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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: 0694)

2009 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Beijing Capital International Airport Company Limited (the “Company”) announces the unaudited financial position and operating results of the Company as at 30 June 2009 and for the six months ended on that date, which have been reviewed by the audit committee of the Company (the “Audit Committee”), together with the unaudited comparative figures for the corresponding period of 2008 as follows:

UNAUDITED CONDENSED INTERIM BALANCE SHEET

AS AT 30 JUNE 2009

	Unaudited As at 30 June 2009 <i>Note</i> RMB'000	Audited As at 31 December 2008 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,508,406	34,217,029
Land use rights	752,280	760,414
Intangible assets	118,603	127,013
Investment in an associate	—	24,689
Deferred income tax assets	89,574	87,358
	34,468,863	35,216,503

Current assets

Inventories		41,080	24,002
Trade and other receivables	5	2,370,718	1,862,956
Cash and cash equivalents		441,714	576,458

		2,853,512	2,463,416
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Total assets

		37,322,375	37,679,919
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EQUITY**Capital and reserves**

Share capital		4,330,890	4,330,890
Share premium		4,602,735	4,602,735
Capital reserve		300,000	300,000
Statutory and discretionary reserves	13(a)	1,945,066	1,937,032
Retained earnings		1,235,713	1,139,207

Total equity

		12,414,404	12,309,864
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LIABILITIES**Non-current liabilities**

Retirement benefit obligations		61,882	66,616
Deferred income		9,893	11,929
Loan from Parent Company	8	8,606,500	8,489,126
		8,678,275	8,567,671

Current liabilities

Trade and other payables	6	16,102,265	16,756,172
Short-term bank borrowings	7	84,535	—
Current income tax liabilities		40,857	44,173
Current portion of retirement benefit obligations		2,039	2,039

16,229,696	16,802,384
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Total liabilities	24,907,971	25,370,055
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Total equity and liabilities	37,322,375	37,679,919
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Net current liabilities	(13,376,184)	(14,338,968)
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Total assets less current liabilities	21,092,679	20,877,535
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UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Unaudited	
		For the six months ended 30 June	
		2009	2008
	Note	RMB'000	RMB'000
Revenues			
Aeronautical	4	1,511,274	1,297,689
Non-aeronautical	4	795,261	716,675
		<u>2,306,535</u>	<u>2,014,364</u>
Business tax and levies			
Aeronautical		(48,965)	(42,045)
Non-aeronautical		(50,766)	(46,631)
		<u>(99,731)</u>	<u>(88,676)</u>
Operating expenses			
Depreciation and amortisation		(782,090)	(205,661)
Utilities and power		(267,580)	(213,195)
Repairs and maintenance		(206,106)	(263,518)
Staff costs		(154,110)	(139,832)
Aviation safety and security guard costs		(149,585)	(158,899)
Operating contracted service		(104,438)	(66,852)
Greening and environmental maintenance		(104,390)	(90,439)
Real estate and other taxes		(71,643)	(47,882)
Rental expenses		(31,701)	(586,162)
Other costs		(82,036)	(82,464)
		<u>(1,953,679)</u>	<u>(1,854,904)</u>

Other income/(expenses) — net	10	<u>1,820</u>	<u>(12,634)</u>
Operating profit	9	254,945	58,150
Finance income	11	2,043	21,098
Finance costs	11	<u>(117,930)</u>	<u>—</u>
		<u>(115,887)</u>	<u>21,098</u>
Profit before income tax		139,058	79,248
Income tax expense	12	<u>(34,518)</u>	<u>(22,930)</u>
Profit for the period		<u>104,540</u>	<u>56,318</u>
Total comprehensive income for the period		<u>104,540</u>	<u>56,318</u>
Earnings per share			
— basic and diluted (<i>RMB</i>)	14	<u>0.024</u>	<u>0.014</u>
Dividends			
Interim dividend declared	13(b)	<u>—</u>	<u>—</u>

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Unaudited					
		Statutory and					
		Share capital	Share premium	Capital reserve	discretionary reserves	Retained earnings	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2008		4,046,150	3,032,824	300,000	1,718,655	1,641,383	10,739,012
Profit and comprehensive income							
for the period		—	—	—	—	56,318	56,318
New shares issue		284,740	1,569,911	—	—	—	1,854,651
2007 final dividend		—	—	—	—	(369,130)	(369,130)
Transfer to statutory and							
discretionary reserves	13(a)	—	—	—	214,360	(214,360)	—
Balance at 30 June 2008		<u>4,330,890</u>	<u>4,602,735</u>	<u>300,000</u>	<u>1,933,015</u>	<u>1,114,211</u>	<u>12,280,851</u>
Representing:							
Share capital and reserves		4,330,890	4,602,735	300,000	1,933,015	1,114,211	12,280,851
2008 declared interim dividend	13(b)	—	—	—	—	—	—
Balance at 30 June 2008		<u>4,330,890</u>	<u>4,602,735</u>	<u>300,000</u>	<u>1,933,015</u>	<u>1,114,211</u>	<u>12,280,851</u>

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Unaudited					
		Statutory and					
		Share capital	Share premium	Capital reserve	discretionary reserves	Retained earnings	Total equity
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2009		4,330,890	4,602,735	300,000	1,937,032	1,139,207	12,309,864
Profit and comprehensive income for the period		—	—	—	—	104,540	104,540
Transfer to statutory and discretionary reserves	13(a)	—	—	—	8,034	(8,034)	—
Balance at 30 June 2009		<u>4,330,890</u>	<u>4,602,735</u>	<u>300,000</u>	<u>1,945,066</u>	<u>1,235,713</u>	<u>12,414,404</u>
Representing:							
Share capital and reserves		4,330,890	4,602,735	300,000	1,945,066	1,235,713	12,414,404
2009 declared interim dividend	13(b)	—	—	—	—	—	—
Balance at 30 June 2009		<u>4,330,890</u>	<u>4,602,735</u>	<u>300,000</u>	<u>1,945,066</u>	<u>1,235,713</u>	<u>12,414,404</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2009

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 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”).

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 unaudited condensed interim financial information for the six months ended 30 June 2009 was approved by the Board of Directors for issue on 14 August 2009.

2. BASIS OF PREPARATION

This unaudited condensed interim financial information for the six months ended 30 June 2009 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

As at 30 June 2009, the current liabilities of the Company exceeded the current assets by approximately RMB13,376,184,000 (as at 31 December 2008: RMB14,338,968,000), which comprised primarily the short term payable to the Parent Company of RMB13,936,382,000 (as at 31 December 2008: RMB14,851,477,000). 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;
- Unutilised long term banking facilities of approximately RMB13.5 billion (as at 31 December 2008: RMB13.5 billion);
- Aggregated bank loans of approximately RMB10 billion (as at 31 December 2008: RMB10 billion) currently borrowed by the Parent Company which can be assumed by the Company to reduce the amount payable to Parent Company.

In addition, the Company will continue to optimise its fund raising strategy from long-term perspectives and to seize the opportunity in the current capital market to take advantage of the low interest rates by issuing medium to long-term debts with low financing cost.

Based on the above considerations, the Board is of the opinion that the Company has sufficient available financial resources to meet or refinance its working capital requirements as and when they fall due. As a result, the financial information of the Company for the six months ended 30 June 2009 has been prepared on a going concern basis.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

The following new/revised standards and amendments to standards which are relevant to the Company's operations are mandatory for the first time for the financial year beginning on 1 January 2009:

IAS 1 (Revised) and Amendment	"Presentation of Financial Statements"
IAS 19 Amendment	"Employee Benefits"
IAS 23 (Revised) and Amendment	"Borrowing Costs"
IAS 34 Amendment	"Interim Financial Reporting"
IAS 36 Amendment	"Impairment of Assets"
IFRS 7 Amendment	"Improving Disclosures about Financial Instruments"
IFRS 8	"Operating Segments"

Except for certain presentational changes as described below, the adoption of the above new/revised standards and amendments to standards does not have any significant impact on the unaudited condensed interim financial information.

- IAS 1 (revised), 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Company has elected to present one statement: a statement of comprehensive income. The interim financial information has been prepared under the revised disclosure requirements.

- IAS 23 (revised), 'Borrowing Costs'. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. It is the Company's accounting policy to capitalise borrowing costs directly attributable to the construction of any qualifying assets as part of the cost of the assets.
- IFRS 8, 'Operating Segments'. IFRS 8 replaces IAS 14, 'Segment Reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

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.

There are certain revised standards, amendments to standards and interpretations which are not yet effective for the year beginning on 1 January 2009 and have not been early adopted by the Company in the unaudited condensed interim financial information. Management is currently assessing their related impact to the Company.

4. REVENUE AND SEGMENT INFORMATION

The Strategy 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. Financial information on revenues is available for the Strategy Committee to make operating decisions.

Analysis of revenue by category	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Aeronautical:		
Passenger charges	594,898	482,159
Aircraft movement fees and related charges	525,348	461,152
Airport fee	391,028	354,378
	1,511,274	1,297,689
Non-aeronautical:		
Concessions	470,136	473,370
Rentals	300,560	206,554
Car parking fee	14,960	24,225
Other	9,605	12,526
	795,261	716,675
Total revenues	2,306,535	2,014,364

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

5. TRADE AND OTHER RECEIVABLES

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Trade receivables		
— CAHC, its fellow subsidiaries and related parties	400,706	489,174
— other parties	1,764,844	1,273,563
	<u>2,165,550</u>	<u>1,762,737</u>
Less: Provision for impairment	(25,253)	(25,253)
	<u>2,140,297</u>	<u>1,737,484</u>
Notes receivable (<i>note 7</i>)		
— other parties	84,535	—
Prepayments and other receivables		
— CAHC, its fellow subsidiaries and related parties	65,967	65,967
— other parties	79,919	59,505
	<u>145,886</u>	<u>125,472</u>
	<u><u>2,370,718</u></u>	<u><u>1,862,956</u></u>

The ageing analysis of the trade receivables is as follows:

	As at 30 June 2009 <i>RMB'000</i>	As at 31 December 2008 <i>RMB'000</i>
Less than 3 months	965,093	989,790
4-6 months	586,009	398,839
7-12 months	435,109	283,410
Over 12 months	179,339	90,698
	<u>2,165,550</u>	<u>1,762,737</u>

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

6. TRADE AND OTHER PAYABLES

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Payable to Parent Company	13,936,382	14,851,477
Payables to CAHC's fellow subsidiaries and related parties	627,479	385,615
Tax payable (<i>note b</i>)	324,722	324,722
Construction payable	283,891	393,747
Notes payable (<i>note c</i>)	188,168	—
Maintenance fee payable	155,460	190,964
Payroll and welfare payable	149,464	113,172
Deposits received	83,513	84,736
Receipts on behalf of North China Air Traffic Control Bureau (<i>note d</i>)	71,509	71,509
Business tax payable	28,466	76,258
Housing subsidy payable to employees (<i>note e</i>)	13,033	12,525
Other payables	240,178	251,447
	<u>16,102,265</u>	<u>16,756,172</u>

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

	As at 30 June 2009 <i>RMB'000</i>	As at 31 December 2008 <i>RMB'000</i>
Less than 3 months	781,694	15,152,804
4-6 months	455,813	517,001
7-12 months	14,269,385	891,685
Over 12 months	595,373	194,682
	16,102,265	16,756,172

- (b) The amount represents payable to tax bureau for deed taxes and stamp duties in respect of the acquisition of Phase III Assets.
- (c) This represents the bank acceptance bills issued for the operating cost payables with maximum maturity period of up to six months.
- (d) This represents the receipts received by the Company on behalf of North China Air Traffic Control Bureau on the service rendered for air traffic control, communication and weather, etc. The balance is payable on demand.
- (e) Housing subsidy payable to employees includes one-off housing subsidy which was received from CAHC and is to be paid to certain employees of the Company on behalf of CAHC in accordance with the PRC housing reform regulations. The one-off housing subsidy was attributable to the period prior to the Company's restructuring in 1999 in preparation for the offering of the Company's shares.

7. SHORT-TERM BANK BORROWINGS

This represents bank borrowings which are repayable within one year, denominated in Renminbi and secured by the Company's notes receivable (note 5). They bear interests at 2.004% which are borne by the issuers of the notes receivable.

8. LOAN FROM PARENT COMPANY

As at 30 June 2009, as part of the acquisition of Phase III Assets, the Company entered into agreements with the Parent Company to assume the following borrowings which were previously obtained by the Parent Company from European Investment Bank and domestic financial institutions with same terms. The borrowings were not reassigned into the name of the Company.

- (a) Loan amount of USD381,519,000 (as at 31 December 2008: USD364,195,000) (equivalent to approximately RMB2,606,500,000 (as at 31 December 2008: RMB2,489,126,000))

The loan is unsecured, interest bearing at LIBOR plus 0.4%. The interest is payable semi-annually. The principal amount is repayable semi-annually commencing on 15 December 2010 with maturity through 15 June 2030.

During the six months ended 30 June 2009, the Company assumed a loan amount of USD17,324,000 (equivalent to approximately RMB117,374,000) further borrowed by the Parent Company. Accordingly, the amount payable to Parent Company was reduced by the same amount.

- (b) Loan amount of RMB2,000,000,000 (as at 31 December 2008: RMB2,000,000,000)

The loan is unsecured and 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 and the principal amount is repayable in full in 2015 with an option for early repayment on 20 July 2010.

- (c) Loan amount of RMB4,000,000,000 (as at 31 December 2008: RMB4,000,000,000)

The loan is unsecured and 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 and the principal amount is repayable in full in 2016.

9. OPERATING PROFIT

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

	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation on property, plant and equipment		
— owned assets	743,718	190,476
— owned assets leased out under operating leases	13,136	7,341
Loss on disposals of property, plant and equipment	595	1,767
Amortisation of land use rights	8,134	2,631
Amortisation of intangible assets	17,102	5,213
Operating lease rentals		
— land use rights on which the airfield and related areas of Phase III Assets are situated	14,000	—
— land use rights	3,382	3,382
— Information technology center	8,172	—
— Phase III Assets	—	530,621
— airfield assets	—	48,373
— other rentals	6,147	3,786
Provision for impairment of trade receivables	—	6,422

10. OTHER INCOME/(EXPENSES) — NET

	For the six months	
	ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange gains/(losses) — net	1,020	(14,821)
Amortisation of deferred income relating to government subsidies	800	—
Fair value gain on forward foreign exchange contract	—	3,300
Impairment of investment in an associate	—	(1,113)
	<u>1,820</u>	<u>(12,634)</u>

11. FINANCE (COST)/INCOME — NET

	For the six months	
	ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income:		
Interest income on bank deposits	2,043	21,098
Finance costs:		
Interest for loan from Parent Company	(115,252)	—
Interest for notes payable	(1,530)	—
Bank charges	(1,148)	—
	<u>(117,930)</u>	<u>—</u>
	<u>(115,887)</u>	<u>21,098</u>

12. INCOME TAX EXPENSE

The Company is subject to corporate income tax at a rate of 25% (2008: 25%) on its taxable income as determined in accordance with the relevant PRC income tax rules and regulations.

	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Current tax	36,734	23,168
Deferred tax credit	(2,216)	(238)
	34,518	22,930

13. PROFIT APPROPRIATIONS

(a) Statutory and discretionary reserves

In accordance with the relevant laws and regulations of the PRC and the Articles of Association of the Company, when distributing the net profit of each year, the Company shall set aside 10% of its profit after taxation (based on the Company's local statutory 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.

The profit appropriation of RMB8,034,000 (20% of profit after taxation) to the discretionary surplus reserve fund for the year ended 31 December 2008 was recorded in the financial statements for the six months ended 30 June 2009.

According to the Articles of Association of the Company, the reserve available for distribution is the lower of the amount determined under the PRC accounting standards and the amount determined under IFRS. As at 30 June 2009, the reserve available for distribution was approximately RMB914,198,000 (as at 31 December 2008: RMB821,967,000).

(b) *Dividends*

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).

14. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six-month period.

	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	104,540	56,318
Weighted average number of ordinary shares in issue (<i>thousands</i>)	4,330,890	4,077,788
Basic earnings per share (<i>RMB per share</i>)	<u>0.024</u>	<u>0.014</u>

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2009 and 30 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE AERONAUTICAL BUSINESS

For the first half year of 2009, the air traffic volumes at the Beijing Capital Airport recorded growth in some regions while decrease in the others. Benefiting from the macro economic stimulus plans of the PRC, as well as the positive effect of domestic airlines' measures for enlarging the domestic aviation demands such as reducing the air ticket fare, for the first half year of 2009, the domestic air traffic volumes at the Beijing Capital Airport grew substantially and resulted in a double-digit increase in the overall air traffic volumes at the Beijing Capital Airport. While for the international air routes, the international aviation demands remained weak as a result of the global economic downturn, and the international air traffic volumes at the Beijing Capital Airport declined for the first half year of 2009.

For the first half year of 2009, the aircraft movements at the Beijing Capital Airport were 237,933, representing an increase of 19.1% as compared with the same period of the previous year. The passenger throughput reached approximately 30,992,990, representing an increase of 18.2% as compared with the same period of the previous year. The freight throughput reached 659,451 tonnes, representing a decrease of 2.9% as compared with the same period of the previous year. Details of which are as follows:

	For the six months ended 30 June		
	2009	2008	change
Aircraft movements (unit: movements)	237,933	199,820	19.1%
Domestic	191,514	150,689	27.1%
International, Hong Kong, Macau and Taiwan	46,419	49,131	-5.5%
Passenger Throughput	30,992,990	26,226,400	18.2%
Domestic	24,460,272	19,575,800	25.0%
International, Hong Kong, Macau and Taiwan	6,532,718	6,650,600	-1.8%
Freight throughput (unit: tonnes)	659,451	679,050	-2.9%
Domestic	371,540	362,296	2.6%
International, Hong Kong, Macau and Taiwan	287,911	316,754	-9.1%

AERONAUTICAL REVENUES

	Unaudited		
	For the six months		
	ended 30 June		
	2009	2008	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Passenger charges	594,898	482,159	23.38%
Aircraft movement fees and related charges	525,348	461,152	13.92%
Airport fee	391,028	354,378	10.34%
Total Aeronautical Revenues	1,511,274	1,297,689	16.46%
Less: business tax and levies	(48,965)	(42,045)	16.46%
Aeronautical Revenues, Net of business tax and levies	1,462,309	1,255,644	16.46%

For the first half year of 2009, the total aeronautical revenues of the Company were RMB1,511,274,000, and the aeronautical revenues net of business tax and levies amounted to RMB1,462,309,000, both representing an increase of 16.46% as compared with the same period of the previous year.

For the first half year of 2009, the passenger charges of the Company were RMB594,898,000, representing an increase of 23.38% as compared with the same period of the previous year. The aircraft movement fees and related charges were RMB525,348,000, representing an increase of 13.92% as compared with the same period of the previous year. These growths in revenue were not in line with the corresponding rises in air traffic volumes because of the Reform Scheme for Civil Airport Charges (the “Scheme”), which has come into effect from 1 March 2008. The Scheme raised the levies for passenger charges while reduced those for aircraft movements.

For the first half year of 2009, the airport fee of the Company was RMB391,028,000, representing an increase of 10.34% as compared with the same period of the previous year. The growth of airport fee is slightly less than the growth of passenger throughput, which was mainly because the Company recognised 48% of the total collected civil airport administration and construction fee (or the airport fee) at the Beijing Capital Airport for the first half year of 2009 as revenues pursuant to the notice of related governmental authorities, while the Company recognised 50% of the collected airport fee as revenues in the same period of the previous year as consistent with the then applicable rate stipulated by a previous relevant notice.

NON-AERONAUTICAL REVENUES

	Unaudited		
	For the six months		
	ended 30 June		
	2009	2008	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Concession revenues	470,136	473,370	-0.68%
Including: Advertising	251,808	272,453	-7.58%
Retailing	170,369	159,179	7.03%
Restaurants and food shops	34,536	33,928	1.79%
Ground handling service	8,864	6,973	27.12%
Other concession revenues	4,559	837	444.68%
Rentals	300,560	206,554	45.51%
Car parking	14,960	24,225	-38.25%
Others	9,605	12,526	-23.32%
Total non-aeronautical revenues	795,261	716,675	10.97%
Less: Business tax and levies	(50,766)	(46,631)	8.87%
Non-aeronautical revenues			
less business tax and levies	744,495	670,044	11.11%

NON-AERONAUTICAL REVENUES

For the first half year of 2009, the non-aeronautical revenues of the Company were RMB795,261,000 and the non-aeronautical revenues net of business tax and levies amounted to RMB744,495,000, representing an increase of 10.97% and 11.11%, respectively, as compared with the same period of the previous year.

For the first half year of 2009, the concession revenues of the Company were RMB470,136,000, representing a decrease of 0.68% as compared with the same period of the previous year. The concession revenues from advertising of the Company were RMB251,808,000, representing a decrease of 7.58% as compared with the same period of the previous year, which was mainly because of the downturn of economy. The concession revenues from retailing and restaurants and food shops for the first half year were RMB170,369,000 and RMB34,536,000, respectively, representing an increase of 7.03% and 1.79%, respectively, as compared with the same period of the previous year. The concession revenues of ground handling service were RMB8,864,000, representing an increase of 27.12%, as compared with the same period of the previous year. The other concession revenues were RMB4,559,000, representing an increase of 444.68%, as compared with the same period of the previous year, which was mainly because of the increase of concession revenues from the luggage-packing during the reporting period.

For the first half year of 2009, the rentals income of the Company was RMB300,560,000, representing an increase of 45.51% as compared with the same period of the previous year, mainly due to additional rentals income during the reporting period for around three months from the Terminal 3 which was commenced its operation on 26 March 2008.

For the first half year of 2009, the revenues from car parking of the Company were RMB14,960,000, representing a decrease of 38.25% as compared with the same period of the previous year, which was mainly due to that after the commencement of operation of Phase III Target Assets, a substantial part of the utilisation of car parking in the Terminal 1 and the Terminal 2 was diverted to the car parking building nearby Terminal 3 (the ground transportation center in the Beijing Capital Airport, “GTC”), which is owned by the Parent Company.

For the first half year of 2009, the other revenues of the Company were RMB9,605,000, representing a decrease of 23.32% as compared with the same period of the previous year. The other revenues mainly included the revenues from management fee of GTC engaged by the Parent Company and the revenues from airport-pass services in the terminals. The decrease of other revenues mainly resulted from the decrease in the demand of airport-pass services during the reporting period.

OPERATING EXPENSES

	Unaudited		
	For the six months		
	ended 30 June		
	2009	2008	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Depreciation and amortisation	(782,090)	(205,661)	280.28%
Utilities and power	(267,580)	(213,195)	25.51%
Repairs and maintenance	(206,106)	(263,518)	-21.79%
Staff costs	(154,110)	(139,832)	10.21%
Aviation safety and security guard costs	(149,585)	(158,899)	-5.86%
Operating contracted services	(104,438)	(66,852)	56.22%
Greening and environmental maintenance	(104,390)	(90,439)	15.43%
Real estate and other taxes	(71,643)	(47,882)	49.62%
Rental expenses	(31,701)	(586,162)	-94.59%
Other costs	(82,036)	(82,464)	-0.52%
Total operating expenses	(1,953,679)	(1,854,904)	5.33%

For the first half year of 2009, the operating expenses of the Company were RMB1,953,679,000, representing an increase of 5.33% as compared with the same period of the previous year.

For the first half year of 2009, the depreciation and amortisation expenses of the Company were RMB782,090,000, representing an increase of 280.28% as compared with the same period of the previous year, which was mainly attributable to the additional fixed assets such as the Terminal 3 and related building and facilities.

For the first half year of 2009, the utilities and power expenses of the Company were RMB267,580,000, representing an increase of 25.51% as compared with the same period of the previous year which was mainly due to that the trial operation of the Terminal 3 commenced on 29 February 2008, hence the Company recorded the additional expenses in utilities and power for two months from the Terminal 3.

For the first half year of 2009, the expenses of repairs and maintenance of the Company were RMB206,106,000, representing a decrease of 21.79% as compared with the same period of the previous year, which was mainly due to that there were certain repairs and maintenance works carried out for the purpose of commencement of operation of the Terminal 3 and related facilities in the first half year of 2008, while during the reporting period, there were no such similar works.

For the first half year of 2009, the staff costs of the Company were RMB154,110,000, representing an increase of 10.21% as compared with the same period of the previous year, which was mainly because of the increase in the staff number.

For the first half year of 2009, the aviation safety and security guard costs of the Company were RMB149,585,000, representing a decrease of 5.86% as driven by operational demands in relevant periods.

For the first half year of 2009, the expenses of operating contracted services of the Company were RMB104,438,000, representing an increase of 56.22% as compared with the same period of the previous year, which was mainly because of the additional operating contracted services expenses for two months from the Terminal 3 during the reporting period.

For the first half year of 2009, the greening and environmental maintenance expenses of the Company were RMB104,390,000, representing an increase of 15.43% as compared with the same period of the previous year, which was mainly because of the additional greening and environmental maintenance expenses for two months from the Terminal 3 during the reporting period.

For the first half year of 2009, the real estate and other taxes of the Company were RMB71,643,000, representing an increase of 49.62% as compared with the same period of the previous year, which was mainly because of the additional tax expenditure for around three months since commenced operation of the Terminal 3 and related assets on 26 March 2008.

For the first half year of 2009, the rental expenses of the Company were RMB31,701,000, representing a decrease of 94.59% as compared with the same period of the previous year, which was mainly due to that the Company rented the Terminal 3 and related assets transitionally in the same period of the previous year, and the corresponding rental was great.

For the first half year of 2009, the other costs of the Company were RMB82,036,000, which was basically equal to the same period of the previous year.

PROSPECT FOR THE SECOND HALF YEAR OF 2009

In the second half year of 2009, the macro-economic of the PRC is expected to enter into a steadily rising phase. Accompanied with the stable economic growth, the domestic aviation demand is also expected to grow steadily. However, the international economy trend and the fluctuating of oil price would be the important uncertainties affecting the international air traffic volumes. Due to the effect of the above two factors, it is estimated that the domestic passenger throughput and aircraft movements at the Beijing Capital Airport will remain steadily increasing in the second half year of 2009. It is expected that the volumes of international passenger throughput and the aircraft movement will also increase but the growth rates will be limited.

Since 1st of July 2009, the Regulation on the Civil Airport Administration (the “Regulation”), which was promulgated by the State Council of PRC, has come into effect. The Regulation sets out the prescripts and the requirements on the construction, license, security operation, operational management and environment protection of civil airports. It is not only significant for the Company’s continuing health development, but also provides explicit guidance for the Company to fully fulfill its duties, influence and obligations as the administration entity of the Beijing Capital Airport.

In the second half year of 2009, the Company will continue to improve its safety, security guard and service quality. On the one hand, the Company will fully perform its administration function as its role of security management of the Beijing Capital Airport and to coordinate with all airlines and other related entities at the Beijing Capital Airport to implement the unified management of security operation. On the other hand, the Company will strive for perfection by upgrading service evaluation system and exerting to improve service shortcomings so as to improve the service quality and to present a better image as “the first national gate of China”.

For the year of 2009, it is the first full fiscal year that the Phase III Target Assets (*note*) were fully utilized. The increase of relevant depreciation, other operating costs and financial expenses will affect the financial results of the Company obviously as compared with the previous year. In the second half year, the Company will continue to improve all relevant tasks to increase incomes and reduce expenditures. The measures to lower the expenditures include strict budget control, promoting implementation of plans and saving energy consumption. And the Company will give more pertinence marketing promotion to enrich the revenues sources and will further develop commercial resources to improve both the non-aeronautical revenues and the passengers’ satisfaction in service quality.

From 13 to 15 September 2009, the 15th International Lane Developing Forum (the ROUTES) will be hosted at the Beijing Capital Airport . The ROUTES has gained supports from various government authorities from both national level and municipal level . The global civil aviation industry shows enthusiasm in participation and it is expected that over about 2,700 representatives coming from more than 300 airlines and more than 500 airports as well as other equipment suppliers will participate in the forum. The forum will be a luxuriant and fruitful event and will help the Company significantly in its aviation marketing and the image-building of the Beijing Capital Airport.

Note: “Phase III Target Assets” refers to the assets owned by the Parent Company and which form the target assets for acquisition by the Company from the Parent Company pursuant to the Assets Transfer Agreement as amended by the Supplemental Assets Transfer Agreement, comprising the Airfield Assets, the Terminal 3, the Terminal 3 related assets, roads within airport area, the driverless electric train system, commercial areas and other relevant equipment, machinery and facilities, etc, in respect of Phase III Project, the land use rights of the land on which the Terminal 3 and other related constructions are situated.

INTERIM DIVIDENDS

The Board decided not to pay the interim dividend for the six months ended 30 June 2009.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Company had total cash and cash equivalents amounting to RMB441,714,000, and those for the year ended 31 December 2008 were RMB576,458,000.

As at 30 June 2009, the Company’s short-term bank borrowings were RMB84,535,000, loans from the Parent Company were RMB8,606,500,000. The details of loans from the Parent Company are set out on note 8 to the unaudited condensed interim financial information.

	As at 30 June 2009	As at 31 December 2008
Current Ratio	17.58%	14.66%
Gearing Ratio	66.74%	67.33%

According to the overall arrangement of the acquisition of Phase III Target Assets, the Company has already undertaken part of loans from the Parent Company and will settle the balance of the consideration of this acquisition before 30 September 2009. These make the Company's current liabilities and long-term liabilities substantially increase; and also bring on lower liquidity ratio and higher gearing ratio. The Board has already been granted a general and unconditional mandate in annual general meeting to raise funds by way of debt financing in the PRC in one or multiple tranches with a maximum amount up to RMB10 billion (including RMB10 billion), including an amount of not more than RMB5 billion's (including RMB5 billion) corporate bonds.

As at 30 June 2009, there is a total of RMB14,811,832,000 banking facilities which are unutilized including long-term banking facilities of RMB13,500,000,000 and short-term banking facilities of RMB1,311,832,000.

So far as the directors of the Company are aware, the airport fee shall continue to be levied until 31 December 2010. For the six months ended 30 June 2009, the Company recognized 48% of the collected airport fee of the Beijing Capital Airport as revenues according to the notice of the related government authorities. The Company will pay prompt attention to any adjustment of policies related to the airport fee and will update the shareholders by announcement if there are any changes on the latest development.

The details of cash flow for the six months ended 30 June 2009 are as follows:

	Unaudited	
	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash from operating activities	469,750	84,546
Net cash used in investing activities	(661,562)	(2,810,716)
Net cash from financing activities	57,074	1,711,771
Net decrease in cash and cash equivalents	(134,738)	(1,014,399)
Cash and cash equivalents at 1 January	576,458	3,134,996
Effect of exchange rate changes	(6)	(15,032)
Cash and cash equivalents at 30 June	<u>441,714</u>	<u>2,105,565</u>

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

	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Investing activities		
Settlement of payable to Parent Company	(500,000)	—
Purchase of property, plant and equipment	(182,313)	(179,140)
Purchase of intangible assets	(9,157)	(3,846)
Prepayment of Phase III Assets to Parent Company	—	(2,651,600)
Net cash inflow on disposal of an associate	24,689	—
Net proceeds from disposals of property, plant and equipment	16	2,772
Interest received	5,203	21,098
	<u>(661,562)</u>	<u>(2,810,716)</u>

Financing activities

Proceeds from issuance of ordinary shares	—	1,854,651
Drawdown of short-term bank borrowings	84,535	—
Dividends paid	—	(142,880)
Interest paid	(27,461)	—
	57,074	1,711,771

CHARGE ON ASSETS

As at 30 June 2009, there was no material charge or pledge of assets in the Company, saved as disclosed in note 7 to unaudited condensed interim financial information.

ACQUISITION AND DISPOSAL

During the six months ended 30 June 2009, the liquidation of the associated company of the Company, Global Airport Logistics Co., Ltd., was completed and the Company recovered all of its investment therein. Save as disclosed above, there was no material acquisition or disposal in relation to any of the Company's subsidiaries and associates.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed, purchased or sold any of its shares during the six months ended 30 June 2009.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Company's businesses are principally denominated in RMB, except for the part of the revenues of aeronautical business, purchase of some equipments, commodities and materials and consulting fees which are received or paid in US dollars or HK dollars. Dividends payable to the shareholders of the Company holding H shares are declared in RMB and paid in HK dollars.

According to the whole plan of acquisition of Phase III Target Assets, as at 30 June 2009, the Company would assume the US dollar-denominated loans of US\$381,519,000 from the European Investment Bank related to the Phase III Target Assets and the interest thereof, accordingly, the fluctuation of RMB exchange rate against the US dollar will affect the financial results of the Company.

During the reporting period, the Company has not processed any foreign currency hedging.

As at 30 June 2009, the assets and liabilities of the Company denominated in foreign currencies (mainly in USD and HKD) included cash and cash equivalents of approximately RMB7,656,000 (as at 31 December 2008: RMB6,456,000), trade and other receivables of approximately RMB26,725,000 (as at 31 December 2008: RMB9,477,000), trade and other payables of approximately RMB137,000 (as at 31 December 2008: RMB137,000), loans from the Parent Company of approximately RMB2,606,500,000 (as at 31 December 2008: RMB2,289,126,000).

During the reporting period, the Company recorded an exchange gain of RMB1,020,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

The non-current liability of the Company is RMB8,678,275,000, which includes assuming the borrowings from the Parent Company such as the loans from the European Investment Bank at an interest rates of six-month LIBOR plus 0.4% and the corporate bonds from the Parent Company at an interest rate with reference to published inter-bank repo rate issued by China Foreign Exchange Trading Centre & National Interbank Funding Centre. As such, any change in these rates will affect the interest expenses and financial results of the Company.

CONTINGENT LIABILITIES

Save as disclosed below, the Company had no other significant contingent liabilities as at 30 June 2009.

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

As at the period end, the outcome of the complaints was still pending. The possible potential financial impact to the Company, if any, will depend on the final resolution of these complaints with the parties involved. The Company does not possess further information to ascertain any liability on its part and the extent of compensation payable (if any) and therefore no provision has been made in the unaudited condensed interim financial information.

EMPLOYEES AND EMPLOYEES' WELFARE

As at 30 June 2009, the number of employees of the Company was as follows, together with the comparative figures in the previous year:

	As at 30 June 2009	As at 30 June 2008
Total number of employees	1,992	1,734

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

MATERIAL LITIGATION OR ARBITRATION

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

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2009, the Company did not have any entrusted deposits or uncollected fixed deposit upon maturity placed in any financial institutions or any other entities.

CAPITAL STRUCTURE

As at 30 June 2009, the total number of issued share capital of the Company was 4,330,890,000, including:

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

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

As at 30 June 2009, none of the directors or supervisors or the chief executives of the Company had any interests or short positions in any shares, any underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of SFO as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (“HKEx”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”). None of the directors, supervisors and the chief executives of the Company, or their associates had been granted or had exercised any such rights during the six months ended 30 June 2009.

AUDIT COMMITTEE

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

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

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

The Audit Committee has reviewed the Company's unaudited condensed interim financial information for the six months ended 30 June 2009. It has also reviewed the accounting principles and methods adopted by the Company. The Audit Committee considers that the disclosure of the financial information in the unaudited condensed interim financial information and in the interim report complies with the applicable accounting standards and the requirements of the Listing Rules and the laws of Hong Kong.

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining high standards of corporate governance practices. The Company has complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended on 30 June 2009.

COMPLIANCE WITH THE MODEL CODE

The Company has formulated “the Model Code for Securities Transactions by Directors and Staff” as its code of conduct for securities transactions by directors and staff at terms no less than the required standard of the Model Code. For the six months ended 30 June 2009, the Company strictly complied with the Model Code for Securities Transactions by Directors and Staff.

Having made specific enquiries to the directors, supervisors and senior management of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2009.

By the order of the Board

Shu Yong

Company Secretary

Beijing, the PRC, 15 August 2009

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

Executive Directors:

Mr. Zhang Zhizhong and Mr. Dong Zhiyi

Non-executive Directors:

*Mr. Chen Guoxing, Mr. Gao Shiqing, Ms. Zhao Jinglu and
Mr. Yam Kum Weng*

*Independent Non-executive
Directors:*

*Mr. Kwong Che Keung, Gordon, Mr. Dong Ansheng,
Mr. Japhet Sebastian Law and Mr. Wang Xiaolong*