has been effectively controlled.

In 2010, the Company's net profit after tax was RMB595,191,000, representing an increase of 101.1% over the previous year. This shows that the Company's profit ability has intensified, and the trend of development has been keeping optimistic during the new period of business growth.

ACHIEVEMENTS IN THE INDUSTRY

The Company kept improving international communication and cooperation with open mind and international view. Through continuous efforts, the Beijing Capital Airport's work was widely recognised by all sectors of society. In 2010, the Beijing Capital Airport has developed friendly cooperative relationships with Sydney Airport, Schiphol Airport and Hong Kong Airport, and upgraded its international image by participating in various international activities, such as the 16th World Route Development Forum, ACI Asia-Pacific Annual Meeting, Aviation Outlook Summit and East Asia Airports Alliance Conference etc. In 2010, the Beijing Capital Airport continued to hold the award of Skytrax Best Airport - China, and ranked the second among the airports with over 40 million passenger throughput in ACI's ASQ survey.

PROSPECTS FOR 2011

In 2011, the world economy is getting towards full recovery and prosperity; China's economy also keeps developing with high speed. In the next five years, Chinese civil aviation industry is expected to increase by 13% per year; the Airport Fee policy is going to continue till 2015; the strategy of contribution to the nation's development by enhancing the civil aviation industry has been advanced, and the Beijing Capital Airport has become part of it in view of its important strategic status and developing potentials. Influenced by the above mentioned factors, the air traffic volumes are therefore expected to show steady growth.

Preliminary statistics show that for the first two months of 2011, when comparing to the corresponding period of the previous year, the Beijing Capital Airport's aircraft movement has increased by 4.8%, including the growth of domestic routes at 3.1% and the growth of international and regional routes at 11.6%; the growth of passenger throughput is 8.7%, including domestic route's growth at 8.0% and international and regional routes' growth at 11.2%. The rapid increase in air traffic volumes resulting from international and regional routes will help to optimise the overall flight structure of the Beijing Capital Airport and to promote a rapid growth of related aeronautical revenues.

In 2011, the Company will continue its efforts to strengthen cooperation with both international and domestic airlines to expand the aviation market by adding destinations and flight frequency, and also to develop the routes network. The Company will promote the profit ability of cargo and mails by improving cargo operations. The Company will further optimize non-aeronautical resources to raise the non-aeronautical revenues. The Company will also continue to strengthen costs control system and to take various measures to control the finance costs, including optimising the structure of debt capital and effectively controlling capital expenditures.

In 2011, the Company will continue to improve its security, operation and service quality, and to further focus on creating extraordinary service chain of convenient and joyful travel experience for passengers. Also, efforts would be put to systematically promote the scientific innovation for a "Green Airport" with the features of energy efficiency, environmental protection, high-tech and humanity.

As the air traffic volumes grow continuously, the Beijing Capital Airport's capacity has gradually becoming saturated. From the mid-term development perspective, the Beijing Capital Airport has to enhance its capacity in order to solve the problem brought by rapid increase in air traffic. The Company will further demonstrate several programmes about supplementary resources, including the expansion of capacity of Terminal Two, the construction of additional supporting facilities for A380 aircrafts' parking, the analysis of the acquisition and operation plan of the building D of Terminal Three, and the feasibility study and construction of the forth runway etc.

The Company will pay close attention to any policy adjustment and development trend in the industry that might impose influence on the Beijing Capital Airport's future development, including the challenge and opportunities brought by the Beijing-Shanghai high-speed railway, which is going to be put into operation in the first-half of 2011. In addition, according to the long-term development tendency and resources demand of the air traffic volumes in Beijing, the pre-construction research and preparation work for Beijing's new airport has already been put into the agenda. At present, the preliminary work for the construction of the new airport has gradually commenced. This project may bring major impact for the Beijing Capital Airport's future development. The Company will take an active role in the relevant research work for the new airport.

Looking back in 2010, the Beijing Capital Airport has accomplished outstanding progress. Through persistent efforts, the operating scale, security support and service quality of the Beijing Capital Airport have gained recognitions in the industry and the business performance has been accordingly improved. The Company hereby would like to thank all shareholders for their trust and support, thank all governmental authorities that support the Beijing Capital Airport, thank all airlines and other parties operating at the Beijing Capital Airport for their support, and thank all staff of the Company and their families for their hard work and dedication in 2010.

DONG Zhiyi
Chairman

Beijing, the PRC, 18 March 2011


To promote the development of the industry, and
to show the world our image as the national gate

REPORT OF THE BOARD

The board of directors of the Company ("the Board") is pleased to present the annual report and the audited financial statements of the Company for the fiscal year ended 31 December 2010.

OPERATING RESULTS AND FINANCIAL POSITION

The Company's operating results for the year ended 31 December 2010 and the financial position of the Company for the year ended 31 December 2010 were prepared basing on International Financial Reporting Standards ("IFRS") are set out on pages 63 to 156 of the annual report.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2010.

The total dividends of the Company for the year of 2009 were approximately RMB146,731,000 (RMB0.03388 per share), representing approximately 49.6% of the profit attributable to the equity holders of the Company for the year 2009.

There was no arrangement under which any shareholder of the Company has waived or agreed to waive any dividend during the year ended 31 December 2010.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of holding the annual general meeting ("AGM"), the register of members of the Company will be closed from Monday, 16 May 2011 to Wednesday, 15 June 2011 (both days inclusive). In order to be qualified for attending the AGM, holders of H shares whose transfers have not been registered are requested to deposit the transfer documents together with the relevant share certificates to the Company's H Share Registrar: Hong Kong Registrars Limited at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 13 May 2011.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Company as at 31 December 2010 and their movements for the fiscal year ended 31 December 2010 are set out in Note 6 to the Financial Statements.

RESERVES

Change in reserves of the Company for the fiscal year ended 31 December 2010 is set out on pages 120 to 121 of this annual report.

FINANCIAL SUMMARY

A summary of the results and the financial position of the Company for the past five financial years is set out on page 2 of this annual report.

ISSUED SHARE CAPITAL

No share capital was issued by the Company during the fiscal year ended 31 December 2010.

The disclosure of interests of the Company as at 31 December 2010 is set out on pages 23 to 24 herein.

TAXATION

The details of taxation of the Company for the fiscal year ended 31 December 2010 are set out in Note 27 to the Financial Statements.

ENTRUSTED LOANS AND OVERDUE FIXED DEPOSITS

As at 31 December 2010, the Company has no entrusted loans or any fixed deposits matured but not yet withdrawn placed in financial institutions or any other entities.

MAJOR CUSTOMERS AND SUPPLIERS

The largest customer, Air China Limited (including its subsidiaries), and the five largest customers of the Company represented 20.7% and 55.4%, respectively, of the total revenues of the Company for the year ended 31 December 2010.

The largest supplier, Capital Airports Power and Energy Co., Ltd. and the five largest suppliers of the Company represented 15.6% and 38.2%, respectively, of the total operating expenses of the Company for the year ended 31 December 2010.

To the knowledge of the Board, none of the Company's directors and their respective associates (as defined in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules")) or shareholders holding more than 5% of the Company's issued share capital (excluding the Parent Company) owned any interests in the Company's five largest customers or five largest suppliers at any time during the year ended 31 December 2010. The Parent Company held the equity of the five largest suppliers of the Company as follows: held 80% shareholders' equity of Capital Airports Power and Energy Co., Ltd.; held 95% shareholders' equity of Capital Airport Aviation Security Co., Ltd.; held 100% of shareholders' equity of Beijing Capital Airport Property Management Company Limited directly and indirectly.

SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

On 30 December 2010, the Company acquired a 60% equity interest in Beijing Bowei Airport Support Limited ("Bowei") from a third party for a cash consideration of approximately RMB52,201,000. Bowei is engaged in the provision of repairs and maintenance services for airport related facilities.

The Company has no subsidiary but one jointly-controlled entity, Bowei, as at 31 December 2010. Details are set out in Note 9 to the Financial Statements.

ACQUISITION AND DISPOSAL

Other than the above-mentioned acquisition of 60% equity interest of Bowei, the Company has not conducted any other acquisition or disposal during the year ended 31 December 2010.

MATERIAL ACQUISITION AND MATERIAL SUBSEQUENT EVENT

During the financial year ended 31 December 2010, the Company has no material acquisition and material subsequent event.

TRADE AND OTHER RECEIVABLES

As at 31 December 2010, the Company's trade and other receivables were RMB1,093,634,000 and representing a decrease of 39.5% as compared with the previous year.

The details of the Company's trade and other receivables are set out in Note 10 to the Financial Statements, and the policies relating to the trade and other receivables and the impairment contained in Note 2(j) to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year ended 31 December 2010, the Company has not redeemed, purchased or sold any of its listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of PRC, by which the shareholders of this Company would oblige the Company to offer new shares in proportion to their shareholding.

CONTINUING CONNECTED TRANSACTIONS

According to Chapter 14A of the Listing Rules, the continuing connected transactions of the Company, which are subject to the annual review requirements are as follows:

For the year ended 31 December 2010, the schedule relating to the continuing connected transactions of the Company as set out in the waiver granted by the Hong Kong Stock Exchange on 28 March 2000 and in the previous announcements of the Company dated 31 January 2008, 26 September 2008, 27 November 2008, 5 May 2009, 14 August 2009, 8 December 2009, 31 December 2009, 23 March 2010, 10 June 2010, 27 August 2010 and 15 December 2010 is as follows:

	Transaction amounts for the year ended 31 December 2010 *RMB'000*	Annual Cap *RMB'000*	Date of relevant agreement	Relationship between contracting parties
1. Concessions income from Beijing Capital Airport Food Management Company Limited ("BAFM")	**97,495**	*note (1)*	1 January 2005	The Parent Company is holding 100% of equity interest of BAFM.
2. Concessions income from Beijing Capital Airport Commercial & Trading Company Limited ("BACT")	**587,550**	*note (1)*	1 January 2005	The Parent Company is holding 100% of equity interest of BACT.
3. Concessions income from Beijing Capital Airport Advertising Company Limited ("BAA")	**620,606**	*note (1)*	1 January 2005	The Parent Company is holding 100% of equity interest of BAA.
4. Concessions income from Beijing Aviation Ground Services Company Limited on the provision of ground handling services ("BGS")	**16,378**	20,580	5 May 2009	The Parent Company is holding 60% of equity interest of BGS.
5. Rental income from BGS for leasing of counters and other premises comprising offices and warehouses in Terminal One, Terminal Two and Terminal Three	**70,055**	77,050	31 January 2008; 26 September 2008 (*)	The Parent Company is holding 60% of equity interest of BGS.
6. Rental income from BGS for leasing of cargo station	**30,000**	34,000	15 October 1999	The Parent Company is holding 60% of equity interest of BGS.
7. Rental income from BGS for leasing of parking lot	**2,153**	3,200	15 October 1999	The Parent Company is holding 60% of equity interest of BGS.

	Transaction amounts for the year ended 31 December 2010 *RMB'000*	Annual Cap *RMB'000*	Date of relevant agreement	Relationship between contracting parties
8. Rental income from BGS for leasing of deicing facilities and equipment	–	6,000	27 August 2010	The Parent Company is holding 60% of the equity interest of BGS.
9. Rental income from Capital Airport VIP Services Management Company Limited ("CAVSM")	**88,606**	99,000	31 December 2009	The Parent Company is holding 100% of the equity interest of CAVSM.
10. Fee income for management of Ground Transportation Center ('GTC") from the Parent Company on provision of management and operation service by the Company	**6,340**	6,750	10 June 2010	The Parent Company is holding 56.61% of the issued share capital of the Company.
11. Fee income for management of information system from Capital Airports Holding Company ("CAHC")	**13,664**	20,000	31 December 2009	The Parent Company is holding 56.61% of the issued share capital of the Company.
12. Provision of aviation safety and security guard services by Capital Airports Aviation Security Company Limited ("CAAS")	**363,505**	379,203	27 November 2008	The Parent Company is holding 100% of the equity interest of CAAS.
13. Provision of utilities and power supply by Capital Airports Power and Energy Company Limited (''CAPE'')	**545,595**	738,100	27 November 2008	The Parent Company is holding 100% of the equity interest of CAPE.
14. Provision of accessorial power and energy services by CAPE	**94,844**	110,000	31 December 2009	The Parent Company is holding 100% of the equity interest of CAPE.
15. Provision of certain sanitary services and baggage cart management services by Beijing Capital Property Management Company Limited ("BCPM")	**150,640**	348,449	27 November 2008	The Parent Company is holding 100% of the equity interest of BCPM.
16. Provision of greening and environmental maintenance services by BCPM	**36,908**	48,400	31 December 2009	The Parent Company is holding 100% of the equity interest of BCPM.
17 Leasing of land on which the airfield and related areas of Phase III Asset are situated	**28,000** ***note (2)***	28,000	26 October 2006; 31 January 2008 (*)	The Parent Company is holding 56.61% of the issued share capital of the Company.

	Transaction amounts for the year ended 31 December 2010 *RMB'000*	Annual Cap *RMB'000*	Date of relevant agreement	Relationship between contracting parties
18. Leasing of Information Technology Center ("ITC") from CAHC	**16,299**	17,000	26 September 2008	The Parent Company is holding 56.61% of the issued share capital of the Company.
19. Leasing of land use rights from CAHC	**7,423**	7,454	16 November 1999	The Parent Company is holding 56.61% of the issued share capital of the Company.
20. Provision of airport guidance services by CAVSM	**21,549**	24,000	5 May 2009; 15 December 2010(*)	The Parent Company is holding 100% of the equity interest of CAVSM.
21. Provision of engineering and lighting services for the construction of the M taxiway of the Beijing Airport by Beijing Aviation Construction Engineering Co., Ltd ("BAC")	**2,745**	2,745 *(note 3)*	5 May 2009	The Parent Company is holding 56.651% of the equity interest of BAC indirectly.
22. Leasing of office building from CAHC	**37,345**	52,541	31 December 2009	The Parent Company is holding 56.61% of the issued share capital of the Company.
23. Under the Financial Services Agreement: The maximum daily balance of the deposit with the Beijing Capital Airport Group Finance Company Limited("Finance Company")	**94,485**	110,000	22 March 2010	The Parent Company is holding 100% of the equity interest of Finance Company directly and indirectly.
24. Under the Financial Services Agreement: Provision of financial services except for the loan and guarantee services from Financial Company	**—**	10,000	22 March 2010	The Parent Company is holding 100% of the equity interest of Finance Company directly and indirectly.

* refers to the date of related supplemental agreement.

Note:

(1) During the year 2008, CAHC acquired BAFM and BACT, both of which became subsidiaries of CAHC. During the year 2009, CAHC acquired BAA, and which became a subsidiary of CAHC. The Company announced on 27 November 2008 that no annual caps were set for the transactions with these companies.

(2) The agreement relating to the leasing of land on which the airfield and related areas of Phase III Assets are situated from the Parent Company, including the rented areas and rental, is in the process of obtaining approval from the related land governmental authorities.

(3) The related cap is for the half year ended 30 June 2010. During the period from 1 July 2010 to 31 December 2010 given that each of the applicable percentage ratios is less than 0.1%, the related transaction is exempt from the reporting announcement and the independent shareholders' requirements under Chapter 14A of the Listing Rules.

The aforesaid continuing connected transactions were reviewed by independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into:

1 in the ordinary and usual course of business of the Company;

2 either on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

3 in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Company in pages 18 to 20 of the Annual Report in accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The auditor has reported their factual findings as below on the selected samples to the Board:

1. the Transactions had been approved by the Board;

2. in relation to those Transactions involving provisions of goods and services by the Company (for the samples selected), their pricing was in accordance with the pricing policies of the Company;

3. the Transactions (for the samples selected) were entered into in accordance with the relevant agreements governing the Transactions;

4. the amount of the Transactions did not exceed the relevant approved caps as disclosed in previous announcements of the Company.

DISCLOSURE OF INTERESTS

As at 31 December 2010, the total issued capital of the Company is 4,330,890,000 shares, comprising 1,879,364,000 H shares and 2,451,526,000 domestic shares.

As at 31 December 2010, the interests and long positions and short positions held by the following persons, other than directors or supervisors 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 holding interest	Capacity	Percentage of Shareholding to the relevant class	Percentage to the total issued shares
Capital Airports Holding Company *(note)*	Domestic shares	2,451,526,000 (L)	Beneficial owner	100%	56.61%
Government of Singapore Investment Corporation Pte Ltd	H shares	396,074,000 (L)	Investment Manager	21.07%	9.15%
Artio Global Management LLC	H shares	164,494,322 (L)	Investment Manager	8.75%	3.80%
Blackrock, Inc.	H shares	95,630,532 (L)	Interest of corporation controlled by the substantial shareholder	5.09%	2.21%
	H shares	4,167,767 (S)		0.22%	0.10%

(L) = Long Position

(S) = Short Position

Note:

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

Mr. Dong Zhiyi, an executive director and the Chairman of the Board, is the General Manager and Vice Secretary of Communist Party of Capital Airports Holding Company.

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

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

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

INTERESTS OF DIRECTORS, SUPERVISORS AND THE GENERAL MANAGER IN THE SHARES OF THE COMPANY

As at 31 December 2010, none of the directors, supervisors or the general manager of the Company had any interests or short positions in any shares, any underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) recorded in the register of the Company required to be kept by the Company under section 352 of the SFO; or (b) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules. During the year ended 31 December 2010, none of the directors, supervisors, or the general manager of the Company or their associates had been granted the right to subscribe for any equity or debentures of the Company, nor had any of them exercised such rights during the same period.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the year ended 31 December 2010, none of the directors or supervisors of the Company directly or indirectly had any material interests in any contracts (defined as the Listing Rules) or arrangements (other than service contracts/appointment letters) to which the Company was a party.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2010, none of the directors or supervisors of the Company had any interest in any business competing with the Company.

MATERIAL CONTRACTS

Save for those transactions described in the note headed "Related Party Transactions" in the Note 33 to the Financial Statements and the section headed "Continuing Connected Transactions" in the Report of the Directors above, there was no material contract:

(a) between the Company and its controlling shareholder (or any of its subsidiaries); or

(b) for the provision of services to the Company by its controlling shareholder (or any of its subsidiaries).

MANAGEMENT CONTRACTS

For the year ended 31 December 2010, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company (other than service contracts with any directors) were entered into or subsisted.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The details of emoluments of directors, supervisors and the five highest paid individuals during the financial year are set out in Note 26 to the Financial Statements.

MATERIAL LITIGATION OR ARBITRATION

The Company was not involved in any material litigation or arbitration during the year ended on 31 December 2010.

PUBLIC FLOAT

As at 18 March 2011, the Board confirmed that 1,879,364,000 H shares, representing 43.39% of the entire issued share capital of the Company are held by the public, which is in compliance with the minimum requirement of public float under Rule 8.08 of the Listing Rules.

COMPLIANCE WITH "MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS"

The Company has adopted "the Code for Securities Transaction by Directors and Staff" to regulate the securities transaction by directors and staff. The Standard of the Code is no less exacting than the required standard of the Model Code for Securities Transactions by Directors of listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code").

Following specific enquiry made with the directors of the Company, the Company has confirmed that each of its directors has complied with the Model Code and the required standard set out in "the Code for Securities Transaction by Directors and Staff" drafted by the Company.

AUDITORS

For the three years ended 31 December 2007, 2008 and 2009, PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers were the Company's PRC and international auditor, respectively.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers were approved by way of a resolution passed at the AGM of the Company held on 22 June 2010, to act as the Company's domestic and international auditor, respectively, for the year 2010.

The Board will present the resolution for the re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers as the Company's PRC and international auditor respectively for the year 2011 at the forthcoming 2010 AGM.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 12 June 2008, the AGM of the Company considered and approved the election of the members of the fourth session of the Board of the Company, pursuant to which Mr. Wang Jiadong and Mr. Dong Zhiyi were elected as executive directors of the Company, Mr. Chen Guoxing, Mr. Gao Shiqing and Ms. Zhao Jinglu as non-executive directors of the Company, and Mr. Kwong Che Keung, Gordon, Mr. Dong Ansheng, Mr. Japhet Sebastian Law and Mr. Wang Xiaolong as independent non-executive directors of the Company, and the granting of the authorisation to the Board to determine their respective remuneration. The term of the fourth session of the Board commenced from the conclusion of the annual general meeting on 12 June 2008 until the date of the annual general meeting of the Company to be held in 2011.

On 25 November 2008, the Board considered and approved the resignation of Mr. Wang Jiadong as the director of the Company and the Chairman of the Board with effect from the date of conclusion of the extraordinary general meeting ("EGM") of the Company on 23 January 2009.

On 23 January 2009, Mr. Zhang Zhizhong was elected as an executive director of the Company at the EGM of 23 January 2009 and his term will expire on the date of the AGM of the Company to be held in 2011, which will be the end of the fourth session of the Board. Also, the Board approved the appointment of Mr. Zhang Zhizhong as the Chairman of the Board with effect from 23 January 2009.

On 12 June 2009, the AGM of the Company considered and approved the appointment of Mr. Yam Kum Weng as a non-executive director of the Company. His term will expire on the date of the annual general meeting of the Company to be held in 2011, which will be the end of the fourth session of the Board.

On 16 March 2010, Mr. Zhang Zhizhong tendered his resignation as the Chairman of the Board and the director of the Company as he has reached the retirement age. The Board considered and approved his resignation with effect immediately. On the same day, Mr. Dong Zhiyi was elected as the Chairman of the Board, and his term commenced from 16 March 2010 to the date of the annual general meeting of the Company to be held in 2011.

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

Currently, the Board Comprises ten directors, including two executive director, four non-executive directors and four independent non-executive directors.

According to Rule 3.13 of the Listing Rules, the Company received the confirmation of independence from each of the independent non-executive directors and confirmed that each independent non-executive director has complied with the relevant requirements of independence. The members of the Board acknowledged their responsibilities and duties. Seven board meetings (of which four meetings were held by way of circulating written documents) were held in the year of 2010, and there were appropriate arrangements to ensure the attendance of independent non-executive directors and review of the accounting records, accounting procedures, internal control system of the Company, and the important development strategies of the Company.

On 12 June 2008, the AGM of the Company considered and approved the election of the members of the fourth session of the Supervisory Committee with Mr. Wang Zuoyi as the supervisor representing the shareholders, Ms. Li Xiaomei and Mr. Tang Hua as the supervisors representing the staff, and Mr. Han Xiaojing and Mr. Xia Zhidong as external supervisors, and the granting of the authorisation to the Board to determine their respective remuneration. The term of the fourth session of the Supervisory Committee commenced from the conclusion of the annual general meeting of the Company on 12 June 2008 until the date of the annual general meeting of the Company to be held in 2011.

Currently, the Supervisory Committee comprises five supervisors, including two external supervisors, two supervisors acting as employees' representative and one supervisor acting as shareholders' representatives.

All executive directors of the Company have entered into director's service contract with the Company with a term expiring on the date of the annual general meeting of the Company to be held in 2011. All non-executive directors and supervisors of the Company have entered into letters of undertaking to perform the obligations of non-executive directors and supervisors, respectively, in accordance with the articles of association of the Company. Save as mentioned above, none of the directors or supervisors of the Company has entered or proposing to enter into a service contract with the Company. None of the directors or supervisors of the Company has a service contract with the Company which is terminated within one year without payment of compensation to the Company (other than statutory compensation).

On 22 March 2010, the Board considered and approved the appointment of Mr. Zhang Guanghui as the General Manager of the Company and the appointment of Ms. Gao Lijia as the executive Deputy General Manager of the Company, both of their terms will expire on the date of the annual general meeting of the Company to be held in 2011, which will be the end of the fourth session of the Board.

On 21 October 2010, Mr. Fan Jun resigned as the Deputy General Manager of the Company due to personal development reason. The Board considered and approved Mr. Fan Jun's resignation with effect immediately.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The profile of directors, supervisors and senior management of the Company is as follows:

Executive Director

Mr. Dong Zhiyi, aged 48, was re-appointed as an executive director of the Company on 12 June 2008. He is a senior economist and has an Executive Master's degree of Business Administration from HEC Paris and PHD degree in Management from Huazhong University of Science and Technology. Mr. Dong has over 20 years of experience in airport and civil aviation management. From June 1996 to January 2001, he was the deputy chief officer of Inner Mongolia Municipality Bureau of the General Administration Civil Aviation of China (CAAC, the predecessor of the Civil Aviation Administration of the China). From January 2001 to December 2003, he was deputy party secretary and chief officer of Inner Mongolia Municipality Bureau of CAAC. From December 2003 to February 2006, he acted as the party secretary and general manager of Inner Mongolia Airport Group Company Limited. He has acted as the chairman of the board of directors of Inner Mongolia Airport Group Company Limited since February 2006. Mr. Dong was the deputy general manager of the Parent Company since July 2005 and was the general manager of the Parent Company since March 2010. From 1 February 2007 to 22 March 2010, Mr. Dong was the General Manager of the Company. On 16 March 2010, Mr. Dong was appointed as the Chairman of the Board of the Company. Mr. Dong also serve as a member of Airports ACI Global Council and secondary deputy chairman of ACI Asia-Pacific Regional Committee.

Mr. Zhang Guanghui, aged 57, was appointed as an executive director of the Company on 22 June 2010. He graduated from Radio Engineering department of Northern Jiaotong University, and obtained Master's degree of Law Theory of Party School of the Central Committee of C.P.C. Mr. Zhang has over 20 years of experience in civil aviation industry. From July 1974 to July 1988, Mr. Zhang was in service for China Civil Airport Designing Institute consecutively as technician, assistant engineer, engineer and the Deputy Director of communication office. From July 1988 to November 1991, Mr. Zhang worked as the Deputy Director of Navigation & Communication division of China Civil Airport Designing Academy. From November 1991 to January 2000, Mr. Zhang served as the Vice President of China Civil Airport Designing Academy, the Deputy General Manager of China Civil Aviation Airport Construction & Engineering Company in succession. From January 2000 to March 2003, Mr. Zhang Guanghui served as the Deputy Chief of Civil Airport Department of CAAC. From March 2003 to March 2010, Mr. Zhang Guanghui served as the Chief of Civil Airport Department of CAAC. Mr. Zhang was appointed as the General Manager of the Company on 22 March 2010.

Non-executive Directors

Mr. Chen Guoxing, aged 57, was re-appointed as a non-executive director of the Company on 12 June 2008. He is a senior engineer, graduated from Tongji University. He has extensive experience in infrastructure constructions, especially in airport constructions. He had served as general commander for the construction of Terminal Three and relevant facilities at the Beijing Capital Airport, which played a positive role for the successful holding of the 29th Olympic Games in Beijing. From 1992 to 2002, Mr. Chen has served as the vice director of the Planning Committee of Jiangxi Province, the director of the Engineering Administration Section of Communications Department, Jiangxi Province, the general commander of the Command Office for Construction of Changbei Airport (which is located in Nanchang, Jiangxi Province, PRC), and subsequently the deputy mayor of Nanchang city. From March 2002, he has been the Deputy General Manager of the Parent Company.

Mr. Gao Shiqing, aged 50, was re-appointed as a non-executive director on 12 June 2008. Mr. Gao graduated from Beijing University of Aeronautics & Astronautics with a master's degree in aviation engineering. From August 1983 to July 2004, Mr. Gao served as the deputy chief of Planning & Science Department and the Development & Finance Department in CAAC. From July 2004, he had been the assistant of general manager of the Parent Company, and has been the Deputy General Manager of the Parent Company from July 2005.

Ms. Zhao Jinglu, aged 40, was re-appointed as a non-executive director of the Company on 12 June 2008. Ms. Zhao graduated from the accounting school of Nankai University with a bachelor's degree in auditing, and holds a MBA of Beijing Jiaotong University. From July 1992 to February 1995, Ms. Zhao served in the First Academe of CAAC and in the Auditing Bureau of CAAC. From February 1995 to April 2003, Ms. Zhao served in the Finance Department of CAAC, among this, from April 2001 to April 2003, Ms. Zhao served as the Deputy Director of Economy Adjustment Division of Accounting Department of CAAC; from April 2003 to September 2004, Ms. Zhao served as the Deputy Director of the Finance and Economy Division of Planning, Development and Accounting Department of CAAC; from September 2004 to November 2006, Ms. Zhao was served as the Director of Finance and Economy Division of the Planning, Development and Accounting Department of CAAC; From November 2006 to June 2007, Ms. Zhao served as the Director of Finance and Economy Division of the Accounting Department of CAAC. Since June 2007, Ms. Zhao has been the chief accountant and the manager of the Finance Department of Capital Airports Holding Company.

Mr. Yam Kum Weng, aged 46, graduated from the National University of Singapore with a Bachelor of Science Degree(Honours) in 1990. He has a Master's Degree in Business Administration from the Nanyang Technological University of Singapore. He started his career with the Civil Aviation Authority of Singapore in 1990 and has accumulated 20 years of experience in various management roles ranging from airport commercial development, airport management, aviation policy formulation, air traffic rights negotiations to air hub development. Mr. Yam held various leadership roles in the Civil Aviation Authority of Singapore. As Director (Airport Management) from 1999 to 2004, he led his team to win numerous world's best airport awards for Changi Airport. From October 2006 to April 2008, he was the Senior Director of the Changi Airport team, responsible for operating Abu Dhabi International Airport. Mr. Yam was Senior Director in-charge of air hub development of Changi Airport from June 2007 to June 2009, overseeing the marketing of Changi Airport to airlines, cargo companies and passengers. At the same time, he also served as leader of the Singapore delegation in bilateral air services negotiations. Following the corporatisation of Changi Airport in July 2009, Mr. Yam was appointed as Executive Vice President (Air Hub Development) of the Changi Airport Group (Singapore). Mr. Yam was awarded the Public Service Medal (Silver) by the President of the Republic of Singapore in 2003. He has been a non-executive director of the Company since June 2009.

Independent Non-executive Directors

Mr. Kwong Che Keung, Gordon, aged 61, has been an Independent Non-executive Director of the Company since October 1999. Mr. Kwong is also the Independent Non-executive Director of a number of companies listed on the Stock Exchange, namely Cosco International Holdings Limited, NWS Holdings Limited, OP Financial Investments Limited (Formerly known as Concepta Investments Ltd), China Chengtong Development Group Limited, Global Digital Creations Holdings Limited, Quam Limited, CITIC Telecom International Holdings Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, and Agile Property Holdings Limited. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. From 1984 to 1998, Mr. Kwong was a partner of the Pricewaterhouse and was an independent member of the Council of the Hong Kong Stock Exchange from 1992 to 1997, during which, he had acted as convener of both the compliance committee and the listing committee. He previously served as an independent non-executive director of New World Mobile Holdings Limited (listed in Hong Kong) until his resignation in February 2007, an independent non-executive director of Tom Online Inc. (previously listed in Hong Kong), which was privatized in September 2007, and an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd with a term of 3-year ended on June 2009. Mr. Kwong served as independent non-executive director of Ping An Insurance (Group) Company of China, China Oilfield Services Limited and Frasers Property (China) Limited in the past three years.

Mr. Dong Ansheng, aged 59, graduated from the Law School of Renmin University of China with J.D. degree. Mr. Dong is a professor and PHD Supervisor of the School of Laws of Renmin University of China, and serves as the deputy director of Research Center of Civil and Commercial Law of the Renmin University of China. Mr. Dong currently serves as deputy master of China Securities Law Society and directorates in several Law Societies. Mr. Dong also participates in the legislation of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other related rules and regulations on governing securities. Since 1992, Mr. Dong has long term studies on the companies' laws and securities laws. He had served as P.R.C. legal advisor on the issue of shares, merger and acquisition and other listing matters of more than 40 listed A shares companies, several listed B shares companies and listed H companies and other listed companies in Hong Kong. Mr. Dong is also serving as the independent non-executive director of Beijing Wangfujing Department Store Co. Ltd. (Group) (listed on the Shanghai Stock Exchange), BOE Technology Group Co., Ltd. (listed on the Shanghai Stock Exchange), Sichuan Western Resources Holding Co., Ltd. (listed on the Shanghai Stock Exchange) and Dynamic Global Holdings Limited (listed on the main board of the Hong Kong Stock Exchange). Mr. Dong was re-appointed as an independent non-executive director of the Company on 12 June 2008.

Mr. Japhet Sebastian Law, aged 59. Mr. Law graduated from the University of Texas at Austin with Ph.D. in Mechanical/Industrial Engineering in 1976. He joined the Chinese University of Hong Kong in 1986 and is currently a Professor in the Department of Decision Sciences and Managerial Economics. He was the Associate Dean and subsequently the Dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 until 2002. Prior to returning to Hong Kong, Mr. Law was the Director of Operations Research at the Cullen College of Engineering and Director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U. S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Mr. Law has acted as consultants with various corporations in Hong Kong and overseas. He is also active in public services, having served as Member of the Provisional Regional Council of the Hong Kong SAR Government and varies other committees, and is also active on the boards of profit, non-profit, and charitable organizations in Hong Kong and overseas. From July 2003 to February 2006 and from 1 September 2008 till now, Mr. Law served as an independent non-executive director of Global Digital Creations Holdings Limited. From June 2005 till 30 September 2008, Mr. Law is serving as an independent non-executive director of International Financial Network Holdings Limited. From September 2005, he is serving as an independent non-executive director of Tianjin Port Development Holdings Limited. From 23 March 2008, he is also serving as an independent non-executive director of BinHai Investment Company Limited (Formerly "Wah Sang Gas Holdings Limited"). Mr. Law was appointed as an independent non-executive director of the Company on 12 June 2008.

Mr. Wang Xiaolong, aged 56, graduated from School of Economics of Peking University with Ph.D. degree. From December 1985 to April 1990, Mr. Wang served as the office director and department director of the Research Institute of China's Economic Reforms in the National Committee of China's Economic Reforms. From April 1990 to March 1994, Mr. Wang served as the deputy director and standing deputy director of Beijing New Technology Industrial Development Zone. From April 1994 to 1997, Mr. Wang served as the deputy general manager and director of Hong Kong Jing Tai Industrial Corporation. From May 1997 to June 1998, Mr. Wang served as the executive director and vice-president of Hong Kong Beijing Holding Ltd. From June 1998 till now, Mr. Wang served as the deputy chairman of the board and general manager of Beijing International Trust and Investment Co., Ltd. Mr. Wang was appointed as an independent non-executive director of the Company on 12 June 2008.

Members of the Supervisory Committee

Mr. Wang Zuoyi, aged 49, was re-appointed as a supervisor of the Company and the chairman of the supervisory committee on 12 June 2008. Mr. Wang graduated from the School of Management, State University of New York at Buffalo, USA in 1990 with a master degree in business administration. From 1991 to 1993, Mr. Wang was employed in the Finance Bureau of Hainan Province. From 1993 to 1996, he was the director and executive deputy general manager of Hainan Wuzhou Tourism Joint-stock Company Limited. From January 1997 to August 2001, Mr. Wang was the deputy general manager of Hainan International Trust and Investment Company. From 1998 to 2000, Mr. Wang acted as the director of Haikou Meilan Airport Company Limited. From August 2001 to January 2003, Mr. Wang was the chief accountant of the Company. Mr. Wang has been the chief accountant of the Parent Company since January 2003 and then has been the investigator of the Parent Company on January 2007.

Ms. Li Xiaomei, aged 52, was re-appointed as a supervisor of the Company on 12 June 2008. Ms. Li is an economist, and graduated from Cheung Kong Graduate School of Business with a degree of Executive Master of Business Administration (EMBA). She has over 20 year of experience in labour economics and human resources. From 1994 to 2000, she was the deputy director of the Beijing Capital International Airport's human resources division and the human resources manager of the Company from January 2000 to January 2003. Since January 2003, she has been the vice party secretary, the general secretary of the disciplinary committee and chairman of labor union of the Company. Ms. Li has been the party secretary of the Company since March 2010. Ms. Li also serves as vice Chairman of Human Resources Committee of ACI (Asian-Pacific Region).

Mr. Tang Hua, aged 32, was re-appointed as a supervisor of the Company on 12 June 2008. Mr. Tang graduated from Nanjing University of Aeronautics and Astronautics with a bachelor's degree in 2001. Mr. Tang served as the controller of the airfield branch of the operation management department of the Company in August 2001; the controller of the resource management centre of the operation management department of the Company in November 2001; the party assistant of the operation management department in October 2002; the party assistant and the secretary for the Communist Youth League of the operation department in July 2003; the manager of the union under the department of CCP working group in June 2005; and the manager of Customer Service Center of the Company in October 2007. Mr. Tang has been a manager of Operation Plan of the Company since April 2008.

Mr. Han Xiaojing, aged 56, was re-appointed as an independent supervisor of the Company on 12 June 2008. He graduated from the School of Law of Zhongnan University of Political Science and Law with a bachelor's degree in law. Thereafter, he studied at China University of Political Science and Law and obtained a master's degree in law in 1985. From 1985 to 1992, Mr. Han worked as a full-time lawyer in China Legal Affairs Center. He was also one of the initiators of the Commerce & Finance Law Office in Beijing, which was founded in 1992. In addition, Mr. Han is the independent non-executive director of Overseas Chinese Town Holding Limited, Sino-Ocean Land Limited and Far East Horizon Limited. Mr. Han has been a supervisor of the Company since October 1999.

Mr. Xia Zhidong, aged 57, was re-appointed as an independent supervisor of the Company on 12 June 2008. He graduated from Tianjin University of Finance and Economics with a bachelor's degree in accounting. He obtained a master's degree in economics from the Research Institute for Fiscal Science, Ministry of Finance in February 1985. From 1986 to 1988, Mr. Xia was the deputy head of the Accounting Research Division of the Research Institute for Fiscal Science, Ministry of Finance. He was deputy chief of capital office of international business department of the headquarter of the China Construction Bank in 1988. In 1989, Mr. Xia attended an Advanced Management Program at the Harvard Business School of USA. He was the deputy general manager of Ernst & Young Hua Ming, Certified Public Accountants from 1992 to 1996 and is currently the vice chairman and partner of Tin Wha CPAs; while Mr Xia is the independent non-executive director of CITIC-Prudential Fund Management Company Ltd.. From March 2006 to November 2009, Mr. Xia was the independent non-executive director of Beijing Shougang Company Limited. Mr. Xia has been a supervisor of the Company since December 1999.

Save and except for the directorships in the Company, and save and except for the non-executive directorship of Mr. Gao Shiqing in a listed company in 2008, and the independent non-executive directorship of each of Mr. Kwong Che Keung, Gordon, Mr. Dong Ansheng, Mr. Japhet Sebastian Law, Mr Han Xiaojing and Mr. Xia Zhidong in several other listed companies, none of the directors or the supervisors of the Company above held any directorship in any other listed public companies for the last three years.

Save and except for the relationships as stated above, none of the directors or the supervisors of the Company has any relationship with other directors, senior management, substantial shareholder or controlling shareholder of the Company, nor has any interest in the shares of the Company within the meaning of Part XV of the SFO (the Securities and Futures Ordinance).

Other Senior Management

Ms. Gao Lijia, aged 46, was appointed as the executive Deputy General Manager of the Company on 22 March 2010. Ms. Gao is a senior engineer, graduated from the Computer Science Department, Beijing University of Aeronautics and Astronautics (BUAA) with a master's degree of engineering. She also has the master's degree of Business Administration from China Europe International Business School. From January 1989 to May 1995, Ms. Gao served at BUAA as deputy director and associate professor of the Electronic Engineering Department. From May 1995 to June 1997, she worked in the electronic communication technology industry. From June 1997 to October 1999, Ms. Gao has been working as manager of Computer Division of Technological Equipment Department and then deputy director of Computer Centre of the Beijing Capital International Airport. From October 1999 to October 2001, Ms. Gao served as the manager of the IT department of the Company. From October 2001 to February 2004, she became the manager of the Planning and Development Department of the Company. Since February 2004, she has been a Deputy General Manager of the Company. Ms Gao also serves as a member of Environment Standing Committee and Airport Information Technology Standing Committee of ACI.

Mr. Zhang Bing, aged 58, was re-appointed as the Deputy General Manager of the Company on 12 June 2008. Mr. Zhang has acted as the director of convoy center of the Company, the director of aviation safety and security division of the Company, the assistant to the general manager of the Company and the general security supervisor of the Company consecutively. He has over 20 years of experience in safety and security of airport operation.

Mr. Shu Yong, aged 38, was re-appointed as the secretary of the Board of the Company on 12 June 2008. He graduated from the Law Department of Peking University with a bachelor degree in laws with double majors in economic laws and international economic laws. He also obtained the Executive Master of Business Administration degree (EMBA) from Faculty of Business of the City University of Hong Kong. He worked in the planning and operating division and then the corporate office of the Beijing Capital International Airport from August 1996 to October 1999. From October 1999 to January 2003, he was the legal affairs manager of the securities department and subsequently the manager of the Secretariat to the Board. From May 2003 to May 2004, Mr. Shu was the manager assistant and acted as the manager of Planning and Development Department of the Company from May 2004 to April 2006. He has been the secretary of the Board since January 2003.

By order of the Board
Dong Zhiyi
Chairman

Beijing, the PRC, 18 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE REVENUES

In 2010, the Company's revenues were RMB5,776,731,000, representing an increase of 16.4% as compared with the previous year; of which, aeronautical revenues were RMB3,561,235,000, representing an increase of 13.8% as compared with the previous year and non-aeronautical revenues were RMB2,215,496,000, representing an increase of 20.8% as compared with the previous year.

AERONAUTICAL REVENUES

In 2010, with the recovery of the global economy, the air traffic volumes at the Beijing Capital Airport have kept steady growth. The aircraft movements at the Beijing Capital Airport were 517,584, representing an increase of 6.0% as compared with the previous year. The passenger throughput reached 73,948,113, representing an increase of 13.1% as compared with the previous year. The cargo and mail throughput reached 1,551,471 tonnes, representing an increase of 5.1% as compared with the previous year. Details of which are as follows:

		2010	2009	Change *(%)*
Aircraft Movements		**517,584**	488,495	6.0%
including:	Domestic	**410,715**	392,663	4.6%
	International, Hong Kong, Macau & Taiwan	**106,869**	95,832	11.5%
Passenger Throughput		**73,948,113**	65,372,012	13.1%
including:	Domestic	**56,718,231**	51,273,605	10.6%
	International, Hong Kong, Macau & Taiwan	**17,229,882**	14,098,407	22.2%
Cargo and Mail Throughput *(unit: tonnes)*		**1,551,471**	1,475,649	5.1%
including:	Domestic	**888,179**	842,612	5.4%
	International, Hong Kong, Macau & Taiwan	**663,292**	633,037	4.8%

In 2010, the Company's passenger charges were RMB1,432,213,000, representing an increase of 13.8% as compared with the previous year. Revenue from airport fee was RMB 939,335,000, representing an increase of 13.5% as compared with the previous year. They were at similar magnitude with the increase in passenger throughput. Aircraft movement fees and related charges were RMB1,189,687,000, representing an increase of 14.0% as compared with the previous year, mainly because of the substantial increase in aircraft movements and passenger throughput; furthermore, 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.) Details of which are as follows:

	2010	2009	Change
	RMB'000	*RMB'000*	*(%)*
Passenger charges	**1,432,213**	1,258,969	13.8%
Aircraft movement fees and related charges	**1,189,687**	1,043,848	14.0%
Airport Fee	**939,335**	827,502	13.5%
Total aeronautical revenues	**3,561,235**	3,130,319	13.8%

NON-AERONAUTICAL REVENUES

In 2010, through the recovery of the economy, the Company's non-aeronautical revenues got a substantial growth as compared with the previous year. In 2010, the concession revenues of the Company were RMB1,396,782,000, representing an increase of 25.0% as compared with the previous year. Among which, the concession revenues from advertising of the Company were RMB620,606,000, representing an increase of 14.6% as compared with the previous year, mainly because in 2010, the area utilised on advertisements represented a substantial increase under the influence of the growth in economy as compared with the previous year. The concession revenues from retailing were RMB587,550,000, representing an increase of 41.6% as compared with the previous year, mainly because the Company increased the size of the arrival duty-free area. Furthermore, in 2010, the passenger volume has obviously increased, and the consumption, especially that of international passengers, has been released. The concession revenues from restaurants were RMB97,495,000, representing an increase of 6.8% as compared with the previous year, which was mainly resulted from the increase in the passenger throughput. The concession revenues from ground handling service were RMB43,541,000, representing an increase of 80.2% as compared with the previous year, which was mainly because of the handling service concession revenues from the Company's newly added ground services providers. The other concession revenues were RMB47,590,000, representing an increase of 4.7% as compared with the previous year.

In 2010, the rental income of the Company was RMB749,728,000, representing an increase of 14.2% as compared with the previous year, which was mainly because of the increase in rental areas and the provision of electronic equipment and information equipment rental service.

In 2010, the revenue from car parking of the Company was RMB40,469,000, representing an increase of 27.4% as compared with the previous year, mainly because the rise in passenger throughput has driven the volume of car parking increased, and the number of long term parking cars has also increased as a result of the Company's promotion measure.

In 2010, the revenue from management service and other revenues of the Company were RMB20,140,000 and RMB8,377,000, respectively.

The details of non-aeronautical revenues are set out below:

		2010 RMB'000	2009 RMB'000	Change (%)
Concession revenues		**1,396,782**	1,117,587	25.0%
Including:	Advertising	**620,606**	541,708	14.6%
	Retail	**587,550**	414,948	41.6%
	Restaurants	**97,495**	91,290	6.8%
	Ground handling	**43,541**	24,167	80.2%
	Other concession	**47,590**	45,474	4.7%
Rentals		**749,728**	656,388	14.2%
Car parking fee		**40,469**	31,763	27.4%
Management service fee		**20,140**	6,340	217.7%
Others		**8,377**	22,472	-62.7%
Total non-aeronautical revenues		**2,215,496**	1,834,550	20.8%

OPERATING EXPENSES

	2010 RMB'000	2009 RMB'000 (Restated)	Change (%)
Depreciation and amortisation	**1,509,655**	1,562,186	-3.4%
Utilities and power	**548,336**	562,408	-2.5%
Repairs and maintenance	**546,240**	438,280	24.6%
Aviation safety and security guard costs	**354,687**	317,527	11.7%
Staff costs	**322,857**	323,153	-0.1%
Operating contracted services	**209,894**	191,194	9.8%
Greening and environmental maintenance	**209,805**	196,734	6.6%
Real estate and other taxes	**146,024**	144,908	0.8%
Rental expenses	**97,711**	65,603	48.9%
Other costs	**172,049**	238,886	-28.0%
Total operating expenses	**4,117,258**	4,040,879	1.9%

In 2010, the total operating expenses of the Company were RMB4,117,258,000, representing a slight increase of 1.9% as compared with the previous year.

In 2010, the depreciation and amortisation expenses of the Company were RMB1,509,655,000 representing a decrease of 3.4% as compared with 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.

In 2010, the utilities and power expenses of the Company were RMB548,336,000, representing a decrease of 2.5% as compared with the previous year, mainly because the Company reduced time for energy supply in 2010 while still preserving service quality.

In 2010, the repairs and maintenance expenses of the Company were RMB546,240,000, representing an increase of 24.6% as compared with the previous year, the related cost and maintenance increases mainly because the main facility inside Terminal Two had served for long time thereby causing an increase in related repair and maintenance costs. Further, Terminal Three has been running nearly three years thereby causing an increase in the repair and repair cost for the production facilities and system.

In 2010, the aviation safety and security guard costs of the Company were RMB354,687,000, representing an increase of 11.7% as compared with the previous year, which was mainly because of the growth in the staff costs of the aviation safety and security guards.

In 2010, the staff costs of the Company were RMB322,857,000. There is no significant change as compared with the previous year.

In 2010, the operating contracted services costs of the Company were RMB209,894,000, representing an increase of 9.8% as compared with the previous year, mainly because the increase in air traffic volumes has driven the related demands to increase.

In 2010, the greening and environmental maintenance expenses of the Company were RMB209,805,000, representing a growth of 6.6% as compared with the previous year, mainly because the increased passenger throughput caused the increase in related expenses.

In 2010, the real estate and other taxes of the Company were RMB146,024,000, representing a slight increase of 0.8% s compared with the previous year.

In 2010, the rental expenses of the Company were RMB97,711,000, representing an increase of 48.9% as compared with the previous year, mainly because the Company rented an office building from the Parent Company via a fully-owned subsidiary of the Parent Company during the reporting period.

In 2010, the other costs of the Company were RMB172,049,000, representing a decrease of 28.0% as compared with the previous year, mainly because the Company took effective measures of costs control and reduced related costs.

OTHER ITEMS IN THE INCOME STATEMENT

In 2010, the other income of the Company was RMB81,550,000, representing an increase of 285.0% as compared with the previous year, which mainly resulted from the foreign exchange gains from European Investment Bank loans from the Parent Company which is denominated in the US dollar.

In 2010, the net finance costs of the Company net of finance income were RMB710,924,000, representing an increase of 113.6% as compared with the previous year.

In 2010, the income tax expense of the Company was RMB197,868,000.

PROFIT FOR THE YEAR

For the financial year ended 31 December 2010, the profit of the Company for the year amounted to RMB595,191,000, representing an increase of 101.1% as compared with the previous year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

According to the overall plan of the acquisition of the Phase III Assets*, the Company assumed the US dollar-denominated loans from the European Investment Bank related to the Phase III Assets and the interest thereof since 31 December 2010. Accordingly, the fluctuation of RMB exchange rate against the US dollar will affect the financial results of the Company.

* 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.

As at 31 December 2010, the assets and liabilities of the Company denominated in foreign currencies (mainly in USD and HKD) included cash and cash equivalents of approximately RMB33,747,000 (2009: RMB7,689,000), trade and other receivables of approximately RMB31,859,000 (2009: RMB43,121,000), trade and other payables of approximately RMB132,000 (2009: RMB136,000), and loans of approximately RMB2,779,401,000 (2009: RMB2,672,841,000) from the Parent Company. During the year of 2010, the Company recorded an exchange gain of RMB 81,182,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

The total amount of the long-term loans from the Parent Company and current portion of the long-term loans from the Parent Company of the Company is RMB6,279,401,000, which includes the loans from the European Investment Bank which was assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4% and the corporate bonds from the Parent Company at an interest rate with reference to published interbank 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 financial results of the Company

LIQUIDITY AND FINANCIAL RESOURCES

The Company's net cash generated from operating activities in 2010 amounted to RMB3,694,697,000, representing an increase of RMB2,366,971,000 as compared with RMB1,327,726,000 for the year of 2009. Net cash outflow from investing activities in 2010 amounted to RMB320,302,000, of which the payment made for the purchase of property, plant and equipment amounting to RMB321,720,000. In 2010, the Company's net cash outflow from financing activities amounted to RMB3,175,064,000.

As at 31 December 2010, the Company had total cash and cash equivalents amounting to RMB882,185,000, while the cash and cash equivalents of the Company amounted to RMB683,595,000 as at 31 December 2009.

As at 31 December 2010, the Company's long-term bank borrowings were RMB7,500,000,000, and loans from the Parent Company were RMB6,279,401,000.

The Company completed the issue of the corporate bonds of terms 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 in the total sum of RMB4.9 billion. The afore-mention corporate bonds were listed and traded on the Shanghai Stock Exchange on 10 March 2010.

As at 31 December 2010, the current ratio of the Company was 0.71, and that as at 31 December 2009 was 0.15. Such ratios were computed by dividing the total current assets by total current liabilities as at those respective dates. The marked increase in the current ratio is mainly because of the repayment of the due short-term bank loans of RMB12.8 billion by the Company by increasing long-term liabilities.

As at 31 December 2010, the liability-to-asset ratio of the Company was 61.59%, and that as at 31 December 2009 was 65.33%. Such ratios were computed by dividing the total amount of liabilities by the total assets as at those respective dates.

As at 31 December 2010, the capital and reserves of the Company was RMB13,434,786,000 and that as at 31 December 2009 was RMB12,733,676,000.

As at 31 December 2010, the Company had unutilised loan facilities totalling approximately RMB16,000,000,000 (2009: RMB19,941,398,000). The Company may use the bank credit mentioned above partly or totally according to the requirements of the operation of the Company.

THE POLICY RELATED TO THE AIRPORT FEE

On 5 January 2011, the Company received the notice relating to the policy on Airport Fee (Ju Fa Ming Dian [2011] no.17) (the “Notice”) issued by the Department of Finance of the Civil Aviation Administration of China. Pursuant to the Notice, the policy of the subsidy arrangements on the Airport Fee as the revenues of the Company shall be retained for the period from 1 January 2011 to 31 December 2015.

BANK BORROWINGS

As at 31 December 2010, the Company’s bank borrowings amounted to RMB7,500,000,000 at an annual interest rate of 4.3%.

EMPLOYEES AND EMPLOYEE WELFARE

1. The numbers of employees of the Company are set out as follows, together with a comparison with those in the previous year:

	2010	2009
Total employees	**1,821**	1,997

   The remuneration policy of employees of the Company is determined by the management based on market practice; mainly consisting of two parts including basic salaries and salaries on performance evaluation.

2. Employees' Pension scheme

   The details of the employees' pension scheme are set out in Note 18 to the Financial Statements.

3. Employees' housing benefits

   The details of the employees' housing benefits are set out in Note 19 to the Financial Statements.

4. Employees' basic medical insurance and commercial medical insurance

   With effect from 1 January 2003, the Company and its subsidiaries have complied with the regulations of the Beijing Municipal Government for basic medical insurance. According to the regulations, the Company pays the basic medical insurance and mutual insurance for large sum medical expenses for its employees at 9% and 1%, respectively, of the average monthly salaries of its employees in the previous year.

   In addition, the Company provides supplemental medical insurance benefits to its employees on certain amount. Other than this, the Company no longer pays cash medical subsidies or medical compensations to its employees.

CHARGE ON ASSETS

There were no assets charged or pledged for the year ended 31 December 2010.

CORPORATE GOVERNANCE REPORT

The Company commits itself to structure effective and transparent corporate governance system, enhance corporate governance level, and achieve the standard operation of the Company. During the year ended 31 December 2010 and to the date of 18 March 2011, the Company has always strictly complied with the code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of Listing Rules.

BOARD OF DIRECTORS

Composition and Appointment

The fourth session of the Board of the Company was established on 12 June 2008 and elected by the Company's shareholders at the annual general meeting. The term of the office of the Board will end on the date of the conclusion of the annual general meeting of the Company to be held in 2011. The composition and changes of directors, the list of directors and their respective biographies are set out on pages 25 to 33 of the annual report.

Operation of the Board

According to the articles of associations of the Company, the Board is elected by the shareholders at the annual general meeting and is mainly responsible to the general meeting and makes decisions of the business plans and investment proposals of the Company while the daily operation and management of the Company is the responsibility of the general manager of the Company. As per the articles of associations of the Company or be authorized by the general meeting, the following important decisions are made by the Board: the important business plans and investment proposals of the Company; the annual financial budgets and final accounts of the Company; the plans for profit distribution and plans for making up losses for the Company; the internal management structure of the Company and other important duties. The Directors and the Board carry out the corporate governance duties, all the directors attend Board meetings in a serious and responsible manner, perform their duties as Directors earnestly and diligently, commit themselves to the contribution for the overall interests of the Company and the shareholders .

Board Meeting

Meetings of the Board shall be held at least four times a year and convened by the chairman of the Board. Notice of the meeting shall be served on all directors at least 14 days before the date of the meeting. In case of any urgent matters, the extraordinary Board meeting could be held with the proposal of no less than one-thirds of the directors or the manager of the Company.

During 2010, the Board held seven meetings (of which four meetings were held by way of circulating written documents) to discuss and determine the strategic development, material operational matters, financial matters and other matters of the Company under the articles of associations of the Company.

Records of directors' attendance at meetings in 2010 are set out as follows:

		Number of attendance
Dong Zhiyi	Chairman, executive director (Appointed on 16 March 2010)	7/7
Zhang Guanghui	General manager, executive director (Appointed on 22 June 2010)(note)	4/4
Chen Guoxing	Non-executive director	7/7
Gao Shiqing	Non-executive director	7/7
Zhao Jinglu	Non-executive director	7/7
Yam Kum Weng	Non-executive director	7/7
Kwong Che Keung, Gordon	Independent non-executive director	7/7
Dong Ansheng	Independent non-executive director	7/7
Japhet Sebastian Law	Independent non-executive director	7/7
Wang Xiaolong	Independent non-executive director	7/7

Note: Mr. Zhang Guanghui was elected as an executive director of the Board at the annual general meeting of the Company on 22 June 2010, therefore, he did not attend any Board meetings before 26 June 2010.

CHAIRMAN AND GENERAL MANAGER

For the year ended 31 December 2010 and during the period ended 18 March 2011, two executive directors of the Company, Mr. Dong Zhiyi and Mr. Zhang Guanghui, hold the position of Chairman of the Board and General Manager, respectively. The Chairman's responsibilities are to convene the meeting of the Board and promote corporate governance of the Company, while the General Manager is responsible for taking part in material decisions made by the Board and the daily operation of the Company. Their duties are separate and there are no financial, business or relative relations between them. Powers and positions of the governance structure of the Company are instinct and defined clearly and fulfilled separately.

CHANGES OF MANAGEMENT

The changes of management and set out on page 29 of the annual report.

THE TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

Mr. Chen Guoxing, Mr. Gao Shiqing and Ms. Zhao Jinglu were elected as non-executive directors of the Company at the annual general meeting of the Company on 12 June 2008 and their term is from the conclusion of the annual general meeting on 12 June 2008 to the date of the annual general meeting of the Company to be held in 2011, being the period during the term of office of the fourth session of the Board. On 12 June 2009, the annual general meeting of the company considered and approved the appointment of Mr. Yam Kum Weng as the non-executive director of the Company, whose term will expire on the date of the annual general meeting of the Company to be held in 2011, which is the end of the fourth session of the Board.

INSURANCE ARRANGEMENT

Under the Recommended Best Practices A.1.9 of the Code, that an issuer should arrange appropriate insurance in respect of any legal action that may be threatened against its directors. The Company has arranged for the liability insurance for the directors, the supervisors and other senior management of the Company.

THE REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 2 June 2005. On 12 June 2008, the fourth session of the Board re-appointed the members of the Remuneration Committee. At present, the Remuneration Committee is comprised of five members, including four independent non-executive directors and one non-executive director, namely Mr. Wang Xiaolong (the Chairman of the Remuneration Committee), Mr. Japhet Sebastian Law, Mr. Kwong Che Keung, Gordon, Mr. Dong Ansheng and Mr. Gao Shiqing.

The duties of the Remuneration Committee, include without limitation: to review and approve the general policies concerning strategic compensations; to give advice to the Board concerning the remuneration policies and structure of all directors and senior management of the Company, as well as the establishment of formal and transparent procedures aiming at formulating remuneration policies; to be responsible for determining all executive directors and senior management's specific remuneration packages and to recommend the remuneration of non-executive directors.

Factors that the Remuneration Committee should take into consideration include: the remuneration paid by companies of similar kind, time spent and responsibilities taken by the directors and senior management, remuneration level of the Company, and whether there is a need for combining remuneration and bonus on performance. For the current session of the Board, each executive director's annual emolument includes both fixed portion and floating portion, which is detailed in Note 26 to the Financial Statements together with other directors' emoluments.

THE NOMINATION COMMITTEE

The Board decided to establish a Nomination Committee under the Board on 26 March 2007. On 12 June 2008, the fourth session of the Board re-appointed the members of the Nomination Committee. At present, the Nomination Committee is comprised of five members, including four independent non-executive directors and one executive director, namely Mr. Dong Ansheng (the chairman of the Nomination Committee), Mr. Japhet Sebastian Law, Mr. Wang Xiaolong, Mr. Kwong Che Keung, Gordon and Mr. Dong Zhiyi . The term of the office of the Nomination Committee is the same as that of the Board. The term of office of the members is subject to re-election.

The main duties of the Nomination Committee include the following:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

- to identify individuals with appropriate qualifications to act as director or manager and to select and nominate the relevant individual to serve as director or manager or to make recommendations to the Board in this regard;

- to assess the independence of independent non-executive directors; and

- to make recommendations to the Board on matters relating to the appointment or re-appointment of directors and succession plans for directors.

The nomination procedures of the Nomination Committee mainly include timely update of the Company's demand for directors and senior management, seeking for appropriate candidates internally as well as externally based on the above demand, performing preliminary assessment on the qualifications and capabilities of the candidates, including understanding and reviewing of the educational background and qualifications of such candidates and check against the need as well as the actual situations of the Company and submit appointment recommendations to the Board.

THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 10 January 2000. On 12 June 2008, the fourth session of the Board re-appointed the members of the Audit Committee. At present, the Audit Committee of the Company is composed of four independent non-executive directors of the Company. Mr. Kwong Che Keung, Gordon acts as the Chairman.

The duties of the Audit Committee include: to consider the appointment of the external auditors, the audit fees and any issues relating to their resignation or dismissal; to discuss with the external auditors, before the commencement of the audit procedure, on the nature and scope of the audit; to ensure the co-ordination between the audit firms if there is more than one firm involved; and to review the interim and annual financial statements before they are presented to the Board.

The Audit Committee held three meetings in 2010 and the average attendance rate was 100%. Records of attendance of the Audit Committee members in 2010 are as follows:

Committee Members	**Number of Attendance**
Mr. Kwong Che Keung, Gordon *(Chairman)*	3/3
Dong Ansheng	3/3
Japhet Sebastian Law	3/3
Wang Xiaolong	3/3

In the year of 2010, the Audit Committee reviewed the annual financial report, the compliance report of continuing connected transactions, the financial auditing report, the accounting principles and methods adopted by the Company, discussed the internal control matters, reviewed the financial statements prepared under IFRS and China accounting standards, respectively. It also reviewed the internal audit plan of the Company, the audit results report of the Company and discussed the matters arising from the audit with the internal auditors. Based on their work during the year of 2010, the Audit Committee has also assessed the internal control system of the Company and considered it is effective. The Audit Committee has reviewed the 2010 annual results of the Company.

The Audit Committee has considered the appointment of the external auditors and their fee and made recommendations to the Board on the external auditors appointment. The directors have understood and acknowledged their responsibilities for preparing the accounts and have reviewed the effectiveness of the internal control system of the Company. For details of the responsibility statement from the external auditors, please refer to the Independent Auditor's Report herein.

THE STRATEGY COMMITTEE

The Board decided to establish a Strategy Committee under the Board on 12 June 2002. On 12 June 2008, the fourth session of the Board re-appointed the members of the Strategy Committee. The members of the Strategy Committee are appointed out of the executive directors by the Board, namely Mr. Dong Zhiyi and Mr. Zhang Guanghui.The chairman of the Strategy Committee is Mr. Dong Zhiyi, the Chairman of the Board whose responsibilities are to convene and preside over the meeting.

The duties of the Strategy Committee, which reports to the Board, are as follows:

- to investigate the operation environment and resources of the Company, to formulate the basic direction, goals and implementation plan for the future development of the Company;
- to regularly assess the work of managing staff to ensure that their works are in line with the requirements under the long-term and mid-term development strategy of the Company;
- to analyze and prepare the research report on the capital expenditure items which may pose material impact on the development strategy of the Company, to formulate the basic implementation plan and present it to the Board for approval; and
- to consider other matters as required by the Board.

INTERNAL CONTROL

The objectives of the internal control system of the Company are to insure the efficiency of the business activities, the safety of the assets, the reliability of the business information and the financial report. The system is very complete. It depends on the way of risk management, covering all the operation and management areas of the Company. The internal control system of the Company consists of the Supervisory Committee, the Audit Committee formed under the Board and the internal audit department of the Company.

The Company's internal audit department is responsible for conducting an independent audit of whether or not the internal control system is sufficient and effective. The auditing plan is discussed and finalized by the Audit Committee annually. All internal audit reports are delivered to the Chairman of the Board, the General Manager, the management of the audited department and related departments. The main outcome of each audit will also be discussed with the Audit Committee. The Board and Audit Committee carefully review the number and seriousness of the inspection results submitted by the internal audit department, and the corrective measures taken by the department concerned.

The Company reviews the effectiveness of its internal control annually, which includes control over finance, operations, compliance with laws and regulations as well as the monitoring of risk management.

The Board has conducted a review of the effectiveness of the system of internal control of the Company and consider that it is effective.

The year of 2010 is very important for the Company to forge ahead with the work of internal control .The Company surrounding process reengineering, perfecting the internal control system, and strengthening the risk prevention in the risk aeras to make sure the continued and effective operation of the internal control. In the year of 2010, the Company adds the risk management audit of the information system, and makes analysis and evaluation of the operation situation about the SAP system, inquiry system, luggage system, security system and so on, then propounds series of suggestions about management.

AUDITOR'S REMUNERATION

The external auditors of the Company are PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company which provide the Company with audit services. During the year ended 31 December 2010 and the period up to the date of publication of this annual report, a total service fee of RMB3,100,000 was paid by the Company in respect of the audit and audit related services. And the Company incurred RMB650,000 for non-auditing service performed by PricewaterhouseCoopers Zhong Tian CPAs Limited Company for the period up to the date of publication of this annual report.

In the annual general meeting of the Company held on 12 June 2010, the resolution to re-appoint PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers as PRC and international auditor of the Company, respectively, was approved, and the Board was authorized to determine their remuneration in 2010.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to a policy of open and regular communication with its shareholders and to make reasonable disclosure of information to them. Information of the Company is disseminated to the shareholders in the following manners:

1. Delivery of the interim and annual results and reports and publication of the annual and interim results, and announcement and other discloseable information on the websites of the Hong Kong Stock Exchange and the Company to all shareholders.

2. The general meeting of the Company is also an effective communication channel between the Board and shareholders.

3. The Company maintains effective communications with its shareholders, investors and analysts through, inter alia:

   - establishing dedicated divisions and personnel for liaison with investors and analysts and answering their relevant questions;

   - arranging their on-site visits to the Company to facilitate their timely understanding of the situation and latest development of the Company's business operations;

   - gathering, in a timely manner, opinions and comments from analysts and investors on the operations of the Company, compiling reports regularly, and selectively adopting them to the operations of the Company; and

   - providing relevant financial and operational information via the Company's website.

REPORT OF SUPERVISORY COMMITTEE

To all shareholders:

During the year ended 31 December 2010, in accordance with the PRC Company Law, the Listing Rules and the Company's articles of association, all members of the Supervisory Committee have performed their duties properly and carried out their work on the principles of reasonableness, prudence, diligence and initiative.

The fourth session of the Supervisory Committee was elected by the Company's shareholders and was established on 12 June 2008. The term of the office will last till the annual general meeting of the Company to be held in 2011.

Currently, the Supervisory Committee comprised five supervisors, including two independent supervisors, two supervisors as representatives of employees and one supervisor as the representative of shareholders. Supervisors as representatives of shareholders and independent supervisor were elected by the Company's shareholders. Supervisor as representatives of employees was elected democratically by the employees of the Company.

During the reporting period, the Supervisory Committee of the Company held one meeting.

On 22 March 2010, Supervisory Committee held the meeting for this year was which presided by Mr. Wang Zuoyi. The Supervisory Committee considered and approved *"The Report of Supervisory Committee of the Company for 2009"*.

During the reporting period, the Supervisory Committee attended the Board meetings for four times, and participated in important activities of the Company, such as the working meetings of the general managers, reviewed and gave advice on the Company's finance, operations and daily management. The Supervisory Committee has carefully reviewed the operating results and financial position of the Company for the year 2010, and is not aware of any action against the interests of the shareholders, the Company, the Company's articles of association and the relevant laws.

The Supervisory Committee has carefully reviewed the report of the directors, the financial statements and the profit appropriation proposal to be submitted to the AGM of the Company for the year ended 31 December 2010 and was not aware of any problem.

The Supervisory Committee supervises the performance of duties by the members of the Board and the senior management. It considers that the members of the Board, the general manager and other senior management have been complying with the diligence and fiduciary principles, performing their duties in good faith with taking the interests of the shareholders and the Company as their primary consideration. The Company is in excellent operation.

The Supervisory Committee is fully confident with the prospects of the Company's future development. Meanwhile, it will closely supervise the operation of the Company as usual and to protect the interests of the shareholders and the Company.

By order of the Supervisory Committee
Wang Zuoyi
Chairman of the Supervisory Committee

Beijing, the PRC, 18 March 2011

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道會計師事務所

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To the Shareholders of Beijing Capital International Airport Company Limited

(Incorporated in the People's Republic of China with limited liability)

We have audited the financial statements of Beijing Capital International Airport Company Limited (the "Company") set out on pages 63 to 156, which comprise the balance sheet as at 31 December 2010, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2010, and of the Company's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 March 2011

BALANCE SHEET

As at 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (Restated)	2008 RMB'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	6	**31,910,864**	33,259,572	34,387,483
Land use rights	7	**727,954**	744,184	760,414
Intangible assets	8	**83,770**	106,291	127,013
Investment in a jointly controlled entity	9	**52,201**	—	—
Investment in an associate		**—**	—	24,689
Deferred income tax assets	17	**—**	70,617	44,745
Non-current portion of trade and other receivables	10	**126,457**	—	—
		32,901,246	34,180,664	35,344,344
Current assets				
Inventories		**103,547**	57,906	24,002
Trade and other receivables	10	**1,093,634**	1,808,599	1,862,956
Cash and cash equivalents	11	**882,185**	683,595	576,458
		2,079,366	2,550,100	2,463,416
Total assets		**34,980,612**	36,730,764	37,807,760

Balance Sheet (Continued)

As at 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (Restated)	2008 RMB'000 (Restated)
EQUITY				
Capital and reserves				
Share capital	12	**4,330,890**	4,330,890	4,330,890
Share premium		**5,055,425**	5,055,425	5,055,425
Capital reserve	13(a)	**552,650**	300,000	300,000
Statutory and discretionary reserves	13(b)	**2,092,121**	1,974,416	1,937,032
Retained earnings		**1,403,700**	926,214	814,358
Proposed final dividend	29	**—**	146,731	—
Total equity		**13,434,786**	12,733,676	12,437,705
LIABILITIES				
Non-current liabilities				
Long-term bank borrowings	15	**7,500,000**	—	—
Bonds payable	16	**4,877,770**	—	—
Deferred income tax liabilities	17	**497**	—	—
Retirement benefit obligations	18	**86,200**	60,950	66,616
Deferred income	20	**2,885**	8,391	11,929
Loans from Parent Company	21	**6,136,868**	6,606,020	8,489,126
		18,604,220	6,675,361	8,567,671

As at 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (Restated)	2008 RMB'000 (Restated)
Current liabilities				
Trade and other payables	14	**2,409,712**	2,271,830	16,663,952
Interest payable		**258,565**	89,348	92,220
Short-term bank borrowings	15	**—**	12,800,000	—
Current income tax liabilities		**126,198**	91,577	44,173
Current portion of retirement benefit obligations	18	**4,598**	2,151	2,039
Current portion of loans from Parent Company	21	**142,533**	2,066,821	—
		2,941,606	17,321,727	16,802,384
Total liabilities		**21,545,826**	23,997,088	25,370,055
Total equity and liabilities		**34,980,612**	36,730,764	37,807,760
Net current liabilities		**(862,240)**	(14,771,627)	(14,338,968)
Total assets less current liabilities		**32,039,006**	19,409,037	21,005,376

The financial statements on pages 63 to 156 were approved by the Board of Directors on 18 March 2011 and were signed on its behalf.

Dong Zhiyi
Chairman

Zhang Guanghui
Director & General Manager

The notes on pages 72 to 156 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME SHEET

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (Restated)
Revenues			
Aeronautical	5	**3,561,235**	3,130,319
Non-aeronautical	5	**2,215,496**	1,834,550
		5,776,731	4,964,869
Business tax and levies			
Aeronautical		**(107,525)**	(101,422)
Non-aeronautical		**(129,515)**	(113,971)
		(237,040)	(215,393)
Operating expenses			
Depreciation and amortisation	6, 7 and 8	**(1,509,655)**	(1,562,186)
Utilities and power		**(548,336)**	(562,408)
Repairs and maintenance		**(546,240)**	(438,280)
Aviation safety and security guard costs		**(354,687)**	(317,527)
Staff costs	22	**(322,857)**	(323,153)
Operating contracted services		**(209,894)**	(191,194)
Greening and environmental maintenance		**(209,805)**	(196,734)
Real estate and other taxes		**(146,024)**	(144,908)
Rental expenses		**(97,711)**	(65,603)
Other costs		**(172,049)**	(238,886)
	24	**(4,117,258)**	(4,040,879)
Other income	23	**81,550**	21,180
Operating profit		**1,503,983**	729,777

Statement of Comprehensive Income (Continued)

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (Restated)
Finance income	25	**6,370**	4,411
Finance costs	25	**(717,294)**	(337,269)
		(710,924)	(332,858)
Profit before income tax		**793,059**	396,919
Income tax expense	27(a)	**(197,868)**	(100,948)
Profit for the year		**595,191**	295,971
Total comprehensive income for the year		**595,191**	295,971
Earnings per share, basic and diluted *(RMB)*	28	**0.14**	0.07
Dividends			
Interim dividend declared	29	**—**	—
Final dividend proposed	29	**—**	146,731

The notes on pages 72 to 156 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	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, as previously reported		4,330,890	4,602,735	300,000	1,937,032	1,139,207	12,309,864
Adjustment for early adoption of amendment to IFRS 1 on:							
— property, plant and equipment	6	—	569,188	—	—	(398,734)	170,454
— deferred income tax assets	17	—	(116,498)	—	—	73,885	(42,613)
Balance at 1 January 2009, as restated		4,330,890	5,055,425	300,000	1,937,032	814,358	12,437,705
Total comprehensive income for the year		—	—	—	—	295,971	295,971
Transfer to statutory and discretionary reserves	13(b)	—	—	—	37,384	(37,384)	—
Balance at 31 December 2009		4,330,890	5,055,425	300,000	1,974,416	1,072,945	12,733,676
Representing:							
Share capital and reserves		4,330,890	5,055,425	300,000	1,974,416	926,214	12,586,945
2009 proposed final dividend	29	—	—	—	—	146,731	146,731
Balance at 31 December 2009		4,330,890	5,055,425	300,000	1,974,416	1,072,945	12,733,676

For the year ended 31 December 2010

	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 2010, as previously reported		4,330,890	4,602,735	300,000	1,974,416	1,402,623	12,610,664
Adjustment for early adoption of amendment to IFRS 1 on:							
— property, plant and equipment	6	—	569,188	—	—	(405,172)	164,016
— deferred income tax assets	17	—	(116,498)	—	—	75,494	(41,004)
Balance at 1 January 2010, as restated		4,330,890	5,055,425	300,000	1,974,416	1,072,945	12,733,676
Total comprehensive income for the year		—	—	—	—	595,191	595,191
2009 final dividend		—	—	—	—	(146,731)	(146,731)
Cash contribution from Parent Company	13(a)	—	—	252,650	—	—	252,650
Transfer to statutory and discretionary reserves	13(b)	—	—	—	117,705	(117,705)	—
Balance at 31 December 2010		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786
Representing:							
Share capital and reserves		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786
2010 proposed final dividend	29	—	—	—	—	—	—
Balance at 31 December 2010		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786

The notes on pages 72 to 156 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	3,786,830	1,407,142
Income tax paid		(92,133)	(79,416)
Net cash generated from operating activities		3,694,697	1,327,726
Cash flows from investing activities			
Purchase of property, plant and equipment		(321,720)	(331,447)
Purchase of intangible assets		(5,245)	(15,063)
Payment for acquisition of Phase III Assets		—	(567,705)
Proceeds from dissolution of an associate		—	24,689
Proceeds from sale of property, plant and equipment		—	157
Interest received		6,663	7,567
Net cash used in investing activities		(320,302)	(881,802)
Cash flows from financing activities			
Repayment of short-term bank borrowings		(12,800,000)	(84,535)
Repayment of loans from Parent Company		(2,571,736)	—
Interest paid		(544,574)	(338,777)
Dividends paid		(146,731)	—
Proceeds from long-term bank borrowings		7,500,000	—
Proceeds from issuance of bonds		4,874,350	—
Proceeds from loans from Parent Company		260,977	—
Cash contribution from Parent Company		252,650	—
Proceeds from short-term bank borrowings		—	84,535
Net cash used in financing activities		(3,175,064)	(338,777)

Statement of Cash Flows (Continued)

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Net increase in cash and cash equivalents		**199,331**	107,147
Cash and cash equivalents at beginning of year		**683,595**	576,458
Effect of exchange rate changes		**(741)**	(10)
Cash and cash equivalents at end of year	11	**882,185**	683,595

The notes on pages 72 to 156 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1 GENERAL INFORMATION

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 and has been 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 (the "Beijing Capital Airport") and the provision of related services. The address of its registered office is Capital Airport, Beijing, the PRC.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and were approved for issue by the Board of Directors on 18 March 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and have been prepared under the historical cost convention.

As at 31 December 2010, the current liabilities of the Company exceeded the current assets by approximately RMB862,240,000 (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 RMB16 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 statements of the Company for the year ended 31 December 2010 have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(1) Restatement of prior years' financial statements due to early adoption of amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards'

In May 2010, the International Accounting Standards Board ("IASB"') issued the amendment to IFRS 1. With this amendment, a first-time adopter ("FTA") may elect to use event-driven fair values under previous Generally Accepted Accounting Principles ("GAAP") as its IFRS deemed costs, provided that the revaluation took place at periods before or during the FTA's first set of IFRS financial statements.

The amendment can be applied by existing IFRS preparers retrospectively and is effective for annual periods beginning on or after 1 January 2011.

The Company established its deemed costs in accordance with Chinese Accounting Standards and Interpretations ("CAS") for assets and liabilities by measuring them at fair values in preparation for its initial public offering in 1999. The reversal of those revaluation surpluses under IFRS with related impacts on deferred income tax caused GAAP differences.

In order to eliminate these GAAP differences of the financial statements prepared under CAS and IFRS, the Company has early adopted IFRS 1 (Amendment) from 1 January 2010 and has applied it retrospectively. The following are reconciliations of the effects arising on the balance sheet as at 31 December 2009, the statement of comprehensive income for the year then ended and the balance sheet as at 1 January 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(1) Restatement of prior years' financial statements due to early adoption of amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards' (Continued)

(i) Balance sheet as at 31 December 2009:

	Balances as previously reported *RMB'000*	Early adoption of amendment to IFRS 1 *RMB'000*	Balances as restated *RMB'000*
Total non-current assets	34,057,652	123,012	34,180,664
Total current assets	2,550,100	—	2,550,100
Total non-current liabilities	6,675,361	—	6,675,361
Total current liabilities	17,321,727	—	17,321,727
Total equity	12,610,664	123,012	12,733,676

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(1) Restatement of prior years' financial statements due to early adoption of amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards' (Continued)

(ii) Statement of comprehensive income for the year ended 31 December 2009:

	Balances as previously reported	Early adoption of amendment to IFRS 1	Balances as restated
	RMB'000	*RMB'000*	*RMB'000*
Revenues	4,964,869	—	4,964,869
Depreciation and amortisation	(1,555,748)	(6,438)	(1,562,186)
Profit before income tax	403,357	(6,438)	396,919
Income tax expense	(102,557)	1,609	(100,948)
Profit for the year	300,800	(4,829)	295,971

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(1) Restatement of prior years' financial statements due to early adoption of amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards' (Continued)

(iii) Balance sheet as at 1 January 2009:

	Balances as previously reported	Early adoption of amendment to IFRS 1	Balances as restated
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	35,216,503	127,841	35,344,344
Total current assets	2,463,416	—	2,463,416
Total non-current liabilities	8,567,671	—	8,567,671
Total current liabilities	16,802,384	—	16,802,384
Total equity	12,309,864	127,841	12,437,705

For the balance sheet as at 1 January 2009, except for the notes on property, plant and equipment and deferred income tax assets, other notes have not been impacted by this adjustment for early adoption of amendment to IFRS 1 and so are not re-presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(2) New/revised standards, amendments to standards and interpretations

The following new/revised standards, amendments to standards and interpretation are mandatory 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 IASB also issued a number of amendments to existing standards/ interpretations of IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRS 2, IFRS 3, IFRS 5, IFRS 8, IFRIC 9 and IFRIC 16 effective 1 January 2010 under its annual improvement projects.

The adoption of the above new/revised standards, amendments to standards and interpretations does not have any significant impact on the financial statements.

Since 2009, the Company has also 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(3) Standards, amendments and interpretations that are not yet effective and have not been early adopted:

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
IAS 32 (Amendment)	Classification of Rights Issues	1 February 2010
IFRS 1 (Amendment)	Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRS 9	Financial Instruments	1 January 2013
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(3) Standards, amendments and interpretations that are not yet effective and have not been early adopted: (Continued)

		Effective for accounting periods beginning on or after
Improvements to existing standards		
IAS 1	Presentation of Financial Statements	1 January 2011
IAS 27	Consolidated and Separate Financial Statements	1 July 2010
IAS 34	Interim Financial Reporting	1 January 2011
IFRS 3 (Revised)	Business Combinations	1 July 2010
IFRS 7	Financial instruments: Disclosures	1 January 2011
IFRIC 13	Customer Loyalty Programmes	1 January 2011

Management is in the process of assessing the impact of these new standards, amendments to standards and interpretations on the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Company together with the other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Company's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in the jointly controlled entities equals or exceeds its interest in the jointly controlled entities, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entities.

Unrealised gains on transactions between the Company and its jointly controlled entities are eliminated to the extent of the Company's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Strategy Committee that makes strategic decisions.

(d) Foreign currency translation

The financial statements are presented in RMB, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income/expenses'.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost (including a portion being stated at deemed costs by making reference to event-driven revalued amounts under the amendment to IFRS 1 as mentioned in Note 2(a)(1)) less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The estimated useful lives of these assets are summarised as follows:

Buildings and improvements	8 - 45 years
Runways	40 years
Plant, furniture, fixtures and equipment	5 - 15 years
Motor vehicles	6 - 12 years

The residual values of the property, plant and equipment and their useful lives are reviewed, and adjusted if appropriate, at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(h)).

The gains or losses on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and recognised in the statement of comprehensive income.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Assets under construction represent buildings and runways under construction and plant and equipment pending installation and are stated at cost. This includes the cost of construction, costs of plant and equipment and other direct costs plus cost of borrowings (including interest charges and exchange differences arising from foreign currency borrowings to the extent these exchange differences are regarded as an adjustment to interest costs) used to finance these projects during the period of construction or installation and testing. Assets under construction are not depreciated until such time as the relevant assets are completed and ready for their intended use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Land use rights

Acquired land use rights are shown at historical cost. Land use rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of land use rights over the lease period of 50 years.

(g) Intangible assets

Acquired software and software use rights are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives on a straight-line basis.

(h) Impairment of investments in jointly controlled entities and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value of inventories, represented by the spare parts and consumable items, is the expected amount to be realised from use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default are considered indicators that the trade and other receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'other expenses'. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'other costs' in the statement of comprehensive income.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(l) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date where the Company and its jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax (Continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(1) Pension obligations

The Company operates various pension schemes. The Company has both defined contribution plans and defined benefit plans.

For defined contribution plans, the Company pays contributions to a defined contribution retirement plan administered by a government agency determined at a certain percentage of the salaries of the employees. The regular contributions are recognised as staff costs when they are due. The Company has no further payment obligations once the contributions have been paid.

For defined benefit plans, the Company provides pension subsidies to its retirees. The payment is calculated based on a number of factors, including position, number of years of service, ability, etc and includes various categories of allowances. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries, Towers Perrin (a Towers Watson Company), by using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of long-term government bonds that are denominated in RMB, and that have terms to maturity approximating the terms of the related pension liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (Continued)

(1) Pension obligations (Continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to statement of comprehensive income immediately.

Past-service costs are recognised immediately in statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(2) Other post-employment obligations

The Company provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

(3) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Company has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

The liability for bonus entitlements is expected to be settled within 12 months and is measured at the amounts expected to be paid when it is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for further operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Company will comply with all attached conditions.

Government subsidies relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenues/income recognition

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The amount of revenues is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenues when the amount of revenues can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenues is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Civil airport management and construction fee (the "Airport Fee") is recognised when the related services are rendered to the outbound passengers departing from the airport. The charge rates of the Airport Fee are regulated by relevant authorities. The Company recognises the Airport Fee according to the authorised charge rates attributable to the Company collected from outbound passengers. Pursuant to a notice issued by CAAC on 5 January 2011, the policy of collecting Airport Fee will remain up to 31 December 2015.

(ii) Aeronautical revenues other than Airport Fee such as passenger charges and aircraft movement fees are recognised when the related airport services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenues/income recognition (Continued)

(iii) Concession revenues comprise sales-related revenue from retailing, restaurants, advertising, ground handling service and air catering service in the Beijing Capital Airport and is recognised at the same time when the services are provided by the franchisee.

Concession revenues from retailing, restaurants and advertising are recognised based on a percentage of sales or specified minimum rent guarantees.

Concession revenues from ground handling and air catering are recognised with reference to the charge rates promulgated by CAAC.

(iv) Rental income is recognised on a straight-line basis over the period of the lease.

(v) Car parking fees are recognised when the parking services are rendered.

(vi) Management service fees are recognised when the management services are rendered.

(vii) Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivable is recognised using the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(1) Where Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(2) Where Company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the period of the lease.

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company conducts its operations in the PRC and accordingly is subject to certain specific risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Company's overall financial risk management programme focuses on the unpredictability of the financial markets, optimising the level of financial risks the Company can bear, and minimising any potential adverse effects on the financial performance of the Company. Financial risk management is carried out by a treasury division and a revenue division under the Company's finance department, following the overall directions determined by the Board of Directors. The treasury division identifies and evaluates financial risks in close co-operation with the Company's operating units and makes decisions on portfolio of currencies and term of deposits. The revenue division monitors the Company's exposure to credit risks with respect to its customers and coordinate collection efforts. The Board of Directors provides directions on overall risk management and makes key decisions on matters which may give rise to significant financial risks.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk

(1) Foreign exchange risk

The Company's businesses are principally conducted in RMB. The Company is exposed to foreign currency risk with respect to primarily United States dollar (US dollar" or "USD") and Hong Kong dollar ("HK dollar" or "HKD"). Foreign currency risk arises from transactions including revenues from non-aeronautical revenues, purchases of equipment, goods and materials, payment of consulting fee and part of the loans from Parent Company. In addition, dividends to equity holders holding H shares are declared in RMB and paid in HK dollar.

As at 31 December 2010, all of the Company's assets and liabilities were denominated in RMB except that cash and cash equivalents of approximately RMB33,747,000 (2009: RMB7,689,000), trade and other receivables of approximately RMB31,859,000 (2009: RMB43,121,000), trade and other payables of approximately RMB132,000 (2009: RMB136,000) and loans from Parent Company of approximately RMB2,779,401,000 (2009: RMB2,672,841,000) were denominated in foreign currencies, principally in US dollar.

As at 31 December 2010, if RMB had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax profit and equity would have decreased/increased by RMB101,772,000 (2009: decreased/increased by RMB98,331,000), mainly as a result of foreign exchange losses/gains in translation of US dollar denominated cash and cash equivalents, trade and other receivables, trade and other payables and loans from Parent Company.

Fluctuation of the exchange rates of RMB against foreign currencies could affect the Company's results of operations. The Company did not use any forward contract or currency borrowing to hedge its exposure to foreign currency risk.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(2) Interest rate risk

The Company has no significant interest-bearing assets, other than cash and cash equivalents. The impact of the changes in interest rate is not expected to be material.

Long-term bank borrowings and bonds payable are at fixed interest rates and expose the Company to fair value interest rate risk. Loans from Parent Company are at floating interest rates and expose the Company to cash flow interest rate risk. Long-term bank borrowings and bonds payable are denominated in RMB. Loans from Parent Company are denominated in RMB and US dollar.

The Company analyses its interest rate exposure on a dynamic basis by simulating various options available for financing.

As at 31 December 2010, if the interest rate on those loans with floating interest rates had increased/decreased by 0.5% with all other variables held constant, post-tax profit and equity would have been lower/higher by RMB23,548,000 (2009: RMB32,523,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk

Credit risk mainly arises from deposits with banks and a financial institution as well as credit exposure to the customers. The Company has limited credit risk with its banks, which are state-owned banks and other large or medium-size listed banks, and are assessed as having low credit risk.

The Company has policies in place to limit the credit exposure on trade receivables for services. The Company assesses the credit quality and set credit limits on all its customers by taking into account their financial position, their credit history and other factors such as market conditions.

The maximum credit exposure is the carrying amount of cash and cash equivalents and trade and other receivables.

(iii) Liquidity risk

The Company adopts prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents and having available funding through short and long term banks loans from an adequate amount of committed credit facilities to meet its capital commitments and working capital requirements.

Management maintains rolling forecast of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. In addition, the Company maintains flexibility in funding through having adequate amount of cash and cash equivalents and utilising different sources of financing when necessary.

As at 31 December 2010, the Company had unutilised loan facilities totalling approximately RMB16,000,000,000 (2009: RMB19,941,398,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

As at 31 December 2010, the amounts disclosed are the contractual undiscounted cash flows of the Company's financial liabilities, which are primarily long-term bank borrowings bonds payable, and loans from Parent Company (2009: short-term bank borrowings and loans from Parent Company).

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*
As at 31 December 2010				
Trade and other payables	2,033,365	—	—	—
Interest payable	258,565	—	—	—
Long-term bank borrowings	312,646	322,500	7,630,792	—
Bonds payable	20,257	224,050	2,572,150	3,279,000
Loans from Parent Company	349,010	347,759	1,037,273	5,887,421
	2,973,843	894,309	11,240,215	9,166,421

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2009				
Trade and other payables	1,879,524	—	—	—
Interest payable	89,348	—	—	—
Short-term bank borrowings	12,978,208	—	—	—
Loans from Parent Company	2,255,332	284,140	847,177	6,330,404
	17,202,412	284,140	847,177	6,330,404

In respect of the Company's going concern basis of assumption for the preparation of its financial statements, please refer to the details to Note 2(a).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

As part of the capital risk management process, the Company monitors capital on the basis of the liability-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

The liability-to-asset ratios at 31 December were as follows:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Total liabilities	**21,545,826**	23,997,088
Total assets	**34,980,612**	36,730,764
Liability-to-asset ratio	**62%**	65%

There is no significant change in the liability-to-asset ratio during 2010.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair values estimation

The carrying amounts of the Company's financial assets, including cash and cash equivalents, trade and other receivables and financial liabilities, including primarily trade and other payables, long-term bank borrowings, bonds payable and loans from Parent Company approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Property, plant and equipment

(i) The Company's major operating assets represent buildings and improvements, runways and plant, furniture, fixtures and equipment. Management determines the estimated useful lives of its property, plant and equipment based on management's experience in operating airport and the conditions of the property, plant and equipment.

With all other variables held constant, if the useful lives differed by 10% from management estimates, the depreciation expense would be lower/higher by RMB171,356,000/RMB183,184,000 for the year ended 31 December 2010.

(ii) The Company acquired from CAHC the airfield assets (including runway base courses, runway wearing courses, taxiways, road non-asphalt layers, road asphalt layers, aprons and tunnels, lighting and other airfield facilities), Terminal Three of the Beijing Capital Airport ("T3"), T3 related assets, roads within the 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").

The cost of the Phase III Assets is determined based on the valuation performed by independent valuer and is subject to final adjustment when the final account of construction by the surveyors in respect of the Phase III Assets.

Due to the size of the Phase III Assets, the final account of construction by the surveyors in respect of the Phase III Assets has not completed as at 31 December 2010. The total cost is therefore subject to future adjustment according to the final account of construction by the surveyors.

Management does not expect the final account of construction by the surveyors to have an adjustment of more than 10% of the cost of the Phase III Assets. Any adjustment will be accounted for prospectively as a change in accounting estimate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of trade and other receivables

The risk of impairment of trade and other receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. Should the outcome differ from the assumptions and estimates, revisions to the estimated impairment of trade and other receivables would be required.

(c) Employee benefits

This applies where the Company's accounting policy is to recognise any actuarial gains or losses immediately through the statement of comprehensive income.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/gain for pensions include the selection of discount rate, annual benefit inflation rate and employees' withdrawal rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The discount rate is calculated based on long-term government bonds. The annual benefit inflation rate is the rate of increase of benefit payment which is based on the general local economic conditions. The employees' withdrawal rate is based on historical trends of the Company.

Additional information is disclosed in Note 18.

5 REVENUES 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 revenues by category	**2010**	2009
	RMB'000	*RMB'000*
Aeronautical:		
Passenger charges	**1,432,213**	1,258,969
Aircraft movement fees and related charges	**1,189,687**	1,043,848
Airport Fee	**939,335**	827,502
	3,561,235	3,130,319
Non-aeronautical:		
Concessions *(note a)*	**1,396,782**	1,117,587
Rentals	**749,728**	656,388
Car parking fee	**40,469**	31,763
Management service fee	**20,140**	6,340
Others	**8,377**	22,472
	2,215,496	1,834,550
Total revenues	**5,776,731**	4,964,869

5 REVENUES AND SEGMENT INFORMATION (CONTINUED)

(a) Concession revenues are recognised in respect of the following businesses:

	2010	2009
	RMB'000	*RMB'000*
Advertising	**620,606**	541,708
Retailing	**587,550**	414,948
Restaurants and food shops	**97,495**	91,290
Ground handling	**43,541**	24,167
Other	**47,590**	45,474
	1,396,782	1,117,587

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.

6 PROPERTY, PLANT AND EQUIPMENT

	2010					
	Buildings and improvements	Runways	Plant, furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At beginning of year, as previously reported	21,241,201	9,238,794	7,661,533	513,578	172,640	38,827,746
Early adoption of amendment to IFRS 1	271,326	438,421	86,375	1,925	—	798,047
At beginning of year, as restated	21,512,527	9,677,215	7,747,908	515,503	172,640	39,625,793
Additions	—	—	7,789	3,945	111,065	122,799
Transfers	7,466	55,056	105,478	150	(168,150)	—
Disposals	—	—	(16,777)	(2,960)	—	(19,737)
At end of year	21,519,993	9,732,271	7,844,398	516,638	115,555	39,728,855

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2010					
	Buildings and improvements	Runways	Plant, furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment						
At beginning of year, as previously reported	2,385,146	787,560	2,372,952	186,532	—	5,732,190
Early adoption of amendment to IFRS 1	115,274	434,762	81,837	2,158	—	634,031
At beginning of year, as restated	2,500,420	1,222,322	2,454,789	188,690	—	6,366,221
Charge for the year	528,231	218,269	682,527	31,988	—	1,461,015
Impairment charge	—	—	—	—	8,936	8,936
Disposals	—	—	(15,513)	(2,668)	—	(18,181)
At end of year	3,028,651	1,440,591	3,121,803	218,010	8,936	7,817,991
Net book amount						
At end of year	18,491,342	8,291,680	4,722,595	298,628	106,619	31,910,864
At beginning of year	19,012,107	8,454,893	5,293,119	326,813	172,640	33,259,572

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2009 (Restated)					
	Buildings and improvements	**Runways**	**Plant, furniture, fixtures and equipment**	**Motor vehicles**	**Assets under construction**	**Total**
	RMB'000	*RMB'000*	*RMB'0000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At beginning of year, as previously reported	21,122,201	9,238,794	7,473,397	477,070	135,818	38,447,280
Early adoption of amendment to IFRS 1	271,326	438,421	86,508	1,920	—	798,175
At beginning of year, as restated	21,393,527	9,677,215	7,559,905	478,990	135,818	39,245,455
Additions	1,831	—	144,460	36,573	214,556	397,420
Transfers	117,169	—	60,565	—	(177,734)	—
Disposals	—	—	(17,022)	(60)	—	(17,082)
At end of year	21,512,527	9,677,215	7,747,908	515,503	172,640	39,625,793

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2009 (Restated)					
	Buildings and improvements	**Runways**	**Plant, furniture, fixtures and equipment**	**Motor vehicles**	**Assets under construction**	**Total**
	RMB'000	*RMB'000*	*RMB'0000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation						
At beginning of year,						
as previously reported	1,864,167	567,174	1,642,297	156,613	—	4,230,251
Early adoption of amendment						
to IFRS 1	109,252	436,639	79,675	2,155	—	627,721
At beginning of year, as restated	1,973,419	1,003,813	1,721,972	158,768	—	4,857,972
Charge for the year	527,001	218,509	736,879	29,980	—	1,512,369
Disposals	—	—	(4,062)	(58)	—	(4,120)
At end of year	2,500,420	1,222,322	2,454,789	188,690	—	6,366,221
Net book amount						
At end of year	19,012,107	8,454,893	5,293,119	326,813	172,640	33,259,572
At beginning of year	19,420,108	8,673,402	5,837,933	320,222	135,818	34,387,483

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Pursuant to the relevant assets transfer agreements, the Company acquired from the Parent Company the Phase III Assets on 1 October 2008. The date was different from the previously acknowledged acquisition date of 26 March 2008 by the Ministry of Finance ("MOF"). During the period from 26 March 2008 to 30 September 2008, the Phase III assets were used by the Company under operating leases arrangements. As of the date of approval of the financial statements, a submission through CAAC has been made to the MOF for endorsement of the acquisition date of 1 October 2008. The Board of Directors is of the view that such submission will be endorsed.

Leased assets, where the Company is a lessor, comprise buildings leased to third parties under operating leases with cost and accumulated depreciation as follows:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Cost	**1,217,519**	1,134,883
Accumulated depreciation	**(320,060)**	(278,628)
Net book amount	**897,459**	856,255

Interest expenses capitalised in assets under construction for the year ended 31 December 2010 amounted to RMB nil (2009: RMB620,000). The capitalisation rate used to determine the amount of borrowing cost eligible for the capitalisation was nil for the year ended 31 December 2010.

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2010, buildings with net book value of RMB656,956,000 (2009: RMB676,426,000) are situated on parcels of allocated land owned by Parent Company. These parcels of land are occupied by the Company at nil consideration. As at 31 December 2010, buildings and terminal with a net book value of RMB9,664,621,000 (2009: RMB9,905,319,000) are situated on parcels of land which had been acquired from Parent Company as part of the acquisition of the Phase III Assets (Note 7). As at the date of approval of the financial statements, the Company is in the process of applying for the building ownership certificates of these buildings.

As at 31 December 2010, taxiways with net book value of RMB1,026,980,000 (2009: RMB1,054,427,000) are situated on parcels of allocated land owned by Parent Company and another party. These parcels of land are occupied by the Company at nil consideration.

7 LAND USE RIGHTS

Interests in land use rights of the Company represent prepaid operating lease payments in the PRC held on leases of 50 years and their net book values are analysed as follows:

	2010	2009
	RMB'000	*RMB'000*
Cost		
At beginning and end of year	**811,288**	811,288
Accumulated amortisation		
At beginning of year	**(67,104)**	(50,874)
Amortisation	**(16,230)**	(16,230)
At end of year	**(83,334)**	(67,104)
Net book amount		
At end of year	**727,954**	744,184

7 LAND USE RIGHTS (CONTINUED)

In 2008, as part of the acquisition of the Phase III Assets, the Company acquired from Parent Company the land use rights for parcels of land in the amount of RMB550,273,000. As at the date of approval of the financial statements, the Parent Company is in the process of applying and obtaining the land use rights certificates from the Beijing Municipal Bureau of Land and Resource.

8 INTANGIBLE ASSETS

Intangible assets comprised software and software use rights which are amortised on a straight-line basis between 4 to 10 years respectively, and their net book values are analysed as follows:

	2010 *RMB'000*	2009 *RMB'000*
Cost		
At beginning of year	191,603	178,738
Additions	9,889	12,865
Disposal	(24,192)	—
At end of year	177,300	191,603
Accumulated amortisation		
At beginning of year	(85,312)	(51,725)
Amortisation	(32,410)	(33,587)
Disposal	24,192	—
At end of year	(93,530)	(85,312)
Net book amount		
At end of year	83,770	106,291

9 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	2010	2009
	RMB'000	*RMB'000*
At beginning of year	**—**	—
Acquisition	**52,201**	—
At end of year	**52,201**	—

The details of the jointly controlled entity, unlisted, are as follows:

	Place of incorporation	**Percentage of equity interest directly held**	
		2010	2009
Beijing Bowei Airport Support Limited	Beijing, the PRC	**60%**	—

On 30 December 2010, the Company acquired a 60% equity interest in Beijing Bowei Airport Support Limited ("Bowei") for a cash consideration of approximately RMB52,201,000. Bowei is engaged in the provision of repairs and maintenance services for airport related facilities.

9 INVESTMENT IN A JOINTLY CONTROLLED ENTITY (CONTINUED)

Pursuant to Bowei's Articles of Association, the strategic operating, investing and financing activities of Bowei are jointly controlled by the Company and the other joint venture partner. Accordingly, the Company accounts for Bowei as a jointly controlled entity using the equity method.

As at 31 December 2010, the non-current assets, current assets, non-current liabilities and current liabilities of Bowei, as well as its revenue and net profit for the year then ended are as follows:

	2010
	RMB'000
Non-current assets	34,959
Current assets	201,908
Non-current liabilities	27,428
Current liabilities	140,137
Revenue	385,880
Net profit	1,761

10 TRADE AND OTHER RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables		
— CAHC, its fellow subsidiaries and related parties *(Note 33(a))*	**403,330**	416,900
— other parties	**652,393**	1,331,989
	1,055,723	1,748,889
Less: Provision for impairment	**(25,638)**	(37,046)
	1,030,085	1,711,843
Notes receivable		
— other parties	**39,986**	32,407
Prepayments and other receivables		
— CAHC, its fellow subsidiaries and related parties *(Note 33(a))*	**121,066**	49,810
— other parties	**28,954**	14,539
	150,020	64,349
	1,220,091	1,808,599
Less: Non-current portion	**(126,457)**	—
Current portion	**1,093,634**	1,808,599

The fair values of trade and other receivables approximate their carrying value.

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of the trade receivables is as follows:

	2010	2009
	RMB'000	*RMB'000*
Less than 3 months	**611,319**	898,799
4 - 6 months	**111,141**	288,355
7 - 12 months	**200,309**	325,303
1 - 2 years	**108,705**	214,581
2 - 3 years	**18,994**	15,532
Over 3 years	**5,255**	6,319
	1,055,723	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.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

Currency	**2010**	2009
	RMB'000	*RMB'000*
RMB	**1,188,232**	1,765,478
US dollar	**31,859**	43,121
	1,220,091	1,808,599

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2010, trade receivables of RMB331,066,000 (2009: RMB752,764,000) were past due but were considered not impaired by management. These receivables relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2010	2009
	RMB'000	*RMB'000*
Past due up to 3 months	**121,257**	248,068
Past due 4 - 6 months	**69,265**	160,044
Past due 7 - 12 months	**122,958**	233,558
Past due over 1 years	**17,586**	111,094
	331,066	752,764

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2010, trade receivables of RMB376,280,000 (2009: RMB402,974,000) were impaired. Out of which, a provision of RMB25,638,000 (2009: RMB37,046,000) was made. The impaired trade receivables arise mainly from revenue of non-aeronautical customers and these receivables are considered individually for impairment. It was assessed after mutual negotiations and a substantial portion of these receivables are expected to be recovered. The ageing of these receivables is as follows:

	2010 *RMB'000*	2009 *RMB'000*
Less than 3 months	173,200	228,722
4 - 6 months	32,959	114,140
7 - 12 months	62,914	18,194
1 - 2 years	92,906	26,840
2 - 3 years	9,046	8,759
Over 3 years	5,255	6,319
	376,280	402,974

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements on the provision for impairment of trade receivables are as follows:

	2010	2009
	RMB'000	*RMB'000*
At beginning of year	**37,046**	25,253
(Reversal of provision)/provision for impairment of receivables	**(2,947)**	11,793
Receivables written off during the year as uncollectible	**(8,461)**	—
At end of year	**25,638**	37,046

Prepayment and other receivables do not contain impaired assets.

The Company does not hold any collateral as security.

11 CASH AND CASH EQUIVALENTS

	2010	2009
	RMB'000	*RMB'000*
Cash at bank and on hand	**489,641**	587,941
Short-term bank deposits	**392,544**	95,654
	882,185	683,595
Maximum exposure to credit risk	**882,185**	683,593

In 2010, the effective interest rate on short term bank deposits was 1.35% (2009: 1.35%) per annum and such deposits had maturities of less than one month.

12 SHARE CAPITAL

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

The Domestic shares rank pari passu, in all material respects, with H shares except that all dividends in respect of H shares are declared in RMB and paid in HK dollar. In addition, the transfer of Domestic shares is subject to certain restrictions imposed by the PRC law.

13 RESERVES

(a) Capital reserve

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

In accordance with CAAC's instruction, 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.

13 RESERVES (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 PRC 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.

For the year ended 31 December 2010, the Board of Directors proposed appropriations of 10% and 20% of profit after tax (2009: 10% and 20%) respectively, as determined under CAS, of RMB59,005,000 and RMB118,010,000 (2009: RMB29,350,000 and RMB58,700,000) respectively to the statutory surplus reserve fund and the discretionary surplus reserve fund respectively.

The proposed profit appropriation of RMB118,010,000 to the discretionary surplus reserve fund for the year ended 31 December 2010 will be recorded in the financial statements for the year ending 31 December 2011.

The appropriation to discretionary surplus reserve fund of RMB58,700,000 (2008: RMB8,034,000) proposed for the year ended 31 December 2009 by the Board of Directors on 22 March 2010 was recorded in the financial statements for the year ended 31 December 2010.

According to the Articles of Association of the Company, the reserve available for distribution is the lower of the amount determined under CAS and the amount determined under IFRS. As at 31 December 2010, the reserve available for distribution was approximately RMB1,403,700,000 (2009: RMB1,078,084,000).

14 TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Payable to Parent Company *(Note 33(a))*	**159,291**	59,335
Payables to CAHC's fellow subsidiaries and related parties *(Note 33(a))*	**915,910**	700,202
Construction payable	**371,623**	379,860
Taxes payable *(note b)*	**312,578**	312,578
Repairs and maintenance charges payable	**167,062**	143,805
Payroll and welfare payable	**130,649**	170,199
Payable for purchase of interest in a jointly controlled entity	**52,201**	—
Sub-contracting charges payable	**41,832**	11,362
Greening and environmental maintenance charges payable	**37,417**	31,990
Accounts payable for purchases	**31,410**	27,337
Business tax payable	**23,081**	19,284
Deposits received	**19,189**	74,370
Housing subsidy payable to employees *(note c)*	**13,414**	13,191
Receipts on behalf of North China Air Traffic Control Bureau	**—**	71,509
Notes payable	**—**	58,602
Other payables	**134,055**	198,206
	2,409,712	2,271,830

14 TRADE AND OTHER PAYABLES (CONTINUED)

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

	2010 *RMB'000*	2009 *RMB'000*
Less than 3 months	**1,388,760**	1,012,910
4 — 6 months	**65,063**	159,932
7 — 12 months	**102,698**	91,762
Over 12 months	**853,191**	1,007,226
	2,409,712	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) 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.

15 BANK BORROWINGS

	2010	2009
	RMB'000	*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 borrowing which is unsecured, repayable in 2013, denominated in RMB and bear interests at 4.30% per annum.

The fair value of long-term borrowing at 31 December 2010 is RMB7,231,447,000 which is based on discounted cash flows with the applicable discount rate of 5.85% representing the prevailing market rate of interest available to the Company for financial instruments with substantially the same terms and characteristic as at the balance sheet date.

(b) In 2010 the Company repaid short-term bank borrowings of RMB12,800,000,000 in full.

16 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. They were initially recognised at the net proceeds received of approximately RMB4,874,350,000 after deduction of issuance costs amounting to approximately RMB25,650,000. Subsequently they are measured at amortised cost with an effective interest of approximately RMB3,420,000 being recognised during the year ended 31 December 2010.

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 amounts are repayable in 2015 and 2017.

17 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2009: 25%).

The movement on the deferred income tax account is as follows:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
At beginning of year	**70,617**	44,745
(Charged)/credited to statement of comprehensive income *(Note 27(a))*	**(71,114)**	25,872
At end of year	**(497)**	70,617

17 DEFERRED INCOME TAXES (CONTINUED)

The movements in deferred income tax assets and liabilities during the year are as follows:

Deferred income tax assets	Retirement benefit obligations	Accelerated accounting depreciation	Accruals	Other temporary differences	Total
	(note a)	*(note b)*	*(note b)*		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)			(Restated)
As at 1 January 2009, as previously reported	17,164	72,796	—	7,763	97,723
Early adoption of amendment to IFRS 1 *(Note 2(a)(1))*	—	(38,200)	—	—	(38,200)
As at 1 January 2009, as restated	17,164	34,596	—	7,763	59,523
(Charged)/credited to statement of comprehensive income	(1,389)	882	18,968	2,670	21,131
As at 31 December 2009	15,775	35,478	18,968	10,433	80,654

17 DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets	**Retirement benefit obligations**	**Accelerated accounting depreciation**	**Accruals**	**Other temporary differences**	**Total**
	(note a)	*(note b)*	*(note b)*		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)			(Restated)
As at 1 January 2010, as previously reported	15,775	76,482	18,968	10,433	121,658
Early adoption of amendment to IFRS 1 *(Note 2(a)(1))*	—	(41,004)	—	—	(41,004)
As at 1 January 2010, as restated	15,775	35,478	18,968	10,433	80,654
Credited/(charged) to statement of comprehensive income	6,924	(1,982)	(7,562)	1,497	(1,123)
As at 31 December 2010	22,699	33,496	11,406	11,930	79,531

17 DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax liabilities	**Other temporary differences** *RMB'000*
As at 1 January 2009, as previously reported	10,365
Early adoption of amendment to IFRS 1 *(Note 2(a)(1))*	4,413
As at 1 January 2009, as restated	14,778
Credited to statement of comprehensive income	(4,741)
As at 31 December 2009	10,037
As at 1 January 2010	10,037
Charged to statement of comprehensive income	69,991
As at 31 December 2010	80,028

(a) The Company provides defined benefit pension and post-retirement medical benefits ("post-retirement benefits") to their retired employees. The post-retirement benefits, though payable and deductible for corporate income tax purposes in the future, are recognised in the current period when the employees render services. The Company recognised a deferred income tax asset arising from the recognition of the provision for these post-retirement benefits.

(b) Temporary differences arose from differences between tax bases of property, plant and equipment, payroll and welfare payable and their carrying amounts in the financial statements.

17 DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Deferred income tax assets	**79,531**	80,654
Deferred income tax liabilities	**(80,028)**	(10,037)
	(497)	70,617

The amounts shown in the balance sheets include the following:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Deferred income tax assets to be recovered after more than 12 months	**64,742**	61,148
Deferred income tax liability to be settled after more than 12 months	**79,700**	9,709

18 RETIREMENT BENEFIT OBLIGATIONS

As at 31 December, the retirement benefit obligations recognised in the balance sheet are as follows:

	2010	2009
	RMB'000	*RMB'000*
Pension subsidies	70,548	42,781
Medical benefits	20,250	20,320
	90,798	63,101
Less: Amounts due within one year included in current liabilities	(4,598)	(2,151)
	86,200	60,950

The amounts recognised in the statement of comprehensive income are as follows:

	2010	2009
	RMB'000	*RMB'000*
Charged to pension subsidies *(note a)*	32,503	1,415
Post-retirement medical benefits *(note b)*	111	(4,394)
Total, charged/(credited) to staff cost *(Note 22)*	32,614	(2,979)

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension subsidies

Movements in the liability recognised in the balance sheet are as follows:

	2010	2009
	RMB'000	*RMB'000*
At beginning of year	**42,781**	43,760
Total cost	**32,503**	1,415
Payment made in the year	**(4,736)**	(2,394)
At end of year	**70,548**	42,781

The amounts recognised in the statement of comprehensive income are as follows:

	2010	2009
	RMB'000	*RMB'000*
Current service cost	**2,443**	2,545
Interest cost	**3,255**	2,499
Past service cost	**1,746**	1,411
Plan amendment *(note i)*	**30,924**	—
Net actuarial gains recognised	**(5,865)**	(5,040)
	32,503	1,415

(i) This represents the present value of additional future benefits as a result of increase in certain staff welfare items implemented from 2010.

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension subsidies (Continued)

The principal actuarial assumptions at the balance sheet date are as follows:

	2010	2009
Discount rate	**4.50%**	4.00%
Pension cost inflation rate	**1.00%**	1.00%
Employee withdrawal rate	**2.60%**	2.60%

(b) Post-retirement medical benefits

Movements in the liability recognised in the balance sheets are as follows:

	2010	2009
	RMB'000	*RMB'000*
At beginning of year	**20,320**	24,895
Total cost/(gain)	**111**	(4,394)
Payment made in the year	**(181)**	(181)
At end of year	**20,250**	20,320

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Post-retirement medical benefits (Continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2010 *RMB'000*	2009 *RMB'000*
Current service cost	847	1,257
Interest cost	871	892
Past service cost	13	—
Net actuarial gains recognised	(1,620)	(6,543)
	111	(4,394)

The principal actuarial assumptions at the balance sheet date are as follows:

	2010	2009
Discount rate	4.50%	4.00%
Inflation rate of average medical benefit	7.00%	7.00%
Employee withdrawal rate	2.60%	2.60%

19 HOUSING FUND AND SUBSIDIES

In accordance with the PRC housing reform regulations, the Company is required to make monthly contributions to a State-sponsored housing fund at 12% (2009: 12%) of the basic salary of its full-time Chinese employees within a cap determined by the State annually. At the same time, the employees are required to make a contribution equal to the Company's contributions out of their salaries. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances from the State. For the year ended 31 December 2010, the Company's contribution to the housing fund was approximately RMB17,528,000 (2009: RMB13,541,000) (Note 22).

In addition, during the year ended 31 December 2010, the Company provided RMB2,920,000 (2009: RMB3,230,000) to its employees as cash housing subsidies and the amount has been charged to the statement of comprehensive income. These cash housing subsidies are determined based on a number of factors, including the position, length of service and ability of the employees concerned, as well as the staff quarters that the employees had already obtained from CAHC and its related entities prior to the incorporation of the Company and currently occupy (Note 22).

Moreover, CAHC had provided housing benefits to the Company's employees who were employees of CAHC and its related entities prior to the incorporation of the Company. The Company has no obligation to reimburse CAHC for any costs or losses incurred by CAHC in relation to such housing benefits.

20 DEFERRED INCOME

In prior years, the Company received subsidies from government in respect of certain construction projects for the preparation of Beijing Olympics and Paralympics. Such subsidies are deferred and recognised in the statement of comprehensive income over the estimated useful lives of the related fixed assets.

21 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		
	European Investment Bank *(note a)*	**domestic financial institutions** *(note b)*	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2010			
Loans from Parent Company	2,779,401	3,500,000	6,279,401
Less: current portion	(142,533)	—	(142,533)
	2,636,868	3,500,000	6,136,868
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

21 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 Center & National Interbank Funding Center and repriced every half yearly. The interest is payable semi-annually.

In 2010 a principal amount of RMB2,500,000,000 was repaid, including the current portion of RMB2,000,000,000 as at 31 December 2009 and a repayment in advance of RMB500,000,000. The remaining principal of RMB3,500,000,000 will be repayable in full in 2016.

22 STAFF COSTS

	2010	2009
	RMB'000	*RMB'000*
Salaries and welfare	**207,174**	249,102
Housing fund *(Note 19)*	**17,528**	13,541
Housing subsidies *(Note 19)*	**2,920**	3,230
Pension costs — statutory pension *(note a)*	**25,259**	21,912
Pension costs/(benefits) — defined benefit plan *(Note 18)*	**32,614**	(2,979)
Other allowances and benefits	**37,362**	38,347
	322,857	323,153

22 STAFF COSTS (CONTINUED)

(a) All of the Company's full-time Chinese employees are covered by a state-sponsored pension scheme and are entitled to a monthly pension at their retirement dates. The PRC government is responsible for the pension liability to these retired employees. The Company is required to make monthly contributions to the state-sponsored retirement plan at a rate of 20% (2009: 20%) of the employees' basic salaries subject to a cap determined by the state on an annual basis.

(b) Staff costs include emoluments payable to the Company's directors, supervisors and senior management as set out in Note 26.

23 OTHER INCOME

	2010	2009
	RMB'000	*RMB'000*
Foreign exchange gains	**81,182**	2,443
Government subsidies	**368**	18,737
	81,550	21,180

24 EXPENSES BY NATURE

Expenses included in depreciation and amortisation, rental expenses and other costs are further analysed as follows:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Depreciation on property, plant and equipment *(Note 6)*		
— owned assets	**1,432,475**	1,480,294
— owned assets leased out under operating leases	**28,540**	32,075
Loss on disposal of property, plant and equipment	**1,556**	2,565
Amortisation of land use rights *(Note 7)*	**16,230**	16,230
Amortisation of intangible assets *(Note 8)*	**32,410**	33,587
Operating lease rentals		
— Office building *(Note 33(b))*	**37,345**	—
— land use rights on which the airfield and related areas of Phase III Assets are situated *(Note 33(b)(i))*	**28,000**	28,000
— land use rights *(Note 33(b)(ii))*	**7,423**	7,423
— information technology center *(Note 33(b))*	**16,299**	16,343
— other rentals	**8,644**	13,837
(Reversal of provision)/provision for impairment of trade receivables *(Note 10)*	**(2,947)**	11,793
Provision for impairment of property, plant and equipment *(Note 6)*	**8,936**	—
Auditor's remuneration	**3,100**	2,800

25 FINANCE INCOME/(COSTS)

	2010 *RMB'000*	2009 *RMB'000*
Finance income:		
Interest income on bank deposits	6,370	4,411
Finance costs:		
Interest for bank borrowings	(321,681)	(115,733)
Interest for bonds payable	(207,213)	—
Interest for loans from Parent Company *(Note 33(b))*	(184,453)	(216,706)
Interest for notes payable	—	(1,666)
Bank charges	(3,947)	(3,164)
	(717,294)	(337,269)
	(710,924)	(332,858)

26 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(a) Directors' and Supervisors' emoluments

The aggregated amounts of emoluments payable to directors and supervisors of the Company during the year were as follows:

	2010 *RMB'000*	2009 *RMB'000*
Fees	700	700
Salaries, housing and other allowances, and benefits in kind	1,841	689
Discretionary bonuses	253	813
Contributions to the retirement scheme	89	78
	2,883	2,280

26 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(a) Directors' and Supervisors' emoluments (Continued)

The emoluments of each director and supervisor for the year ended 31 December 2010 is set out below:

	Fees	Salaries, housing and other allowances, and benefits in kind	Contributions to t he retirement scheme	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of director					
Zhang Zhizhong *(note i and ii)*	—	—	—	—	—
Dong Zhiyi	—	91	9	—	100
Zhang Guanghui *(note iii)*	—	681	22	100	803
Gao Shiqing *(note i)*	—	—	—	—	—
Chen Guoxing *(note i)*	—	—	—	—	—
Zhao Jinglu *(note i)*	—	—	—	—	—
Yam Kum Weng *(note iv)*	—	—	—	—	—
Kwong Che Keung	150	—	—	—	150
Dong Ansheng	150	—	—	—	150
Japhet Sebastian Law	150	—	—	—	150
Wang Xiaolong	150	—	—	—	150
Name of supervisor					
Wang Zuoyi *(note i)*	—	—	—	—	—
Li Xiaomei	—	813	29	118	960
Tang Hua	—	256	29	35	320
Han Xiaojing	50	—	—	—	50
Xia Zhidong	50	—	—	—	50
	700	1,841	89	253	2,883

26 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(a) Directors' and Supervisors' emoluments (Continued)

The emoluments of each director and supervisor for the year ended 31 December 2009 is set out below:

	Fees	Salaries, housing and other allowances, and benefits in kind	Contributions to the retirement scheme	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of director					
Zhang Zhizhong *(note i)*	—	—	—	—	—
Dong Zhiyi	—	309	26	415	750
Gao Shiqing *(note i)*	—	—	—	—	—
Chen Guoxing *(note i)*	—	—	—	—	—
Zhao Jinglu *(note i)*	—	—	—	—	—
Yam Kum Weng *(note iv)*	—	—	—	—	—
Kwong Che Keung	150	—	—	—	150
Dong Ansheng	150	—	—	—	150
Japhet Sebastian Law	150	—	—	—	150
Wang Xiaolong	150	—	—	—	150
Name of supervisor					
Wang Zuoyi *(note i)*	—	—	—	—	—
Li Xiaomei	—	245	26	329	600
Tang Hua	—	135	26	69	230
Han Xiaojing	50	—	—	—	50
Xia Zhidong	50	—	—	—	50
	700	689	78	813	2,280

26 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(a) Directors' and Supervisors' emoluments (Continued)

Note:

(i) The emoluments of these directors and one supervisor which were not included in directors' and supervisors' emoluments, were paid by the Parent Company.

(ii) Mr. Zhang Zhizhong resigned from executive director on 16 March 2010.

(iii) Mr. Zhang Guanghui was appointed as executive director on 22 June 2010.

(iv) The emoluments of this director were paid by a shareholder of the Company.

No directors waived or agreed to waive any emoluments during the year.

During the year ended 31 December 2010, no emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office (2009: nil).

26 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company for the year include one director, one supervisor and three senior executives (2009: one director, one supervisor and three senior executives). The details of the emoluments of the directors and supervisors are set out above. The emoluments payables to the remaining senior executives are as follows:

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Salaries, housing and other allowances, and benefits in kind	**1,796**	736
Discretionary bonuses	**277**	986
Contributions to the retirement scheme	**86**	78
	2,159	1,800

During the year ended 31 December 2010, no emoluments were paid by the Company to the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office (2009: nil).

During the year ended 31 December 2010 and 2009, the emoluments of each of the above senior executive paid by the Company were below HKD1,500,000 individually.

27 TAXATION

(a) Corporate income tax

Taxation in the statement of comprehensive income represents provision for PRC corporate income tax.

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.

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Current tax	**126,754**	126,820
Deferred income tax charge/(credit) *(Note 17)*	**71,114**	(25,872)
	197,868	100,948

27 TAXATION (CONTINUED)

(a) Corporate income tax (Continued)

The difference between the actual taxation charge in the statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2010 *RMB'000*	2009 *RMB'000* (Restated)
Profit before income tax	**793,059**	369,919
Tax calculated at a tax rate of 25% (2009: 25%)	**198,265**	92,480
Expenses not deductable for tax purpose	**888**	9,086
Tax credit on qualified purchases of domestically manufactured equipment	**(1,285)**	(618)
Tax charge	**197,868**	100,948

(b) Business taxes

The Company is subject to business taxes on its service revenues at the following rates:

Aeronautical revenues	3% of service revenue
Non-aeronautical revenues	3% of concessions in respect of the ground handling and air catering, 5% of other concessions, rental income and car parking fee income

27 TAXATION (CONTINUED)

(c) Urban construction and maintenance tax and Education surcharge

The Company is subject to urban construction and maintenance tax as well as education surcharge at the following rates:

Urban construction and maintenance tax	5% of business tax
Education surcharge	3% of business tax

(d) Real estate tax

The Company is subject to real estate tax at an annual rate of 1.2% on 70% of the cost of its buildings.

(e) Withholding tax ("WHT") on dividend paid to foreign investors

In accordance with the Corporate Income Tax Law of the PRC and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing dividends to them. Any H shares of the Company registered other than in the name(s) of individual(s), including HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups, shall be deemed to be shares held by non-resident enterprise shareholder(s). Such H shares shareholders will receive their dividends after the deduction of withholding tax.

28 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 year.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2010 and 2009.

	2010	2009 (Restated)
Profit of the Company *(RMB'000)*	**595,191**	295,971
Basic earnings per share *(RMB per share)*	**0.14**	0.07

29 DIVIDENDS

	2010	2009
Dividend proposed		
Final dividend *(RMB'000)*	**—**	146,731
Final dividend per share *(RMB)*	**—**	0.03388

The Board of Directors did not recommend the payment of any interim dividend for the years ended 31 December 2010 and 2009.

30 CONTINGENCIES

(a) The Directors of the Company understand that certain residents living in the vicinity of the 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 year 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 statements.

31 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. The Company had the following outstanding capital commitments not provided for in the financial statements as at 31 December:

	2010	2009
	RMB'000	*RMB'000*
Authorised but not contracted for	**514,649**	1,190,094
Contracted but not provided for	**776,696**	112,101
	1,291,345	1,302,195

31 COMMITMENTS (CONTINUED)

Operating lease commitments — where the Company is the lessee

As at 31 December, the future aggregate minimum lease payments under non-cancellable operating leases payable to Parent Company are as follows:

	2010	2009
	RMB'000	*RMB'000*
Not later than 1 year	**51,744**	51,719
Later than 1 year and not later than 5 years	**174,335**	141,693
Later than 5 years	**588,073**	623,496
	814,152	816,908

Operating lease arrangements — where the Company is the lessor

As at 31 December, the future minimum lease payment receivables under non-cancellable operating leases for buildings are as follows:

	2010	2009
	RMB'000	*RMB'000*
Not later than 1 year	**202,241**	412,751
Later than 1 year and not later than 5 years	**147,108**	99,140
Later than 5 years	**10,000**	15,000
	359,349	526,891

31 COMMITMENTS (CONTINUED)

Concession income arrangements

As at 31 December, the future minimum concession income receivable under non-cancellable agreements in respect of the operating rights of retailing, advertising, restaurant and food shop businesses are as follows:

	2010	2009
	RMB'000	*RMB'000*
Not later than 1 year	**965,809**	133,080
Later than 1 year and not later than 5 years	**2,896,881**	532,000
	3,862,690	665,080

32 NOTES TO CASH FLOW STATEMENT

Reconciliation of profit for the year to cash generated from operations

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**595,191**	295,971
Adjustments for:		
Taxation	**197,868**	100,948
Depreciation	**1,461,015**	1,512,369
Amortisation of land use rights	**16,230**	16,230
Amortisation of intangible assets	**32,410**	33,587
(Reversal of provision)/provision for impairment of trade receivables	**(2,947)**	11,793
Provision for impairment of property, plant and equipment	**8,936**	—
Loss on disposal of property, plant and equipment	**1,556**	2,565
Interest income	**(6,370)**	(4,411)
Finance costs	**717,294**	335,456
Foreign exchange gains	**(81,182)**	(2,443)
Changes in working capital:		
Inventories	**(45,641)**	(33,904)
Trade and other receivables	**665,432**	(18,525)
Trade and other payables	**204,847**	(833,402)
Retirement benefit obligations	**27,697**	(5,554)
Deferred income	**(5,506)**	(3,538)
Cash generated from operations	**3,786,830**	1,407,142

33 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 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. Sale 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 concerned at prevailing market terms and rates.

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.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Balances with related parties

As at 31 December 2010, balances with related parties comprised:

	2010	2009
	RMB'000	*RMB'000*
Trade and other receivables from CAHC, its fellow subsidiaries and related parties *(Note 10 and (i))*	**524,396**	466,710
Deposits placed with a subsidiary of CAHC *(note (ii))*	**1,165**	94,254
Trade and other payables to CAHC *(Note 14 and (i))*	**159,291**	59,335
Trade and other payables to CAHC's fellow subsidiaries and related parties *(Note 14 and (i))*	**915,910**	700,202
Interest payable to Parent Company	**44,917**	75,659
Loans from Parent Company *(Note 21)*	**6,279,401**	8,672,841

(i) The amounts due from and to CAHC, its fellow subsidiaries and related parties are unsecured and 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.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

	2010	2009
	RMB'000	*RMB'000*
Transactions with CAHC, its fellow subsidiaries and related parties		
Revenues:		
Concessions from subsidiaries of CAHC and related parties	**1,332,385**	1,071,638
Rental income from subsidiaries of CAHC and related parties for leasing of premises, office space and counters	**215,233**	201,092
Fee income for management from CAHC	**20,004**	6,340
Aeronautical revenue from related parties	**—**	13,342
Expenses:		
Provision of utilities and power supply by a subsidiary of CAHC	**545,595**	561,292
Provision of aviation safety, security guard and taxi management services by a subsidiary of CAHC	**363,505**	314,573
Provision of certain sanitary services, baggage cart management services and greening and environmental maintenance services by a subsidiary of CAHC	**169,288**	153,913

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

	2010 RMB'000	2009 RMB'000
Expenses: (Continued)		
Provision of terminal maintenance services by related parties	165,257	136,906
Provision of accessorial power and energy services by a subsidiary of CAHC	94,844	96,123
Leasing of office building from CAHC	37,345	—
Leasing of land on which the airfield and related areas of Phase III Asset are situated from CAHC *(note i)*	28,000	28,000
Provision of airport guidance service by a subsidiary of CAHC	21,549	19,265
Leasing of Information Technology Center from CAHC	16,299	16,343
Leasing of land use rights from CAHC *(note ii)*	7,423	7,423
Provision of airfield maintenance services from a subsidiary of CAHC	5,695	5,490
Provision of beverage service by a subsidiary of CAHC	3,220	3,197
Leasing of apartments from a subsidiary of CAHC	2,567	2,700
Provision of maintenance services and consultation services from subsidiaries of CAHC	2,316	—
Leasing of apartments from CAHC	1,100	1,100
Provision of air-conditioning channel cleaning services from a subsidiary of CAHC	—	4,530
Interest charges on loans from Parent Company	184,453	216,706
Other:		
Provision of construction service from subsidiaries of CAHC	36,356	39,395

33 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 lad 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.

34 PRIOR YEAR COMPARATIVES

Certain comparative figures have been reclassified to conform with the changes in presentation adopted for the current year.

COMPANY INFORMATION

PRINCIPAL INFORMATION OF THE COMPANY

Registered name:	北京首都國際机場股份有限公司
English name:	Beijing Capital International Airport Company Limited
First registration date:	15 October 1999
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
Legal representative:	Mr. Dong Zhiyi
Company secretary:	Mr. Shu Yong
Contact for the Company's news and information:	Secretariat to the Board
Major bank:	Bank of China Industrial and Commercial Bank of China
Auditor:	PricewaterhouseCoopers

BOARD OF DIRECTORS

Executive Directors

Dong Zhiyi *(Chairman, executive director)*
Zhang Guanghui *(General manager, executive director)*

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 Xiao Long *(Chairman)*
Kwong Che Keung, Gordon
Dong Ansheng
Japhet Sebastian Law
Gao Shiqing

Nomination Committee

Dong Ansheng *(Chairman)*
Kwong Che Keung, Gordon
Japhet Sebastian Law
Wang Xiao Long
Dong Zhiyi

SHAREHOLDER INFORMATION

Website:	www.bcia.com.cn
E-mail address:	ir@bcia.com.cn
Fax number:	8610 6450 7700
Contact address:	Secretariat to the Board Beijing Capital International Airport Company Limited Beijing, China
Zip Code:	100621
Registrar and Transfer Office:	Hong Kong Registrars Limited 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong

FINANCE CALENDAR OF 2010

Announcement of interim results:	17 August 2009
Announcement of final results:	18 March 2011
Book closing dates for AGM:	16 May 2011 - 15 June 2011
Date of 2010 AGM:	15 June 2011

SHARE INFORMATION

Name of H shares:	Beijing Airport
Stock code:	00694

PRICE AND TURNOVER HISTORY

Year	Price per share		
2010	High	Low	Turnover of share
	(HK$)	*(HK$)*	*(in millions)*
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
July	5.93	4.83	158.3
August	5.77	4.30	205.9
September	5.07	4.29	164.5
October	5.68	4.50	264.0
November	6.30	5.00	155.3
December	5.59	4.78	144.6


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