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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)

2010 Annual Results Announcement

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 2010 together with the comparative figures in 2009 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as follows:

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000* (Restated)
Revenues			
Aeronautical	3	**3,561,235**	3,130,319
Non-aeronautical	3	**2,215,496**	1,834,550
		5,776,731	4,964,869
Business tax and levies			
Aeronautical		**(107,525)**	(101,422)
Non-aeronautical		**(129,515)**	(113,971)
		(237,040)	(215,393)

	Note	For the year ended 31 December 2010 RMB'000	2009 RMB'000 (Restated)
Operating expenses			
Depreciation and amortisation		**(1,509,655)**	(1,562,186)
Utilities and power		**(548,336)**	(562,408)
Repairs and maintenance		**(546,240)**	(438,280)
Aviation safety and security guard costs		**(354,687)**	(317,527)
Staff costs		**(322,857)**	(323,153)
Operating contracted services		**(209,894)**	(191,194)
Greening and environmental maintenance		**(209,805)**	(196,734)
Real estate and other taxes		**(146,024)**	(144,908)
Rental expenses		**(97,711)**	(65,603)
Other costs		**(172,049)**	(238,886)
	5	**(4,117,258)**	(4,040,879)
Other income	4	**81,550**	21,180
Operating profit		**1,503,983**	729,777
Finance income	6	**6,370**	4,411
Finance costs	6	**(717,294)**	(337,269)
		(710,924)	(332,858)
Profit before income tax		**793,059**	396,919
Income tax expense	7	**(197,868)**	(100,948)
Profit for the year		**595,191**	295,971
Total comprehensive income for the year		**595,191**	295,971

	Note	For the year ended 31 December 2010 RMB'000	2009 RMB'000 (Restated)
Earnings per share, basic and diluted *(RMB)*	8	**0.14**	0.07
Dividends			
Interim dividend declared	9	**—**	—
Final dividend proposed	9	**—**	146,731

BALANCE SHEET

	Note	As at 31 December **2010** ***RMB'000***	2009 *RMB'000* (Restated)	2008 *RMB'000* (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**31,910,864**	33,259,572	34,387,483
Land use rights		**727,954**	744,184	760,414
Intangible assets		**83,770**	106,291	127,013
Investment in a jointly controlled entity		**52,201**	—	—
Investment in an associate		**—**	—	24,689
Deferred income tax assets		**—**	70,617	44,745
Non-current portion of trade and other receivables	10	**126,457**	—	—
		32,901,246	34,180,664	35,344,344

	Note	As at 31 December 2010 RMB'000	2009 RMB'000 (Restated)	2008 RMB'000 (Restated)
Current assets				
Inventories		**103,547**	57,906	24,002
Trade and other receivables	10	**1,093,634**	1,808,599	1,862,956
Cash and cash equivalents		**882,185**	683,595	576,458
		2,079,366	2,550,100	2,463,416
Total assets		**34,980,612**	36,730,764	37,807,760
EQUITY				
Capital and reserves				
Share capital		**4,330,890**	4,330,890	4,330,890
Share premium		**5,055,425**	5,055,425	5,055,425
Capital reserve	11	**552,650**	300,000	300,000
Statutory and discretionary reserves		**2,092,121**	1,974,416	1,937,032
Retained earnings		**1,403,700**	926,214	814,358
Proposed final dividend	9	**—**	146,731	—
Total equity		**13,434,786**	12,733,676	12,437,705
LIABILITIES				
Non-current liabilities				
Long-term bank borrowings	13	**7,500,000**	—	—
Bonds payable	14	**4,877,770**	—	—
Deferred income tax liabilities		**497**	—	—
Retirement benefit obligations		**86,200**	60,950	66,616
Deferred income		**2,885**	8,391	11,929
Loans from Parent Company	15	**6,136,868**	6,606,020	8,489,126
		18,604,220	6,675,361	8,567,671

		As at 31 December		
		2010	2009	2008
		RMB'000	*RMB'000*	*RMB'000*
	Note		(Restated)	(Restated)
Current liabilities				
Trade and other payables	12	**2,409,712**	2,271,830	16,663,952
Interest payable		**258,565**	89,348	92,220
Short-term bank borrowings	13	**—**	12,800,000	—
Current income tax liabilities		**126,198**	91,577	44,173
Current portion of retirement benefit obligations		**4,598**	2,151	2,039
Current portion of loans from Parent Company		**142,533**	2,066,821	—
		2,941,606	17,321,727	16,802,384
Total liabilities		**21,545,826**	23,997,088	25,370,055
Total equity and liabilities		**34,980,612**	36,730,764	37,807,760
Net current liabilities		**(862,240)**	(14,771,627)	(14,338,968)
Total assets less current liabilities		**32,039,006**	19,409,037	21,005,376

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory and discretionary reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2009, as previously reported		4,330,890	4,602,735	300,000	1,937,032	1,139,207	12,309,864
Adjustment for early adoption of amendment to IFRS 1 on:							
— property, plant and equipment		—	569,188	—	—	(398,734)	170,454
— deferred income tax assets		—	(116,498)	—	—	73,885	(42,613)
Balance at 1 January 2009, as restated		4,330,890	5,055,425	300,000	1,937,032	814,358	12,437,705
Total comprehensive income for the year		—	—	—	—	295,971	295,971
Transfer to statutory and discretionary reserves		—	—	—	37,384	(37,384)	—
Balance at 31 December 2009		4,330,890	5,055,425	300,000	1,974,416	1,072,945	12,733,676
Representing:							
Share capital and reserves		4,330,890	5,055,425	300,000	1,974,416	926,214	12,586,945
2009 proposed final dividend	9	—	—	—	—	146,731	146,731
Balance at 31 December 2009		4,330,890	5,055,425	300,000	1,974,416	1,072,945	12,733,676

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory and discretionary reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2010, as previously reported		4,330,890	4,602,735	300,000	1,974,416	1,402,623	12,610,664
Adjustment for early adoption of amendment to IFRS 1 on:							
— property, plant and equipment		—	569,188	—	—	(405,172)	164,016
— deferred income tax assets		—	(116,498)	—	—	75,494	(41,004)
Balance at 1 January 2010, as restated		4,330,890	5,055,425	300,000	1,974,416	1,072,945	12,733,676
Total comprehensive income for the year		—	—	—	—	595,191	595,191
2009 final dividend		—	—	—	—	(146,731)	(146,731)
Cash contribution from Parent Company	11	—	—	252,650	—	—	252,650
Transfer to statutory and discretionary reserves		—	—	—	117,705	(117,705)	—
Balance at 31 December 2010		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786
Representing:							
Share capital and reserves		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786
2010 proposed final dividend	9	—	—	—	—	—	—
Balance at 31 December 2010		4,330,890	5,055,425	552,650	2,092,121	1,403,700	13,434,786

NOTES

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.

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

2 BASIS OF PREPARATION

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

As at 31 December 2010, the current liabilities of the Company exceeded the current assets by approximately RMB862,240,000 (2009: RMB14,771,627,000). Given the debt obligations and working capital requirements, management has thoroughly considered the Company's available sources of funds as follows:

- The Company's continuous net cash inflow from operating activities; and

- Unutilised long-term banking facilities of RMB16 billion.

Based on the above considerations, the Board of Directors is of the opinion that the Company has sufficient available financial resources to meet or refinance its working capital requirements as and when they fall due. As a result, the financial statements of the Company for the year ended 31 December 2010 have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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

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

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

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

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

(i) Balance sheet as at 31 December 2009:

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

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

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

(iii) Balance sheet as at 1 January 2009:

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

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

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

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

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

In addition, the IASB also issued a number of amendments to existing standards/ interpretations of IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRS 2, IFRS 3, IFRS 5, IFRS 8, IFRIC 9 and IFRIC 16 effective 1 January 2010 under its annual improvement projects.

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

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

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

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
IAS 32 (Amendment)	Classification of Rights Issues	1 February 2010
IFRS 1 (Amendment)	Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRS 9	Financial Instruments	1 January 2013
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Improvements to existing standards		
IAS 1	Presentation of Financial Statements	1 January 2011
IAS 27	Consolidated and Separate Financial Statements	1 July 2010
IAS 34	Interim Financial Reporting	1 January 2011
IFRS 3 (Revised)	Business Combinations	1 July 2010
IFRS 7	Financial instruments: Disclosures	1 January 2011
IFRIC 13	Customer Loyalty Programmes	1 January 2011

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

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

4 OTHER INCOME

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

5 EXPENSES BY NATURE

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

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

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

6 FINANCE INCOME/(COSTS)

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

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% (2009: 25%) on its taxable income as determined in accordance with the relevant PRC income tax rules and regulations.

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

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

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

(b) Business taxes

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

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

(c) Urban construction and maintenance tax and Education surcharge

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

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

(d) Real estate tax

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

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

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

8 EARNINGS PER SHARE

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

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

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

9 DIVIDENDS

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

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

10 TRADE AND OTHER RECEIVABLES

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

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

The ageing analysis of the trade receivables is as follows:

	2010	2009
	RMB'000	*RMB'000*
Less than 3 months	**611,319**	898,799
4 – 6 months	**111,141**	288,355
7 – 12 months	**200,309**	325,303
1 – 2 years	**108,705**	214,581
2 – 3 years	**18,994**	15,532
Over 3 years	**5,255**	6,319
	1,055,723	1,748,889

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

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

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

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

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

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

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

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

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

Prepayment and other receivables do not contain impaired assets.

The Company does not hold any collateral as security.

11 CAPITAL RESERVE

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

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

12 TRADE AND OTHER PAYABLES

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

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

	2010	2009
	RMB'000	*RMB'000*
Less than 3 months	**1,388,760**	1,012,910
4 – 6 months	**65,063**	159,932
7 – 12 months	**102,698**	91,762
Over 12 months	**853,191**	1,007,226
	2,409,712	2,271,830

(b) The amount represents payable to tax bureau for deed taxes in respect of the acquisition of the Phase III Assets.

(c) Housing subsidy payable to employees includes one-off housing subsidy which was received from CAHC and is to be paid to certain employees of the Company on behalf of CAHC in accordance with the PRC housing reform regulations. The one-off housing subsidy was attributable to the period prior to the Company's restructuring in 1999 in preparation for the offering of the Company's shares.

13 BANK BORROWINGS

	2010	2009
	RMB'000	*RMB'000*
Long-term *(note a)*	**7,500,000**	—
Short-term *(note b)*	**—**	12,800,000
	7,500,000	12,800,000

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

(b) In 2010 the Company repaid short-term bank borrowings of RMB 12,800,000,000 in full.

14 BONDS PAYABLE

On 5 February 2010, the Company issued bonds with an aggregate principal amount of RMB4,900,000,000 with maturity periods of 5 and 7 years. They were initially recognised at the net proceeds received of approximately RMB4,874,350,000 after deduction of issurance costs amounting to approximately RMB25,650,000. Subsequently they are measured at amortised cost with an effective interest of approximately RMB3,420,000 being recognised during the year ended 31 December 2010.

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

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.

	Loans previously obtained by the Parent Company from European Investment Bank	Loans previously obtained by the Parent Company from domestic financial institutions	Total
	(note a)	*(note b)*	
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2010			
Loans from Parent Company	2,779,401	3,500,000	6,279,401
Less: current portion	(142,533)	—	(142,533)
	2,636,868	3,500,000	6,136,868
As at 31 December 2009			
Loans from Parent Company	2,672,841	6,000,000	8,672,841
Less: current portion	(66,821)	(2,000,000)	(2,066,821)
	2,606,020	4,000,000	6,606,020

(a) This loan is denominated in the US dollar, unsecured and interest bearing at LIBOR plus 0.4% per annum. The interest is payable semi-annually. The principal amount is repayable by instalments semi-annually commencing on 15 December 2010 with maturity through 15 June 2030.

(b) These loans are denominated in RMB and unsecured. The interest rate is referenced to published inter-bank repo rates issued by China Foreign Exchange Trading Center & National Interbank Funding Center and repriced every half yearly. The interest is payable semi-annually.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Continuous growth of air traffic volume

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

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

Overview of the Revenues

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

Aeronautical Revenues

In 2010, the Company's passenger charges were RMB1,432,213,000, representing an increase of 13.8% as compared with the previous year. Revenue from airport fee was RMB 939,335,000, representing an increase of 13.5% as compared with the previous year. They were at similar magnitude with the increase in passenger throughput. Aircraft movement fees and related charges were RMB1,189,687,000, representing an increase of 14.0% as compared with the previous year, mainly because of the substantial increase in aircraft movements and passenger throughput; furthermore, commencing from 1 January 2010, the Company restarted to levy the surcharge of the aircraft movement fees to airline companies (no more than 10% of the aircraft movement fees payable by the airline clients.) Details of which are as follows:

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

Non-aeronautical Revenues

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

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

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

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

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

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

Operating Expenses

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

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

In 2010, the depreciation and amortisation expenses of the Company were RMB1,509,655,000 representing a decrease of 3.4% as compared with the previous year, mainly because the useful lives of part of its fixed assets have expired and depreciation will no longer be made for these assets.

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

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

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

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

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

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

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

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

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

Other Items in the Income Statement

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

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

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

Profit For the Year

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

Exposure to Fluctuations in Exchange Rates

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

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

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

Exposure to Fluctuations in Interest Rates

The total amount of the long-term loans from the Parent Company and current portion of the long-term loans from the Parent Company of the Company is RMB6,279,401,000, which includes the loans from the European Investment Bank which was assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4% and the corporate bonds from the Parent Company at an interest rate with reference to published interbank repo rate issued by China Foreign Exchange Trading Centre (National Interbank Funding Centre). As such, any change in LIBOR and rates of People's Bank of China will affect the interest expenses and financial results of the Company

Liquidity and Financial Resources

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

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

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

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

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

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

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

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

The Policy Related to the Airport Fee

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

Dividend

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

The total dividends of the Company for the year of 2009 were approximately RMB146,731,000 (Rmb0.03388 per share), representing approximately 49.58% of the profit attributable to the equity holders of the Company for the year 2009.

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

Acquisition and Disposal

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

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

Purchase, Sale or Redemption of Listed Securities

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

Compliance with Code on Corporate Governance Practice

During the year ended 31 December 2010 and to the date of this announcement, the Company has always strictly complied with the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Audit Committee

The Audit Committee has reviewed the 2010 annual results of the Company.

PROSPECTS FOR 2011

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

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

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

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

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

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

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

By order of the Board
DONG Zhiyi
Chairman

Beijing, PRC,
18 March 2011

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

Executive Directors:	*Mr. Dong Zhiyi and Mr. Zhang Guanghui*
Non-executive Directors:	*Mr . Chen Guox ing, 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*

An announcement containing details of the matter is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at http://www.hkex.com.hk under "Latest Listed Companies Information", at the website of the Company at http://www.bcia.com.cn/ and the website of Irasia.com at http://www.irasia.com/listco/hk/bcia/.