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# 北京首都國際機場股份有限公司

## Beijing Capital International Airport Co., Ltd.

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

(Stock Code: 00694)

## 2012 Annual Results Announcement

### FINANCIAL HIGHLIGHTS

- In 2012, the aircraft movements reached 557,160 sorties, representing an increase of 4.5% as compared with 2011. The passenger throughput reached 81,929,359 person-times, representing an increase of 4.1% as compared with 2011. The cargo and mail throughput reached 1,799,864 tonnes, representing an increase of 9.7% as compared with 2011.
- In 2012, the total revenues of the Company were RMB6,862,660,000, representing an increase of 5.6% as compared with 2011, among which, the aeronautical revenues were RMB3,981,103,000, representing an increase of 4.6% as compared with 2011; the non-aeronautical revenues were RMB2,881,557,000, representing an increase of 7.0% as compared with 2011.
- In 2012, the operating expenses of the Company were RMB4,498,782,000, representing an increase of 8.3% as compared with 2011.
- In 2012, the net profit after tax of the Company was RMB1,172,583,000, the earnings per share was RMB0.27, representing an increase of 5.3% as compared with 2011, respectively.
- The Board proposed to distribute the final dividend of RMB0.0683 per share for the year ended 31 December 2012, amounting to a total amount of approximately RMB295,800,000.

The board of directors (the “Board”) of Beijing Capital International Airport Company Limited (the “Company”) is pleased to announce the audited results of the Company for the year ended 31 December 2012, together with the comparative figures for 2011, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), as below:

## STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2012	2011
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenues			
Aeronautical	3	<b>3,981,103</b>	3,806,307
Non-aeronautical	3	<b>2,881,557</b>	2,693,909
		<u><b>6,862,660</b></u>	<u>6,500,216</u>
Business tax and levies			
Aeronautical		<b>(88,438)</b>	(130,602)
Non-aeronautical		<b>(151,280)</b>	(154,567)
		<u><b>(239,718)</b></u>	<u>(285,169)</u>
Operating expenses			
Depreciation and amortisation		<b>(1,516,421)</b>	(1,506,589)
Repairs and maintenance		<b>(593,543)</b>	(520,709)
Utilities and power		<b>(556,942)</b>	(536,398)
Staff costs		<b>(460,277)</b>	(391,557)
Aviation safety and security guard costs		<b>(431,679)</b>	(353,998)
Operating contracted services		<b>(224,591)</b>	(200,101)
Greening and environmental maintenance		<b>(192,059)</b>	(189,710)
Real estate and other taxes		<b>(149,687)</b>	(152,004)
Rental expenses		<b>(97,234)</b>	(101,430)
Other costs		<b>(276,349)</b>	(202,699)
	5	<u><b>(4,498,782)</b></u>	<u>(4,155,195)</u>
Other income	4	<u><b>58,079</b></u>	<u>12,881</u>

		<b>For the year ended 31 December</b>	
		<b>2012</b>	2011
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating profit</b>		<u>2,182,239</u>	<u>2,072,733</u>
Finance income	6	18,740	139,761
Finance costs	6	<u>(638,715)</u>	<u>(729,161)</u>
		<u>(619,975)</u>	<u>(589,400)</u>
Share of post-tax profits of a jointly controlled entity		<u>1,677</u>	<u>2,263</u>
<b>Profit before income tax</b>		<b>1,563,941</b>	1,485,596
Income tax expense	7	<u>(391,358)</u>	<u>(371,603)</u>
<b>Profit for the year</b>		<u><b>1,172,583</b></u>	<u>1,113,993</u>
<b>Total comprehensive income for the year</b>		<u><b>1,172,583</b></u>	<u>1,113,993</u>
Earnings per share, basic and diluted ( <i>RMB</i> )	8	<u><b>0.27</b></u>	<u>0.26</u>
<b>Dividends</b>			
Interim dividend declared	9	173,236	77,133
Final dividend proposed	9	<u>295,800</u>	<u>257,082</u>

## BALANCE SHEET

		As at 31 December	
		2012	2011
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>29,490,286</b>	30,660,155
Land use rights		<b>699,092</b>	715,396
Intangible assets		<b>40,505</b>	61,421
Investment in a jointly controlled entity		<b>52,911</b>	54,464
Other non-current assets	10	<b>54,160</b>	55,531
		<b>30,336,954</b>	31,546,967
<b>Current assets</b>			
Inventories		<b>125,185</b>	129,801
Trade and other receivables	10	<b>1,142,173</b>	1,060,858
Cash and cash equivalents		<b>1,818,404</b>	948,542
		<b>3,085,762</b>	2,139,201
Assets held for sale	11	<b>—</b>	212,961
		<b>3,085,762</b>	2,352,162
<b>Total assets</b>		<b>33,422,716</b>	33,899,129

		<b>As at 31 December</b>	
		<b>2012</b>	<b>2011</b>
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
		<b>4,330,890</b>	4,330,890
		<b>5,055,425</b>	5,055,425
		<b>621,520</b>	552,650
		<b>2,661,587</b>	2,321,530
		<b>2,317,559</b>	1,954,069
	9	<b>295,800</b>	257,082
		<b>15,282,781</b>	14,471,646
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	13	—	7,500,000
	14	<b>4,885,832</b>	4,881,695
		<b>34,929</b>	23,680
		<b>30,544</b>	94,769
		<b>12,202</b>	2,549
	15	<b>3,050,804</b>	4,431,191
		<b>8,014,311</b>	16,933,884

		<b>As at 31 December</b>	
		<b>2012</b>	2011
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>			
Trade and other payables	12	<b>2,160,383</b>	2,027,502
Interest payable		<b>226,234</b>	260,313
Current income tax liabilities		<b>78,603</b>	61,760
Current portion of long-term bank borrowings	13	<b>7,500,000</b>	—
Current portion of retirement benefit obligations		<b>5,810</b>	5,099
Current portion of loans from Parent Company	15	<b>154,594</b>	138,925
		<u><b>10,125,624</b></u>	<u>2,493,599</u>
<b>Total liabilities</b>		<u><b>18,139,935</b></u>	<u>19,427,483</u>
<b>Total equity and liabilities</b>		<u><b>33,422,716</b></u>	<u>33,899,129</u>
<b>Net current liabilities</b>		<u><b>(7,039,862)</b></u>	<u>(141,437)</u>
<b>Total assets less current liabilities</b>		<u><b>23,297,092</b></u>	<u>31,405,530</u>

## STATEMENT OF CHANGES IN EQUITY

		Share capital	Share premium	Capital reserve	Statutory and discretionary reserves	Retained earnings	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2011</b>		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786
Total comprehensive income for the year		—	—	—	—	1,113,993	1,113,993
2011 interim dividend	9	—	—	—	—	(77,133)	(77,133)
Transfer to statutory and discretionary reserves		—	—	—	229,409	(229,409)	—
<b>Balance at 31 December 2011</b>		<u>4,330,890</u>	<u>5,055,425</u>	<u>552,650</u>	<u>2,321,530</u>	<u>2,211,151</u>	<u>14,471,646</u>
Representing:							
Share capital and reserves		4,330,890	5,055,425	552,650	2,321,530	1,954,069	14,214,564
2011 proposed final dividend	9	—	—	—	—	257,082	257,082
Balance at 31 December 2011		<u>4,330,890</u>	<u>5,055,425</u>	<u>552,650</u>	<u>2,321,530</u>	<u>2,211,151</u>	<u>14,471,646</u>
<b>Balance at 1 January 2012</b>		<b>4,330,890</b>	<b>5,055,425</b>	<b>552,650</b>	<b>2,321,530</b>	<b>2,211,151</b>	<b>14,471,646</b>
Total comprehensive income for the year		—	—	—	—	1,172,583	1,172,583
Cash contribution from Parent Company		—	—	68,870	—	—	68,870
2011 final dividend	9	—	—	—	—	(257,082)	(257,082)
2012 interim dividend	9	—	—	—	—	(173,236)	(173,236)
Transfer to statutory and discretionary reserves		—	—	—	340,057	(340,057)	—
<b>Balance at 31 December 2012</b>		<u>4,330,890</u>	<u>5,055,425</u>	<u>621,520</u>	<u>2,661,587</u>	<u>2,613,359</u>	<u>15,282,781</u>
Representing:							
Share capital and reserves		4,330,890	5,055,425	621,520	2,661,587	2,317,559	14,986,981
2012 proposed final dividend	9	—	—	—	—	295,800	295,800
<b>Balance at 31 December 2012</b>		<u>4,330,890</u>	<u>5,055,425</u>	<u>621,520</u>	<u>2,661,587</u>	<u>2,613,359</u>	<u>15,282,781</u>

## 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 (“Beijing Capital Airport”) and the provision of related services. The address of its registered office is Capital Airport, Beijing, the PRC.

## 2 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 2012, the current liabilities of the Company exceeded the current assets by approximately RMB 7,039,862,000 (2011: RMB141,437,000). 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 RMB 16 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 2012 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.

**(1) Amendments to standards which are effective in 2012 and adopted by the Company**

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

IAS 12 (Amendment)	Deferred tax — Recovery of underlying assets	1 January 2012
IFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
IFRS 7 (Amendment)	Disclosures — Transfers of financial assets	1 July 2011

The adoption of those amendments does not have any significant impact to the Company's results for the year ended 31 December 2012 and the Company's financial position as at 31 December 2012.

**(2) New and revised standards and amendments and interpretation to standards not yet effective for the financial year beginning 1 January 2012 and have not been early adopted by the Company**

<b>New and revised standards and amendments and interpretation to standards</b>		<b>Effective for accounting periods beginning on or after</b>
IAS 1 (Amendment)	Financial statements presentation regarding other comprehensive income	1 July 2012
IAS 19 (Amendment)	Employee benefits	1 January 2013
IAS 27 (revised 2011)	Separate financial statements	1 January 2013
IAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
IAS 32 (Amendment)	Financial instruments: Presentation on assets and liabilities offsetting	1 January 2014
IFRS 1 (Amendment)	First time adoption on government loans	1 January 2013
IFRS 7 (Amendment)	Financial instruments: Disclosures on assets and liabilities offsetting	1 January 2013
IFRS 9	Financial instruments	1 January 2015
IFRS 7 and 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 10,11 and 12 (Amendment)	Transition guidance	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRIC – Int 20	Stripping costs in the production phase of a surface mine	1 January 2013

None of new and revised standards and amendments and interpretation to standards mentioned above is expected to have a significant effect on the financial statements of the company, except the following set out below:

IAS 19, 'Employee benefits', was amended in June 2011. The impact on the company will be as follows: to immediately recognise all past service costs; to recognise the actuarial gains and losses from experience adjustments and changes in actuarial assumptions in other comprehensive income of equity; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The amendments should be applied retrospectively. The company is yet to assess the full impact of the amendments.

### **3 REVENUES AND SEGMENT INFORMATION**

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

The Company runs a single business of operating and managing an airport and provision of related services in the PRC and resources are allocated based on what is beneficial to the Company in enhancing the value as a whole rather than any special unit. The Strategy Committee considers the performance assessment of the Company should be based on the results of the Company as a whole. Therefore, management considers there to be only one operating segment under the requirement of IFRS 8.

<b>Analysis of revenues by category</b>	<b>2012</b>	2011
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
<b>Aeronautical:</b>		
Passenger charges	<b>1,565,920</b>	1,526,025
Aircraft movement fees and related charges	<b>1,371,817</b>	1,278,346
Airport fee ( <i>note a</i> )	<b>1,043,366</b>	1,001,936
	<hr/> <b>3,981,103</b> <hr/>	<hr/> 3,806,307 <hr/>
<b>Non-aeronautical:</b>		
Concessions ( <i>note b</i> )	<b>1,994,327</b>	1,853,049
Rentals	<b>798,910</b>	764,608
Car parking fee	<b>60,378</b>	48,415
Management service fee	<b>20,113</b>	20,512
Others	<b>7,829</b>	7,325
	<hr/> <b>2,881,557</b> <hr/>	<hr/> 2,693,909 <hr/>
<b>Total revenues</b>	<hr/> <b>6,862,660</b> <hr/>	<hr/> <b>6,500,216</b> <hr/>

- (a) Airport fee represents civil airport management and construction fee and Civil Aviation Development Fund. Pursuant to the “Notice regarding the Issuance of Levy and Utilisation Methods of Civil Aviation Development Fund” issued by Ministry of Finance of the People’s Republic of China on 17 March 2012, with effect from 1 April 2012 to 31 December 2015, the civil airport management and construction fee has been converted to the Civil Aviation Development Fund which is imposed on passengers at the same rate of the previously charged civil airport management and construction fee. The Company recognised the revenue using the same rate as previous years.

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

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Retailing	<b>864,875</b>	761,492
Advertising	<b>786,099</b>	707,511
Ground handling	<b>126,952</b>	224,622
Restaurants and food shops	<b>114,536</b>	107,459
VIP service	<b>45,615</b>	—
Others	<b>56,250</b>	51,965
	<b><u>1,994,327</u></b>	<u>1,853,049</u>

As the Company is domiciled in the PRC from where all of its revenues from external customers for the years ended 31 December 2012 and 2011 are derived and in where all of its assets are located, no geographical segment information is shown.

For the year ended 31 December 2012, approximately 19.0% (2011: 21.2%) of the total revenues of the Company are derived from a single external customer (including its subsidiaries).

#### **4 OTHER INCOME**

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Disposal gain of assets held for sale ( <i>Note 11</i> )	<b>55,039</b>	—
Government subsidies	<b>3,040</b>	12,881
	<b><u>58,079</u></b>	<u>12,881</u>

## 5 EXPENSES BY NATURE

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

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Depreciation on property, plant and equipment		
— owned assets	<b>1,443,611</b>	1,435,033
— owned assets leased out under operating leases	<b>24,016</b>	24,268
Amortisation of land use rights	<b>16,304</b>	16,254
Amortisation of intangible assets	<b>32,490</b>	31,034
Operating lease rentals		
— office building	<b>38,089</b>	37,345
— land use rights	<b>36,186</b>	35,423
— information technology center	<b>16,321</b>	16,321
— other rentals	<b>6,638</b>	12,341
Loss on disposal of property, plant and equipment	<b>22,256</b>	5,423
Provision/(reversal of provision) for impairment of trade receivables ( <i>Note 10</i> )	<b>13,370</b>	(9,334)
Auditor's remuneration	<b>3,100</b>	3,100

## 6 FINANCE INCOME/(COSTS)

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Finance income:		
Exchange gain, net	6,213	129,011
Interest income on bank deposits	12,527	10,750
	<u>18,740</u>	<u>139,761</u>
Finance costs:		
Interest for long-term bank borrowings wholly repayable within 5 years	(327,875)	(326,979)
Interest for bonds payable		
— Wholly repayable within 5 years	(228,801)	(86,441)
— Not wholly repayable within 5 years	—	(141,534)
Interest for loans from Parent Company		
— Wholly repayable within 5 years	(56,597)	(147,105)
— Not wholly repayable within 5 years	(23,219)	(24,463)
Bank charges	(2,223)	(2,639)
	<u>(638,715)</u>	<u>(729,161)</u>
Net finance costs	<u>(619,975)</u>	<u>(589,400)</u>

## 7 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% (2011: 25%) on its taxable income as determined in accordance with the relevant PRC income tax rules and regulations.

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax	<b>380,109</b>	348,420
Deferred income tax	<b>11,249</b>	23,183
	<b><u>391,358</u></b>	<u>371,603</u>

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:

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit before income tax	<b>1,563,941</b>	1,485,596
Less: Share of post-tax profits of a jointly controlled entity	<b>(1,677)</b>	(2,263)
	<b><u>1,562,264</u></b>	<u>1,483,333</u>
Tax calculated at a tax rate of 25% (2011: 25%)	<b>390,566</b>	370,833
Expenses not deductible for tax purpose	<b>792</b>	770
Tax charge	<b><u>391,358</u></b>	<u>371,603</u>



**(b) Business tax and value added tax**

Pursuant to “Notice regarding the Issuance of Pilot Proposal for the Change from Business Tax to Value Added Tax” and “Notice regarding the Issuance of Pilot Proposal for the Change from Business Tax to Value Added Tax on Transportation Industry and Part of Modern Service Industry in Beijing and other 8 provinces and cities” and relevant further regulations (“Pilot Proposal”) issued by Ministry of Finance of the People’s Republic of China and State Administration of Taxation, starting from 1 September 2012, aeronautical revenues (excluding the revenue of Civil Aviation Development Fund), concession revenues (excluding concession revenue of restaurants and food shops) of the Company and rental revenues of tangible assets under operating lease are subject to value added tax at the rate of 6%, 6% and 3% respectively. The revenue of Civil Aviation Development Fund is exempt from paying any value added tax or business tax since 1 September 2012. The rest revenues are subject to business tax at the rate of 5%.

Before the launch of Pilot Proposal, aeronautical revenues and concession revenues in respect of the ground handling are subject to business tax at the rate of 3%. The rest revenues of the Company are subject to business tax at the rate of 5%.

**(c) 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 and land.

## 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners 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 2012 and 2011.

	2012	2011
Profit attributable to owners of the Company ( <i>RMB'000</i> )	1,172,583	1,113,993
Basic earnings per share ( <i>RMB per share</i> )	<u>0.27</u>	<u>0.26</u>

## 9 DIVIDENDS

	2012	2011
Dividend proposed		
Final dividend ( <i>RMB'000</i> )	295,800	257,082
Final dividend per share ( <i>RMB</i> )	<u>0.06830</u>	<u>0.05936</u>
Interim dividend ( <i>RMB'000</i> )	173,236	77,133
Interim dividend per share ( <i>RMB</i> )	<u>0.04</u>	<u>0.01781</u>

The final dividend for the year ended 31 December 2012 was proposed at the Board of Directors meeting held on 18 March 2013. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2013.

## 10 TRADE AND OTHER RECEIVABLES

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Trade receivables		
— CAHC and its fellow subsidiaries	210,192	217,420
— a jointly controlled entity	112	73
— third parties	856,597	841,276
	<u>1,066,901</u>	<u>1,058,769</u>
Less: Provision for impairment	<u>(30,627)</u>	<u>(17,257)</u>
	<u>1,036,274</u>	<u>1,041,512</u>
Bill receivable		
— third parties	14,079	—
Dividends receivable		
— a jointly controlled entity	3,230	—
Prepayments and other receivables		
— CAHC and its fellow subsidiaries and related parties	130,401	50,366
— third parties	12,349	24,511
	<u>142,750</u>	<u>74,877</u>
Total trade and other receivables	<u><u>1,196,333</u></u>	<u><u>1,116,389</u></u>
Less: non-current portion	<u><u>(54,160)</u></u>	<u><u>(55,531)</u></u>
Current portion	<u><u>1,142,173</u></u>	<u><u>1,060,858</u></u>

The ageing analysis of the trade receivables is as follows:

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Less than 3 months	<b>702,370</b>	729,357
4 – 6 months	<b>47,981</b>	57,865
7 – 12 months	<b>71,024</b>	81,285
1 – 2 years	<b>141,239</b>	135,892
2 – 3 years	<b>75,323</b>	41,583
Over 3 years	<b>28,964</b>	12,787
	<b><u>1,066,901</u></b>	<u>1,058,769</u>

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly between 1 to 3 months.

For trade receivables which were impaired and provision was made, ageing analysis is as follows:

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Past due up to 3 months	<b>648</b>	250
Past due 4 – 6 months	<b>451</b>	368
Past due 7 – 12 months	<b>722</b>	593
Past due over 1 year	<b>28,806</b>	16,046
	<b><u>30,627</u></b>	<u>17,257</u>

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

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At beginning of year	<b>17,257</b>	25,638
Provision/(reversal of provision) for impairment of receivables	<b>13,370</b>	(9,334)
Collection of receivables previously written off	<u>—</u>	<u>953</u>
At end of year	<b><u>30,627</u></b>	<b><u>17,257</u></b>

Prepayment and other receivables do not contain impaired assets.

## **11 ASSETS HELD FOR SALE**

On 23 December 2011, the Company entered into an agreement with Airport City Development Co., Ltd, an associate of Parent Company, to dispose of the buildings with related fixtures and equipment in 2012 at a consideration of RMB268,000,000. Accordingly, these assets were reclassified as assets held for sale on 31 December 2011.

The Company completed the disposal on 26 June 2012 with a profit before tax of RMB55,039,000.

## 12 TRADE AND OTHER PAYABLES

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Payables to Parent Company	70,238	47,576
Payables to CAHC's fellow subsidiaries	536,852	583,095
Payables to a jointly controlled entity of the Company	122,667	102,800
Payables to third parties		
– Construction payable	438,839	376,489
– Deed taxes in respect of the acquisition of the phase III assets	312,578	312,578
– Repairs and maintenance charges payable	179,766	148,786
– Payroll and welfare payable	151,819	124,235
– Other taxes payable	48,483	41,398
– Deposits received	48,440	37,130
– Greening and environmental maintenance charges payable	27,284	31,438
– Sub-contracting charges payable	25,980	24,001
– Accounts payable for purchases	23,590	24,554
– Housing subsidy payable to employees (note b)	10,885	11,971
– Other payables	162,962	161,451
	<u>2,160,383</u>	<u>2,027,502</u>

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

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Less than 3 months	958,088	931,432
4 – 6 months	129,223	127,956
7 – 12 months	165,356	132,167
Over 12 months	907,716	835,947
	<u>2,160,383</u>	<u>2,027,502</u>

- (b) 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.

### 13 LONG-TERM BANK BORROWINGS

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Long-term bank borrowings	<b>7,500,000</b>	7,500,000
Less: current portion	<b>(7,500,000)</b>	—
	<u>—</u>	<u>7,500,000</u>

This represents bank borrowing which is unsecured, repayable in 2013, denominated in RMB and interest-bearing at 4.30% per annum.

The fair value of bank borrowing at 31 December 2012 approximate its carrying amount.

## 14 BONDS PAYABLE

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Principal amount	4,900,000	4,900,000
Bond issuance cost	<u>(25,650)</u>	<u>(25,650)</u>
Proceeds received	4,874,350	4,874,350
Accumulated amortisation amounts of bond issuance cost	<u>11,482</u>	<u>7,345</u>
	<u><b>4,885,832</b></u>	<u><b>4,881,695</b></u>

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

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

The fair value of bond payable at 31 December 2012 is RMB4,553,359,000 which is based on discounted cash flows with the applicable discount rate of 6.40% and 6.65% representing the prevailing market rate of interest available to the Company for financial instruments with substantially the same terms and characteristics as at the balance sheet date.



## 15 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.

	<b>Loans previously obtained by the Parent Company from</b>		
	<b>European Investment Bank (note a) RMB'000</b>	<b>domestic financial institutions (note b) RMB'000</b>	<b>Total  RMB'000</b>
<b>As at 31 December 2012</b>			
Loans from Parent Company	<b>2,705,398</b>	<b>500,000</b>	<b>3,205,398</b>
Less: current portion	<b>(154,594)</b>	<b>—</b>	<b>(154,594)</b>
	<b><u>2,550,804</u></b>	<b><u>500,000</u></b>	<b><u>3,050,804</u></b>
<b>As at 31 December 2011</b>			
Loans from Parent Company	2,570,116	2,000,000	4,570,116
Less: current portion	(138,925)	—	(138,925)
	<b><u>2,431,191</u></b>	<b><u>2,000,000</u></b>	<b><u>4,431,191</u></b>

- (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) This loan is 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 year. The interest is payable semi-annually.

In 2012, a principal amount of RMB1,500,000,000 was repaid in advance and the remaining principal of RMB500,000,000 will be repayable in full in 2016.

*The financial figures above in respect of the announcement of the Company's annual results for the year ended 31 December 2012 (the "Announcement") have been agreed by the Company's international auditor, PricewaterhouseCoopers, to the amounts set out in the Company's financial statements for the year ended 31 December 2012. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.*

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview of the Revenues**

In 2012, the total revenues of the Company from its principal business were RMB6,862,660,000, representing an increase of 5.6% over the previous year, among which, the aeronautical revenues were RMB3,981,103,000, representing an increase of 4.6% over the previous year, and the non-aeronautical revenues were RMB2,881,557,000, representing an increase of 7.0% over the previous year. In 2012, the Company's business tax and levies amounted to RMB239,718,000, representing a decrease of 15.9% from the previous year, mainly due to the fact that part of the Company's revenues was subject to value added tax, instead of business tax, starting from 1 September 2012 pursuant to the relevant notices issued by the Ministry of Finance and China's State Administration of Taxation. The details concerning value added tax and business tax are set out in note 7(b) to the financial information.

## Aviation Business Overview

In 2012, under the background of a decelerated macro-economic growth, the air traffic flow in the Beijing Capital Airport maintained a sustained and stable growth, thanks to the Company's vigorous airline marketing strategy. Among which, the cumulative aircraft movements reached 557,160 sorties, representing an increase of 4.5% over the previous year. The cumulative passenger throughput reached 81,929,359 person-times, representing an increase of 4.1% over the previous year. The cumulative cargo and mail throughput reached 1,799,864 tonnes, representing an increase 9.7% over the previous year.

The details are as follows:

	2012	2011	Change (%)
<b>Aircraft Movements</b> ( <i>unit: sorties</i> )	<b>557,160</b>	533,257	4.5%
including: Domestic	<b>435,644</b>	419,015	4.0%
International, Hong Kong, Macau & Taiwan	<b>121,516</b>	114,242	6.4%
<b>Passenger Throughput</b> ( <i>unit: person-times</i> )	<b>81,929,359</b>	78,675,058	4.1%
including: Domestic	<b>62,793,726</b>	61,084,488	2.8%
International, Hong Kong, Macau & Taiwan	<b>19,135,633</b>	17,590,570	8.8%
<b>Cargo and Mail Throughput</b> ( <i>unit: tonnes</i> )	<b>1,799,864</b>	1,640,247	9.7%
including: Domestic	<b>1,005,806</b>	926,681	8.5%
International, Hong Kong, Macau & Taiwan	<b>794,058</b>	713,566	11.3%

## Aeronautical Revenues

	<b>2012</b>	2011	Change
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	(%)
Passenger charges	<b>1,565,920</b>	1,526,025	2.6%
Aircraft movement fees and related charges	<b>1,371,817</b>	1,278,346	7.3%
Airport fee	<b>1,043,366</b>	1,001,936	4.1%
Total aeronautical revenues	<b><u>3,981,103</u></b>	<b><u>3,806,307</u></b>	<b><u>4.6%</u></b>

In 2012, the aeronautical revenues of the Company were RMB3,981,103,000 in total, representing an increase of 4.6% over the previous year. Among which, the revenue from passenger charges was RMB1,565,920,000, representing an increase of 2.6% over the previous year; the revenue from aircraft movement fees and related charges was RMB1,371,817,000, representing an increase of 7.3% over the previous year, due to an increase in aircraft movements and a higher percentage of large aircrafts; and the revenue from airport fee was RMB1,043,366,000, representing an increase of 4.1% over the previous year, which was in line with the increase of passenger throughput.

## Non-aeronautical Revenues

	2012	2011	Change
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
Concessions	<b>1,994,327</b>	1,853,049	7.6%
Including: Retailing	<b>864,875</b>	761,492	13.6%
Advertising	<b>786,099</b>	707,511	11.1%
Ground handling	<b>126,952</b>	224,622	-43.5%
Restaurants and food shops	<b>114,536</b>	107,459	6.6%
VIP services	<b>45,615</b>	—	—
Others	<b>56,250</b>	51,965	8.2%
Rentals	<b>798,910</b>	764,608	4.5%
Car parking fee	<b>60,378</b>	48,415	24.7%
Others	<b>27,942</b>	27,837	0.4%
	<hr/>	<hr/>	<hr/>
Total non-aeronautical revenues	<b><u>2,881,557</u></b>	<b><u>2,693,909</u></b>	<b><u>7.0%</u></b>

In 2012, the non-aeronautical business revenues of the Company were RMB2,881,557,000, representing an increase of 7.0% over the previous year.

In 2012, the concession revenues of the Company were RMB1,994,327,000, representing an increase of 7.6% over the previous year. Among which, the concession revenues from retailing were RMB864,875,000, representing an increase of 13.6% over the previous year, mainly as a combined result of additional arrival duty-free shops at the Terminal Two, increase of passenger flow and enhanced consumption willing power of passengers. The concession revenues from advertising were RMB786,099,000, representing an increase of 11.1% over the previous year, mainly because the Company introduced new advertisement resources in the second half of 2011 and the first half of 2012, such as outdoor LED media and vertical light boxes. The concession revenues from ground handling services were RMB126,952,000, representing a decrease of 43.5% over the previous year, mainly because in 2011, the Company reached consensus with airlines companies in charging concession fees in previous years and recognised revenue correspondingly, which resulted in notable increases in relevant revenues in 2011. The concession revenues from restaurants and food shops were RMB114,536,000, representing an increase of 6.6% over the previous year, mainly driven by the growth of passenger throughput. In June 2012, the Company changed the relevant service model from leasing the areas at the terminals to Capital Airport VIP

Services Management Co., Ltd. (“CAVIP”) to franchising CAVIP to provide VIP services at the airport and receiving franchise fee in return. The Company recorded concession revenues from VIP services of RMB45,615,000 in 2012. Other concession revenues of the Company in 2012 were RMB56,250,000, representing an increase of 8.2% over the previous year, which mainly including concessions revenues from network services and packing-luggage services.

In 2012, the rental revenues of the Company were RMB798,910,000, representing an increase of 4.5% over the previous year, mainly due to the increase in the rental demands driven by the air traffic volume.

In 2012, the car parking service fee of the Company was RMB60,378,000, representing an increase of 24.7% over the previous year, mainly due to the Company took special measures to attract long-time parking cars and night parking cars, which led to a significant rise of approximately 38.2% in the flow of night parking cars.

In 2012, the other revenues of the Company were RMB27,942,000, representing an increase of 0.4% over the previous year. The other revenues mainly included the management fees and revenues from provision of certificate handling services.

## Operating Expenses

	<b>2012</b>	2011	Change
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	( <i>%</i> )
Depreciation and amortisation	<b>1,516,421</b>	1,506,589	0.7%
Repairs and maintenance	<b>593,543</b>	520,709	14.0%
Utilities and power	<b>556,942</b>	536,398	3.8%
Staff costs	<b>460,277</b>	391,557	17.6%
Aviation safety and security guard costs	<b>431,679</b>	353,998	21.9%
Operating contracted services	<b>224,591</b>	200,101	12.2%
Greening and environmental maintenance	<b>192,059</b>	189,710	1.2%
Real estate and other taxes	<b>149,687</b>	152,004	-1.5%
Rental expenses	<b>97,234</b>	101,430	-4.1%
Other costs	<b>276,349</b>	202,699	36.3%
	<hr/>	<hr/>	<hr/>
Total operating expenses	<b>4,498,782</b>	4,155,195	8.3%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2012, the total operating expenses of the Company were RMB4,498,782,000, representing an increase of 8.3% over the previous year.

In 2012, the depreciation and amortisation expenses of the Company were RMB1,516,421,000, representing an increase of 0.7% over the previous year.

In 2012, the repair and maintenance expenses of the Company were RMB593,543,000, representing an increase of 14.0% over the previous year, mainly due to the comprehensive maintenance carried out to all the facilities in terminals which had been used frequently, and some production equipments and systems of the terminals had been in operation for five years and reached the condition requiring maintenance and repair.

In 2012, the utilities and power expenses of the Company were RMB556,942,000, representing an increase of 3.8% over the previous year, mainly due to the extended duration of heat supply during the reporting period and a rise in the tariff of electricity since 1 December 2011, as required in the “Notice on Adjusting the Tariff of Electricity for Non-residential Use” (《關於調整非居民用電價格的通知》) issued by Beijing Municipal Commission of Development and Reform.

In 2012, the staff costs of the Company were RMB460,277,000, representing an increase of 17.6% over the previous year, mainly because the average salary of the staff synchronized with the growth of average salary of the staff in the civil aviation industry, and the number of staff of the Company had increased.

In 2012, the aviation safety and security guard expenses of the Company were RMB431,679,000, representing an increase of 21.9% over the previous year, mainly as a result of the increase in labour costs for hiring security guards and enhanced safety levels of the Company.

In 2012, the operating contracted services expenses of the Company were RMB224,591,000, representing an increase of 12.2% over the previous year, which was mainly due to the higher relevant expenses as a result of increased business volume, and higher outsourcing service fees (the outsourcing service fee in 2012 covered an additional 3.5 months period as compared with that in 2011), as the Company outsourced the management of the car park in the west district of the Beijing Capital Airport since 16 April 2011.

In 2012, the greening and environmental maintenance expenses of the Company were RMB192,059,000, representing an increase of 1.2% over the previous year.

In 2012, the real estate and other taxes of the Company were RMB149,687,000, representing a decrease of 1.5% over the previous year.

In 2012, the rental expenses of the Company were RMB97,234,000, representing a decrease of 4.1% over the previous year.

In 2012, the other costs of the Company were RMB276,349,000, representing an increase of 36.3% over the previous year, mainly due to the combined effect of provision of bad debts against trade receivables, the increase in the loss from disposed fixed assets and the rise of training expenses.

### **Other Items in the Statement of Comprehensive Income**

In 2012, the other income of the Company was RMB58,079,000, representing an increase of 350.9% as compared with the previous year, which was mainly resulted from the disposal of warehouses in the north area of Beijing Capital Airport by the Company in the reporting period, which recorded the gains of RMB55,039,000.

In 2012, the net finance costs after deducting finance income of the Company were RMB619,975,000, representing an increase of 5.2% as compared with the previous year.

In 2012, the income tax expense of the Company was RMB391,358,000, representing an increase of 5.3% as compared with the previous year.

### **Profit For the Year**

For the financial year ended 31 December 2012, the profit of the Company for the year amounted to RMB1,172,583,000, representing an increase of 5.3% 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, purchases of certain equipment, goods and materials, payment of consulting fees and part of the loans from the Parent Company which are paid in United States dollars ("US dollars" or "USD") and Hong Kong dollars("HK dollars"). Dividends distributed to the shareholders of 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 in respect of the Phase III Assets and the interest thereof as at 31 December 2012. Therefore, 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 (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 (“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 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”)

As at 31 December 2012, the assets and liabilities of the Company denominated in USD included cash and cash equivalents of approximately RMB44,507,000 (2011: RMB59,320,000), trade and other receivables of approximately RMB16,661,000 (2011: RMB17,587,000), trade and other payables of approximately RMB5,735,000 (2011: RMB598,000), and loans from the Parent Company of approximately RMB2,705,399,000 (2011: RMB2,570,116,000). During the year of 2012, the Company recorded a net exchange gain of RMB6,213,000.

### **Exposure to Fluctuations in Interest Rates**

The total amount of the long-term and current portion of the loans from the Parent Company of the Company is RMB3,205,398,000, 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 of the Parent Company at an interest rate with reference to published interbank repo rate announced by China Foreign Exchange Trading Centre and 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.

### **Contingent Liabilities**

As at 31 December 2012, the Company had no significant contingent liabilities.

## Liquidity and Financial Resources

The Company's net cash generated from operating activities in 2012 amounted to RMB3,302,286,000, representing an increase of RMB459,443,000 as compared with RMB2,842,843,000 for the year of 2011. Net cash outflow from investing activities in 2012 amounted to RMB43,620,000, among which the cash payment made for purchase of buildings, plants and equipment amounting to RMB241,479,000, the cash generated from the disposal of the warehouse in the North Area of Beijing Capital Airport amounting to RMB187,600,000. In 2012, the Company's net cash outflow from financing activities amounted to RMB2,388,379,000.

As at 31 December 2012, the Company had total cash and cash equivalents amounting to RMB1,818,404,000, while the cash and cash equivalents of the Company amounted to RMB948,542,000 as at 31 December 2011.

As at 31 December 2012, the Company's long-term bank borrowings which would be matured within one year were RMB7,500,000,000, and loans from the Parent Company were RMB3,205,398,000. As at the date of this announcement, the Company is in the course of negotiation with the relevant financial institutions about the renewal of the bank borrowings, it is expected that the renewal will be proceeded smoothly and will not cause any significant impact on the financial position of the Company.

As at 31 December 2012, the current ratio of the Company was 0.3, and as at 31 December 2011, the current ratio of the Company was 0.94. Such ratios were computed by dividing the amount of the total current assets by the amount of the total current liabilities as at those respective dates. The marked decrease in current ratio was because the Company's long-term bank borrowings of RMB7,500,000,000 will be matured within one year and was reclassified as current liabilities.

As at 31 December 2012, the liability-to-asset ratio of the Company was 54.27%, and that as at 31 December 2011, the liability to asset ratio of the Company was 57.31%. Such ratios were computed by dividing the total amount of liabilities by the amount of the total assets as at those respective dates.

As at 31 December 2012, the capital and reserves of the Company was RMB15,282,781,000 and that as at 31 December 2011, the capital and reserves of the Company was RMB14,471,646,000.

As at 31 December 2012, the Company had unutilised loan facilities totalling RMB16,000,000,000 (2011: RMB16,000,000,000). The Company may consider to use the unutilised loan facilities mentioned above partly or totally according to the requirements of the business operation and cash management of the Company.

## **Dividend**

The Board proposed to distribute final dividend of RMB0.0683 per share for the year 2012, amounting to the total sum of RMB295,800,000 (Note) (the dividend for the year 2011: RMB257,082,000). Such proposal shall be subject to the approval by the shareholders at the 2012 annual general meeting (“AGM”) of the Company. The details of the payment of the final dividend will be set out in the notice of AGM to be issued by the Company in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company distributed the interim dividends of RMB0.04 per share for the six months ended 30 June 2012, amounting to the total sum of RMB173,236,000.

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 2012.

*Note:* Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China” and the “Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China”, both implemented in 2008, and the “Notice of Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H-Share” (No.897 GSH[2008]) issued by China’s State Administration of Taxation on 6 November 2008, the Company is obliged to withhold and pay enterprise income tax at the rate of 10% when distributing the 2012 final dividend to the non-resident enterprise H share shareholders whose names appear on the register of members for H shares of the Company on the relevant record date (the “Record Date”) to be announced by the Company in accordance with the requirements of the Listing Rules. For the holders of the H shares (the “H Shareholders”) who are registered in the name of non-natural person registered shareholders (including HKSCC (Nominees) Limited, other corporate nominees, trustees, or other organisations or groups which shall be treated as “non-resident enterprises” shareholders) on the register of members for H shares of the Company on the Record Date, the Company will distribute the 2012 final dividend, after withholding and paying enterprise income tax of 10%.

The Company will withhold and pay enterprise income tax on behalf of its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of the above withholding and payment.

Based on the Company's consultations with the relevant PRC tax authorities, for all natural persons whose names are registered on the register of members for H shares of the Company, being a foreign investment enterprise (外商投資企業), on the Record Date, no income tax will be required to be withheld and paid by the Company.

## **Acquisition and Disposal**

The Company has not conducted any acquisition or disposal during the year ended 31 December 2012.

## **Purchase, Sale or Redemption of Listed Securities**

During the year ended 31 December 2012, the Company has not redeemed, purchased or sold any of its listed securities.

## **Charge on Assets**

There were no assets charged or pledged for the year ended 31 December 2012.

## **Compliance with Code on Corporate Governance Practice**

In 2011, the Hong Kong Stock Exchange made amendments to the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules. Such newly amended Code took effect on 1 January 2012 and 1 April 2012, respectively.

The Company confirms that it has complied with all the code provisions set out in the former Code during the period from 1 January 2012 to 31 March 2012, and has complied with all of the code provisions set out in the amended Code during the period from 1 April 2012 to 31 December 2012 except for the Code provisions in relation to the matter set out below.

In respect of Code provision A.6.7 of the amended Code, the Company held its 2011 annual general meeting on 7 June 2012. Mr. Japhet Sebastian Law, an independent non-executive director, attended the meeting while other members of the Board were absent due to other business engagements. Matters considered at the meeting are all regular matters and all resolutions were smoothly passed at the meeting. After the meeting, the Company dispatched the meeting minutes to all members of the Board to keep the absent directors informed about proposals resolved during the meeting.

## **PROSPECTS FOR 2013**

In 2013, the world economy is still trapped in deep adjustment. The international civil aviation industry is expected to maintain a sluggish growth. In contrast, the domestic economy, on the whole, has shown signs of stabilization, and the existing capacity of the Beijing Capital Airport has reached saturation. Under pressures from both the domestic and international environments, the Beijing Capital Airport will further tap its potential and strive to maintain a steady and healthy growth momentum in 2013.

Preliminary statistics show that for the first two months of 2013, when comparing with the corresponding period of the previous year, the Beijing Capital Airport's aircraft movement has decreased by 0.33%, including the decrease in domestic routes by 0.58% and the growth of international and regional routes by 0.56%; the growth of passenger throughput rose by 3.33% year on year, including domestic routes' growth by 2.94% and international and regional routes' growth by 4.66%. The increase rate of passenger throughput of international and regional routes rose somewhat over the second half of 2012, which indicates the market has gradually absorbed the downward pressure on business volume brought on by international business conditions. This, in turn, will help to drive sustainable growth in aeronautical revenues.

In January 2013, the State Council officially promulgated the “Work Division Plan for Key Tasks in Promoting the Development of the Civil Aviation Industry (《促進民航業發展重點工作分工方案》)”, detailing and breaking down the targets and tasks as set out in the “Opinions of the State Council on Promoting the Development of the Civil Aviation Industry (《國務院關於促進民航業發展的若干意見》)”. “Vigorously building Beijing into a large, fully functional and globally-connected international aviation hub” has become a key task of the government, which provides favourable policy support and important opportunity for the Company to advance its hub-construction strategy.

In 2013, the Company will continue to push ahead the hub-construction process, strengthen mid and long-term strategic cooperation with Air China, improve the distribution of its international routes network by well seizing the opportunity presented by the 72-hour Visa-free Transit policy, reinforce coordination and collaboration with the airport area and the Beijing city, and raise its appeal to international and transit passengers to drive sustained growth of its international business volume. Meanwhile, the Company will also further step up development of the cargo business, aiming to achieve new breakthroughs with cargo profitability. Furthermore, the adjustment plan for the charging policy for “domestic airlines operating international routes” has been released lately and will formally take effect on 1 April 2013. The new charging policy will bring positive impact on the aeronautical revenues of the Company.

In 2013, the Company will continue to innovate its business model, boost the quality of commercial resources, constantly tap commercial potential, actively explore external markets and create new profit drivers to continuously increase the contribution of the non-aeronautical business. Meanwhile, the Company will further enhance cost management efforts and raise the business awareness of all the staff so as to effectively control capital expenditure.

In 2013, the Company will stay committed to improving the security, operation and service quality of the airport, continuously boost service efficiency, and foster its service brand. The Company will also boost its sustainable development level by innovating technology management, firmly perform its corporate social responsibility, and spare no efforts in building a safe, smoothly-operated, pleasant, beautiful and civilized large-scale hub airport.

At present, the pressure of capacity bottleneck on the operational resources of the Beijing Capital Airport tends to intensify, and it remains a great challenge in the near future for the Company to coordinate resources replenishment before the operation of the new airport, and solve the conflict between rising market demands and the shortage of operational resources. In 2013, the Company will further speed up planning and replenishment of operational resources, alleviate the capacity bottleneck of domestic passenger transport by commencing operation of the building D of Terminal Three, boost resources utilization efficiency by pushing forward the overall expanding retrofitting of Terminal Two, deepen air-ground coordination and enhance operating efficiency by further optimizing flight schedules.

In 2013, according to the plan for the preliminary work for the construction of the new airport in Beijing, relevant construction work of the new airport will commence after obtaining the approval of relevant authorities. The Company will continuously pay close attention to the progress of this project, and follow up with the relevant research work on the construction and operation of the new airport.

## **THE ANNUAL RESULTS, ANNUAL REPORT AND NOTICE OF AGM**

The annual results of the Company have been reviewed by the audit committee of the Company. The financial figures in respect of this annual results announcement have been agreed by the Company's international auditor, PricewaterhouseCoopers, to the amounts set out in the Company's financial statements for the year ended 31 December 2012. This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>), IR Asia (<http://www.irasia.com.hk>) and the Company (<http://www.bcia.com.cn>).

An annual report for the year ended 31 December 2012 containing all the relevant information required by the Listing Rules and the Notice of 2012 AGM will be despatched to shareholders of the Company and will be available for review on the above-mentioned websites in due course.

By order of the Board

**Dong Zhiyi**

*Chairman*

Beijing, the PRC, 18 March 2013

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

*Mr. Dong Zhiyi, Mr. Zhang Guanghui*

*Non-executive Directors:*

*Mr. Chen Guoxing, Mr. Gao Shiqing,  
Mr. Yao Yabo, Mr. Zhang Musheng,  
Mr. Lau Eng Boon and Mr. Yam Kum Weng*

*Independent Non-executive Directors:*

*Mr. Japhet Sebastian Law, Mr. Wang Xiaolong,  
Mr. Jiang Ruiming, and Mr. Liu Guibin*