北京首都國際機場股份有限公司
Beijing Capital International Airport Co.,Ltd.

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

(Stock Code: 00694)

2012 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half year of 2012, the aircraft movements in the Beijing Capital Airport reached 271,780 sorties, representing an increase of 4.1% as compared with the same period of the previous year. The passenger throughput reached 39,381,780 person-times, representing an increase of 4.0% as compared with the same period of the previous year. The cargo and mail throughput reached 827,366 tonnes, representing an increase of 7.4% as compared with the same period of the previous year.

- In the first half year of 2012, the total revenues of the Company were RMB3,356,793,000, representing an increase of 8.0% as compared with the same period of the previous year.

- In the first half year of 2012, the total aeronautical revenues of the Company were RMB1,940,064,000, representing an increase of 6.3% as compared with the same period of the previous year.

- In the first half year of 2012, the non-aeronautical revenues of the Company were RMB1,416,729,000, representing an increase of 10.3% as compared with the same period of the previous year.

- In the first half year of 2012, the operating expenses of the Company were RMB2,150,888,000, representing an increase of 8.0% as compared with the same period of the previous year.

- In the first half year of 2012, the net profit after tax of the Company was RMB579,522,000, the earnings per share was RMB0.134, representing an increase of 12.7% as compared with the same period of the previous year.

- The Board resolved to distribute the interim dividends of RMB0.04 per share for the six months ended 30 June 2012, amounting to the total sum of approximately RMB173,236,000.

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 2012 and for the six months then ended, 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 2011 as follows:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Unaudited	
		For the six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Revenues			
Aeronautical	3	**1,940,064**	1,825,032
Non-aeronautical	3	**1,416,729**	1,284,324
		3,356,793	3,109,356
Business tax and levies			
Aeronautical		**(64,022)**	(59,131)
Non-aeronautical		**(88,881)**	(75,968)
		(152,903)	(135,099)

	Note	Unaudited For the six months ended 30 June 2012 RMB'000	2011 RMB'000
Operating expenses			
Depreciation and amortisation		**(756,379)**	(750,901)
Utilities and power		**(296,789)**	(277,589)
Repairs and maintenance		**(272,588)**	(209,669)
Staff costs		**(209,000)**	(199,278)
Aviation safety and security guard costs		**(190,340)**	(176,963)
Operating contracted services		**(113,307)**	(92,539)
Greening and environmental maintenance		**(95,233)**	(88,400)
Real estate and other taxes		**(74,052)**	(74,998)
Rental expenses		**(43,130)**	(53,735)
Other costs		**(100,070)**	(68,185)
		(2,150,888)	(1,992,257)
Other income	4	**57,856**	11,068
Operating profit		**1,110,858**	993,068
Finance income	5	**4,727**	65,590
Finance costs	5	**(346,276)**	(374,510)
		(341,549)	(308,920)
Share of post-tax profit of a jointly controlled entity		**2,848**	1,917

		Unaudited For the six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Profit before income tax		**772,157**	686,065
Income tax expense	6	**(192,635)**	(171,859)
Profit for the period		**579,522**	514,206
Total comprehensive income for the period		**579,522**	514,206
Earnings per share, basic and diluted *(RMB)*	7	**0.134**	0.119
Dividends			
Interim dividend declared	8	**173,236**	77,133

CONDENSED BALANCE SHEET

AS AT 30 JUNE 2012

	Note	**Unaudited As at 30 June 2012** *RMB'000*	Audited As at 31 December 2011 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**29,990,477**	30,660,155
Land use rights		**707,244**	715,396
Intangible assets		**48,625**	61,421
Investment in a jointly controlled entity		**57,312**	54,464
Non-current portion of trade and other receivables	9	**61,219**	55,531
		30,864,877	31,546,967
Current assets			
Inventories		**146,555**	129,801
Trade and other receivables	9	**1,157,263**	1,060,858
Cash and cash equivalents		**1,228,397**	948,542
		2,532,215	2,139,201
Assets held for sale		**—**	212,961
		2,532,215	2,352,162
Total assets		**33,397,092**	33,899,129

	Note	Unaudited As at 30 June 2012 RMB'000	Audited As at 31 December 2011 RMB'000
EQUITY			
Capital and reserves			
Share capital		**4,330,890**	4,330,890
Share premium		**5,055,425**	5,055,425
Capital reserve		**621,520**	552,650
Statutory and discretionary reserves		**2,544,329**	2,321,530
Retained earnings		**2,310,792**	2,211,151
Total equity		**14,862,956**	14,471,646
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	11	**—**	7,500,000
Bonds payable	12	**4,883,744**	4,881,695
Deferred income tax liabilities		**34,610**	23,680
Retirement benefit obligations		**33,331**	94,769
Deferred income		**12,375**	2,549
Loans from Parent Company	13	**3,478,889**	4,431,191
		8,442,949	16,933,884

	Note	Unaudited As at 30 June 2012 *RMB'000*	Audited As at 31 December 2011 *RMB'000*
Current liabilities			
Trade and other payables	10	**2,270,539**	2,027,502
Interest payable		**138,088**	260,313
Current income tax liabilities		**37,123**	61,760
Current portion of long-term bank borrowings	11	**7,500,000**	—
Current portion of retirement benefit obligations		**5,502**	5,099
Current portion of loans from Parent Company	13	**139,935**	138,925
		10,091,187	2,493,599
Total liabilities		**18,534,136**	19,427,483
Total equity and liabilities		**33,397,092**	33,899,129
Net current liabilities		**(7,558,972)**	(141,437)
Total assets less current liabilities		**23,305,905**	31,405,530

NOTES

For the six month ended 30 June 2012

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.

This condensed interim financial information is presented in RMB unless otherwise stated. This condensed interim financial information was approved by the Board of Directors for issue on 23 August 2012.

This condensed interim financial information has not been audited.

2. BASIS OF PREPARATION

These condensed interim financial information for the six months ended 30 June 2012 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

As at 30 June 2012, the current liabilities of the Company exceeded the current assets by approximately RMB7,558,972,000 (as at 31 December 2011: RMB141,437,000). Given the debt obligations and working capital requirements, management has thoroughly considered the Company's available sources of funds as follows:

— The Company's continuous net cash inflow from operating activities; and
— Unutilised long-term banking facilities of RMB 11 billion.

Based on the above considerations, the Board of Directors is of the opinion that the Company has sufficient available financial resources to meet or refinance its working capital requirements as and when they fall due. As a result, the financial information of the Company for the six months ended 30 June 2012 has been prepared on a going concern basis.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, 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.

There are no any amended standards that are effective for the first time for this interim period that could be expected to have a material impact on the Company.

There are certain new standards, revised standards, amendments to standards or interpretations which have been issued but are not yet effective for the year beginning 1 January 2012 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.

3. REVENUE AND SEGMENT INFORMATION

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

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

Analysis of revenue by category	**For the six months ended 30 June**	
	2012	2011
	RMB'000	*RMB'000*
Aeronautical:		
Passenger charges	**767,079**	731,473
Aircraft movement fees and related charges	**672,276**	611,980
Airport fee *(note a)*	**241,298**	481,579
Civil Aviation Development Fund *(note a)*	**259,411**	–
	1,940,064	1,825,032
Non-aeronautical:		
Concessions	**978,121**	877,161
Rentals	**400,431**	372,341
Car parking fee	**27,610**	22,057
Management service fee	**6,730**	10,203
Others	**3,837**	2,562
	1,416,729	1,284,324
Total revenues	**3,356,793**	3,109,356

As the Company is domiciled in the PRC from where all of its revenues from external customers for the six months ended 30 June 2012 and 2011 are derived and in where all of its assets are located, no geographical segment information is shown.

(a) Pursuant to the "Notice regarding the Issuance of Levy and Utilisation Methods of Civil Aviation Development Fund (the "Civil Aviation Development Fund")" issued by Ministry of Finance of the People's Republic of China on 17 March 2012, with effect from 1 April 2012, the airport fee has been terminated and the Civil Aviation Development Fund will be imposed on passengers at the same rate of the previously charged airport fee.

    Accordingly, the Company recognised the Civil Aviation Development Fund revenue since 1 April 2012 using the same rate of previously recognised airport fee revenue.

4. OTHER INCOME

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Gain on disposal of assets held for sale	**55,039**	—
Government subsidies	**2,817**	11,068
	57,856	11,068

5. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Finance income:		
Exchange gain	**—**	61,226
Interest income	**4,727**	4,364
	4,727	65,590
Finance costs:		
Exchange loss	**(10,268)**	—
Interest for long-term bank borrowings	**(163,042)**	(162,146)
Interest for bonds payable	**(113,767)**	(113,035)
Interest for loans from Parent Company	**(57,810)**	(98,097)
Bank charges	**(1,389)**	(1,232)
	(346,276)	(374,510)
Net finance costs	**(341,549)**	(308,920)

6. INCOME TAX EXPENSE

The Company is subject to corporate income tax at a rate of 25% (2011: 25%) on its taxable income as determined in accordance with the relevant PRC income tax rules and regulations.

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current tax	**181,705**	157,858
Deferred income tax	**10,930**	14,001
	192,635	171,859

7. EARNINGS PER SHARE

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

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

	For the six months ended 30 June	
	2012	2011
Profit attributable to owners of the Company *(RMB'000)*	**579,522**	514,206
Basic earnings per share *(RMB)*	**0.134**	0.119

8. DIVIDENDS

	For the six months ended 30 June	
	2012	2011
Dividend proposed		
Interim dividend *(RMB'000)*	**173,236**	77,133
Interim dividend per share *(RMB)*	**0.04**	0.01781

A dividend of RMB257,082,000 that relates to the period to 31 December 2011 has been approved in the Annual General Meeting on 7 June 2012 (2011: nil).

The interim dividend for the six months ended 30 June 2012 was proposed at the Board of Directors meeting held on 23 August 2012. This proposed dividend is not reflected as a dividend payable in the condensed interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2012.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2012	As at 31 December 2011
	RMB'000	*RMB'000*
Trade receivables		
— CAHC and its fellow subsidiaries	**189,011**	217,493
— other parties	**892,998**	841,276
	1,082,009	1,058,769
Less: Provision for impairment	**(31,810)**	(17,257)
	1,050,199	1,041,512
Prepayments and other receivables		
— CAHC and its fellow subsidiaries	**143,275**	50,366
— other parties	**25,008**	24,511
	168,283	74,877
Total trade and other receivables	**1,218,482**	1,116,389
Less: Non-current portion	**(61,219)**	(55,531)
Current portion	**1,157,263**	1,060,858

The ageing analysis of the trade receivables is as follows:

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Less than 3 months	**739,504**	729,357
4 - 6 months	**51,031**	57,865
7 - 12 months	**74,446**	81,285
1 - 2 years	**132,350**	135,892
2 - 3 years	**65,741**	41,583
Over 3 years	**18,937**	12,787
	1,082,009	1,058,769

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

10. TRADE AND OTHER PAYABLES

	As at 30 June 2012	As at 31 December 2011
	RMB'000	*RMB'000*
Payable to Parent Company	**93,344**	47,576
Payables to a jointly controlled entity of the Company	**143,479**	102,800
Payables to CAHC's fellow subsidiaries	**720,202**	583,095
Construction payable	**334,323**	376,489
Taxes payable *(note b)*	**312,578**	312,578
Repairs and maintenance charges payable	**135,625**	148,786
Dividend payable	**100,483**	—
Payroll and welfare payable	**105,961**	124,235
Deposits received	**41,187**	37,130
Greening and environmental maintenance charges payable	**28,981**	31,438
Business tax payable	**24,050**	24,997
Sub-contracting charges payable	**20,263**	24,001
Accounts payable for purchases	**12,469**	24,554
Housing subsidy payable to employees *(note c)*	**11,289**	11,971
Other payables	**186,305**	177,852
	2,270,539	2,027,502

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

	As at 30 June 2012	As at 31 December 2011
	RMB'000	*RMB'000*
Less than 3 months	**965,811**	931,432
4 - 6 months	**229,810**	127,956
7 - 12 months	**274,175**	132,167
Over 12 months	**800,743**	835,947
	2,270,539	2,027,502

(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.

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

11. LONG-TERM BANK BORROWINGS

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Current	**7,500,000**	—
Non-current	**—**	7,500,000
	7,500,000	7,500,000

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

The fair value of the bank borrowing at 30 June 2012 is RMB7,355,013,000 which is based on discounted cash flows with the applicable discount rate of 6.31% representing the prevailing market rate of interest available to the Company for financial instruments with substantially the same terms and characteristic as at the balance sheet date.

12. BONDS PAYABLE

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Principal amount	**4,900,000**	4,900,000
Bond issuance cost	**(25,650)**	(25,650)
Proceeds received	**4,874,350**	4,874,350
Accumulated amortisation amounts of bond issuance cost	**9,394**	7,345
	4,883,744	4,881,695

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

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

13. 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	**Domestic financial institutions**	**Total**
	(note a)	*(note b)*	
	RMB'000	*RMB'000*	*RMB'000*
As at 30 June 2012			
Loans from Parent Company	**2,518,824**	**1,100,000**	**3,618,824**
Less: current portion	**(139,935)**	**—**	**(139,935)**
	2,378,889	**1,100,000**	**3,478,889**
As at 31 December 2011			
Loans from Parent Company	2,570,116	2,000,000	4,570,116
Less: current portion	(138,925)	—	(138,925)
	2,431,191	2,000,000	4,431,191

(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.

During the six months ended 30 June 2012, a principal amount of RMB900,000,000 was repaid in advance and the remaining principal of RMB1,100,000,000 will be mature in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE AERONAUTICAL BUSINESS

In the first half year of 2012, as affected by the international political and economic environment, the global economy witnessed a notable slowdown. Under the pressure of the downturn of domestic economy, the growth rate of Chinese economy continued to fall back. In the first half of the year, China's GDP growth rate increased by 7.8% year on year, hitting the lowest point in the last three years. As a result, the domestic civil aviation industry as a whole saw a year on year decline in terms of each of the total transport turnover, passenger throughput and cargo and mail throughput.

Under these circumstances, the Beijing Capital Airport, relying on its strategic position, location advantages and relatively stable market demands, remained on the track of steady and robust development. Through on-going improvement of operation and management, the Company secured a stable growth in revenue and profit.

In the first half year of 2012, the air traffic flow at the Beijing Capital Airport maintained steady growth. The cumulative aircraft movements reached 271,780 sorties, representing an increase of 4.1% as compared with the same period of the previous year. The cumulative passenger throughput reached 39,381,780 person-times, representing an increase of 4.0% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 827,366 tonnes, representing an increase of 7.4% as compared with the same period of the previous year. Detailed information is set out in the table below:

	For the six months ended 30 June		
	2012	2011	Change
Aircraft Movements *(unit: sorties)*	**271,780**	261,146	4.1%
including: Domestic	**212,233**	206,261	2.9%
International, Hong Kong, Macau & Taiwan	**59,547**	54,885	8.5%
Passenger Throughput* *(unit: person-times)*	**39,381,780**	37,879,677	4.0%
including: Domestic	**30,184,580**	29,723,531	1.6%
International, Hong Kong, Macau & Taiwan	**9,197,200**	8,156,146	12.8%
Cargo and mail throughput *(unit: tonnes)*	**827,366**	770,705	7.4%
including: Domestic	**459,104**	428,968	7.0%
International, Hong Kong, Macau & Taiwan	**368,262**	341,737	7.8%

* *According to the statistics rules of Civil Aviation Administration of China (the "CAAC"), adjustment was made to the passenger throughput data of the Beijing Capital Airport for 2011, as the standard for distinguishing international (excluding regional) passengers from domestic passengers shifted from routes to segment. Save otherwise stated, the segment-based statistics rules will be adopted in the future.*

AERONAUTICAL REVENUES

	Unaudited For the six months ended 30 June		
	2012	2011	Change
	RMB'000	*RMB'000*	
Passenger charges	**767,079**	731,473	4.9%
Aircraft movement fees and related charges	**672,276**	611,980	9.9%
Airport construction fees	**241,298**	481,579	-49.9%
Civil aviation development fund	**259,411**	—	N/A
Total aeronautical revenues	**1,940,064**	1,825,032	6.3%
less: Business tax and levies	**64,022**	59,131	8.3%
Aeronautical revenues, net of business tax and levies	**1,876,042**	1,765,901	6.2%

In the first half year of 2012, the total aeronautical revenues of the Company were RMB1,940,064,000, representing an increase of 6.3% as compared with the same period of the previous year.

In the first half year of 2012, revenues from passenger charges were RMB767,079,000, representing an increase of 4.9% as compared with the same period of the previous year, which generally corresponded to the growth rate of passenger throughput. Pursuant to the "Notice regarding the Issuance of Levy and Utilisation Methods of Civil Aviation Development Fund (the "Civil Aviation Development Fund")" issued by the Ministry of Finance of the PRC, with effect from 1 April 2012, the former airport construction fee and fundamental infrastructure construction fund have been combined into the Civil Aviation Development Fund. In the first half year of 2012, the revenues from the airport construction fee together with the civil aviation development fund were RMB500,709,000 in aggregate, representing an increase of 4.0% as compared with the same period of the previous year, which generally corresponded to the growth rate of passenger throughput.

In the first half year of 2012, revenues from aircraft movement fees and related charges were RMB672,276,000, representing an increase of 9.9% as compared with the same period of the previous year and well outpacing the growth rate of aircraft movements, which was mainly due to the rapid growth in international routes and a higher proportion of large airliners for both domestic and international routes, as well as the fact that in accordance with the related charging standards for civil airports, the aircraft movement fees and related charges for international routes were higher than those for domestic routes and the single sortie charges for large airliners were higher than those for small airliners of the same routes.

NON-AERONAUTICAL REVENUES

	Unaudited For the six months ended 30 June		
	2012	2011	Change
	RMB'000	*RMB'000*	
Concessions	**978,121**	877,161	11.5%
including: Advertising	**414,028**	322,412	28.4%
Retailing	**412,726**	339,840	21.4%
Ground handling	**66,358**	141,586	-53.1%
Restaurants and food shops	**53,125**	49,698	6.9%
VIP services	**6,734**	—	N/A
Others	**25,150**	23,625	6.5%
Rentals	**400,431**	372,341	7.5%
Car parking fees	**27,610**	22,057	25.2%
Others	**10,567**	12,765	-17.2%
Total non-aeronautical revenues	**1,416,729**	1,284,324	10.3%
less: Business tax and levies	**88,881**	75,968	17.0%
Non-aeronautical revenues, net of business tax and levies	**1,327,848**	1,208,356	9.9%

In the first half year of 2012, the total non-aeronautical revenues of the Company were RMB1,416,729,000, representing an increase of 10.3% as compared with the same period of the previous year.

In the first half year of 2012, the concession revenues of the Company were RMB978,121,000, representing an increase of 11.5% as compared with the same period of the previous year. Among which, benefiting from the continuous expansion of advertisement resources in the second half of 2011 and the first half of 2012, the concession revenues from advertising reached RMB414,028,000, representing an increase of 28.4% as compared with the same period of the previous year. Benefiting from the retailing income growth as driven by the rapid growth of passenger throughput (especially passengers of the international and Hong Kong, Macau and Taiwan routes) and the continuous sales increase in the arrival duty-free areas of Terminal 3 which was newly opened at the beginning of 2011, the concession revenues from retailing reached RMB412,726,000, representing an increase of 21.4% as compared with the same period of the previous year. The concession revenues from ground handling service were RMB66,358,000, representing a decrease of 53.1% as compared with the same period of the previous year, which was mainly because in the same period of the previous year, the Company reached agreement with an airline company undertaking relevant business at the Beijing Capital Airport and received from this company concessions fees related to the ground handling service for the years of 2009 and 2010. The concession revenues from restaurants and food shops were RMB53,125,000, representing an increase of 6.9% as compared with the same period of the previous year, which mainly resulted from the increase in passenger throughput. From 1 June 2012, the Company adopted a franchise business model for the commercial areas previously leased to Capital Airport VIP Services Management Company Limited, and accordingly recorded concession revenues from VIP services of RMB6,734,000 in the first half of the year. Other concession revenues were RMB25,150,000, representing an increase of 6.5% as compared with the same period of the previous year, which was mainly due to the increase in relevant demand as a result of the growth in passenger throughput.

In the first half year of 2012, the rental income of the Company was RMB400,431,000, representing an increase of 7.5% as compared with the same period of the previous year. This was mainly due to the increase in air traffic flow which led to an increase in counters and floor areas within the terminals and use of facilities and equipment and systems as required by the airline companies and other customers.

In the first half year of 2012, the car parking service fees of the Company were RMB27,610,000, representing an increase of 25.2% as compared with the same period of the previous year, mainly due to a rise in the traffic volume of vehicles and an increase in the parking time of each vehicle.

In the first half year of 2012, the other revenues of the Company were RMB10,567,000, representing a decrease of 17.2% as compared with the same period of the previous year. The other revenues mainly included entrusted management service fees and revenues from provision of certificate handling services in the terminals.

OPERATING EXPENSES

	Unaudited For the six months ended 30 June		
	2012	2011	Change
Depreciation and amortisation	**756,379**	750,901	0.7%
Utilities and power	**296,789**	277,589	6.9%
Repairs and maintenance	**272,588**	209,669	30.0%
Staff costs	**209,000**	199,278	4.9%
Aviation safety and security guard costs	**190,340**	176,963	7.6%
Operating contracted services	**113,307**	92,539	22.4%
Greening and environmental maintenance	**95,233**	88,400	7.7%
Real estate and other taxes	**74,052**	74,998	-1.3%
Rental expenses	**43,130**	53,735	-19.7%
Other costs	**100,070**	68,185	46.8%
Total operating expenses	**2,150,888**	1,992,257	8.0%

In the first half year of 2012, the operating expenses of the Company were RMB2,150,888,000, representing an increase of 8.0% as compared with the same period of the previous year.

In the first half year of 2012, the depreciation and amortisation expenses of the Company were RMB756,379,000, representing a slight increase of 0.7% as compared with the same period of the previous year.

In the first half year of 2012, the utilities and power expenses of the Company were RMB296,789,000, representing an increase of 6.9% as compared with the same period of the previous year, mainly due to the extended duration of heat supply during the reporting period and a rise in the tariff of electricity for non-residential use as adjusted by Beijing Municipal Commission of Development and Reform in December 2011.

In the first half year of 2012, the repairs and maintenance expenses of the Company were RMB272,588,000, representing an increase of 30.0% as compared with the same period of the previous year. Such significant increase in repairs and maintenance expenses was mainly due to the comprehensive maintenance to be carried out to the baggage handling systems, automated people mover systems and other facilities in Terminal 3 during the reporting period as such facilities had been in operation for five years.

In the first half year of 2012, the staff costs of the Company were RMB209,000,000, representing an increase of 4.9% as compared with the same period of the previous year.

In the first half year of 2012, the aviation safety and security guard costs of the Company were RMB190,340,000, representing an increase of 7.6% as compared with the same period of the previous year.

In the first half year of 2012, the operating contracted services costs of the Company were RMB113,307,000, representing an increase of 22.4% as compared with the same period of the previous year. The noticeable increase in operating contracted services costs was mainly because the Company entrusted Beijing Capital Airport Property Management Company Limited to be responsible for the operation and management services in respect of the car park in the west district of the Beijing Capital Airport since April 2011, and paid the relevant service fees for such entrusted operation and management services.

In the first half year of 2012, the greening and environmental maintenance expenses of the Company were RMB95,233,000, representing an increase of 7.7% as compared with the same period of the previous year, mainly due to the increase in labour costs and materials costs along with market prices.

In the first half year of 2012, the real estate and other taxes of the Company were RMB74,052,000, representing a decrease of 1.3% as compared with the same period of the previous year.

In the first half year of 2012, the rental expenses of the Company were RMB43,130,000, representing a decrease of 19.7% as compared with the same period of the previous year, mainly because the Company reduced the amount of leased properties based on its business needs.

In the first half year of 2012, the other costs of the Company were RMB100,070,000, representing an increase of 46.8% as compared with the same period of the previous year, which was mainly due to the provision for bad debts against long-aged trade receivables with risks in their collection made in accordance with relevant accounting policy and the payment of service charges to CAAC Clearing Center for settlement of aircraft movement fees and other related charges from domestic airlines during the reporting period.

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012, other income of the Company was RMB57,856,000, which mainly included the proceeds from disposal of the warehouse assets in the north district by the Company and the government subsidies received by the Company during the reporting period.

For the six months ended 30 June 2012, the net finance costs of the Company after deducting of finance income were RMB341,549,000.

For the six months ended 30 June 2012, the income tax expense of the Company was RMB192,635,000.

PROSPECT FOR THE SECOND HALF YEAR OF 2012

Viewing as a whole, there will still be considerable downward pressure on the macro economy in the second half year of 2012, which will restrain travel demands and the growth of the whole aviation industry to certain extent. Notwithstanding this, with the replenishment of operating resources at the Beijing Capital Airport as well as the Company's continuous efforts to develop the aviation market, the air traffic volume of the Beijing Capital Airport is expected to maintain steady growth.

Since the commencement of operation of the Beijing-Shanghai high-speed railway on 30 June 2011, the Beijing-Shanghai high-speed railway has been in operation for a year and its diversion impact on the travelling volume between Beijing and cities such as Shanghai and Nanjing has gradually stabilised and was limited. In the second half year of 2012, the Company will actively deepen relevant measures to further consolidate the market of Beijing-Shanghai route.

The Company will keep focusing on the strategic goal of hub construction by continuing to deepen communication mechanisms, develop cooperation platforms and optimize the replenishment of resources in the second half year of 2012. The Company will exert full efforts to procure the realization of the policy which allows 72-hours transit without visa so as to further enhance its attraction to international travellers. The Company will advance the reconstruction of Terminal 2 as scheduled, and complete the preparation for the launch of T3-D to ensure that it is equipped with the necessary operation conditions before the end of the year, so as to further enhance the facility capacity at the Beijing Capital Airport.

In the second half year of 2012, in response to the increasingly complicated operational conditions, the Company will keep enhancing its security management, further raise its capability in operation assurance as well as service quality and deepen the promotion of its brand value and the concept of "Enjoy the Service, Enjoy the Experience".

In the second half year of 2012, the Company will promote refined management, further enhance the value of its existing commercial resources and strive to develop new concession businesses so as to maintain the fast growth momentum of its non-aeronautical business. Meanwhile, the Company will maintain its strict control on costs, continue to enhance the consciousness of all staff in cost management and boost the steady growth of its operating profit through further improving its management practices.

In July 2012, the State Council issued the "Opinions of the State Council on Promoting the Development of the Civil Aviation Industry (《國務院關於促進民航業發展的若干意見》)" (the "Opinions"), specifying the general requirements, major tasks and policies and measures for promoting the development of aviation industry and putting forward the goal of building a safe, convenient, efficient and green modern civil aviation system. As the first important guideline for the civil aviation industry issued by the State Council ever since the founding of the PRC, the unveiling of the Opinions will effectively prop up the steady implementation of the "Strong Civil Aviation Country" strategy and a further boom in civil aviation industry. The Opinions is also of important guiding significance for building the Beijing Capital Airport into a large, fully functional and globally-connected international hub. The Company will conduct an in-depth study on the relevant requirements set out in the Opinions, and strive to grasp opportunities emerging during the process of Beijing's developing into an international metropolis, so as to promote the building of the Beijing Capital Airport into an air transport hub and play an active role in creating the economic chain of aviation industry and forming an aviation industry cluster in the Beijing-Tianjin-Hebei region.

According to the notice jointly issued by the Ministry of Finance and the State Administration of Taxation, commencing from 1 September 2012, Beijing will launch the pilot practice of levying value added tax in lieu of business tax on the transportation industry and some modern service industries. The tax reform will have certain impact on the future operating results and financial position of the Company. The Company will further enhance communication with relevant governmental authorities in respect of the particulars of the policy and proactively seek for corresponding policy support. Meanwhile, the Company will closely monitor the adjustment trend of the charging policy for "domestic airlines operating international routes" and actively procure an early implementation of unification of charges and rates, striving for a growth in its aeronautical revenue.

In the second half year of 2012, the Company will continue to follow up the preliminary construction work of the new airport in Beijing in all respects and actively proceed with the relevant research and assessment work, so as to make prudential decisions on the strategy to be adopted by the Company for the Beijing new airport project.

INTERIM DIVIDENDS

The Board of the Company resolved to distribute the interim dividends of RMB0.04 per share for the six months ended 30 June 2012, amounting to the total sum of approximately RMB173,236,000. (The interim dividends distributed for 2011: RMB0.01781 per share, amounting to a total sum of approximately RMB77,133,000)

Pursuant to the Company's articles of association, dividends payable to holders of domestic shares will be paid in RMB, while dividends payable to holders of H shares will be paid in Hong Kong dollar. The dividends payable in Hong Kong dollar will be calculated basing on the average exchange rate of RMB to Hong Kong dollar published by the People's Bank of China over a period of one calendar week prior to the declaration of the dividends. During such period (from 13 August 2012 to 17 August 2012), the average exchange rate of RMB to Hong Kong dollar was HK$1.00 = RMB0.81819. Accordingly, the amount of the interim dividends for each H share of the Company for the six months ended 30 June 2012 is HK$0.04889.

The register of members of the Company will be temporarily closed from Friday, 14 September 2012 to Wednesday, 19 September 2012 (both days inclusive), during which period no transfer of shares will be registered. The interim dividends are expected to be paid on or before Wednesday, 31 October 2012, to the shareholders whose names appear on the register of members on Wednesday, 19 September 2012.

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent (the "Receiving Agent") which will receive the 2012 interim dividend declared from the Company on behalf of the H Shareholders. The 2012 interim dividend will be paid by the Receiving Agent on or before 31 October 2012 and the dividend warrants will be posted by the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, by ordinary mail to the holders of H shares who are entitled to receive the dividend at their own risk.

In order to be qualified for the payment of the interim dividends, holders of H shares whose transfers have not been registered are requested to deposit the transfer documents together with the relevant share certificates to the Company's H Share Registrar: Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 13 September 2012.

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" and the "Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China", both implemented in 2008, and the "Notice of Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H-Share" (No.897 GSH[2008]) issued by China's State Administration of Taxation on 6 November 2008, the Company is obliged to withhold and pay enterprise income tax at the rate of 10% when distributing the 2012 interim dividend to the non-resident enterprise H share shareholders whose names appear on the register of members for H shares of the Company on the relevant record date, i.e. 19 September 2012 (the "Record Date"). For the holders of the H shares (the "H Shareholders") who are registered in the name of non-natural person registered shareholders (including HKSCC (Nominees) Limited, other corporate nominees, trustees, or other organisations or groups which shall be treated as "non-resident enterprises" shareholders) on the register of members for H shares of the Company on the Record Date, the Company will distribute the 2012 interim dividend, after withholding and paying enterprise income tax of 10%.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Company had total cash and cash equivalents amounting to RMB1,228,397,000, while the cash and cash equivalents of the Company amounted to RMB948,542,000 as at 31 December 2011.

As at 30 June 2012, the Company's bank borrowings due within one year were RMB7,500,000,000, and loans from the Parent Company were RMB3,618,824,000.

As at 30 June 2012, the Company had unutilised long-term loan facilities totalling RMB11 billion (as at 31 December 2011: RMB11 billion).

As at 30 June 2012, the current ratio of the Company was 25.1%, and that as at 31 December 2011 was 94.3%. Such ratios were computed by dividing the total current assets by total current liabilities as at those respective dates. As at 30 June 2012, the current ratio declined as compared with the previous year, as the Company's long-term bank borrowings amounting to RMB7.5 billion would be due within one year.

As at 30 June 2012, the liability-to-asset ratio of the Company was 55.5%, and that as at 31 December 2011 was 57.3%. Such ratios were computed by dividing the total amount of liabilities by the total assets as at those respective dates.

In the first half year of 2012, the Company's net cash generated from operating activities amounted to RMB1,729,584,000, representing an increase of 13.1% as compared with the same period of the previous year.

In the first half year of 2012, net cash generated from investing activities amounted to RMB64,003,000, while net cash used in investing activities amounted to RMB105,494,000 in the same period of 2011. Such change was mainly due to the proceeds of RMB187,600,000 received by the Company from disposal of the Company's warehouse assets in north district in the first half year of 2012 .

CHARGE ON ASSETS

During the six months ended 30 June 2012, there was no material charge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2012, the Company had no merger, acquisition or disposal.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not purchased, sold or redeemed any of its shares during the six months ended 30 June 2012.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Company's businesses are principally denominated in RMB, except for part of non-aeronautical revenues, and purchases of certain equipment, goods and materials which are received or paid in US dollars. Dividends payable to the H Shareholders of the Company are declared in RMB and payable in HK dollars.

According to the overall plan of the acquisition of the Phase III Assets*, as at 30 June 2012, the Company assumed the US dollar-denominated borrowings (USD398,239,000) from the European Investment Bank related to the Phase III Assets and the interest thereof. Accordingly, the fluctuation of the RMB exchange rate against the US dollar will affect the financial results of the Company.

* *In 2008, the Company acquired the airfield assets (including runway base courses, runway wearing courses, taxiways, road non-asphalt layers, road asphalt layers, aprons and tunnels, lighting and other airfield facilities), Terminal Three of the Beijing Capital Airport ("T3"), T3 related assets, roads within the airport area, the driverless electric train system, commercial areas and other relevant equipment, machinery and facilities and the land use rights of the land on which T3 and other related constructions are situated (collectively the "Phase III Assets").*

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

As at 30 June 2012, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB24,974,000 (as at 31 December 2011: RMB59,320,000), trade and other receivables of approximately RMB26,950,000 (as at 31 December 2011: RMB17,587,000), trade and other payables of approximately RMB601,000 (as at 31 December 2011: RMB598,000), and loans from the Parent Company of approximately RMB2,518,824,000 (as at 31 December 2011: RMB2,570,116,000).

During the reporting period, the Company recorded an exchange loss of RMB10,268,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

The total amount of the non-current portion and current portion of the Company's loans from the Parent Company is RMB3,618,824,000, 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 adjustment in interest rates of the People's Bank of China will affect the interest expenses and financial results of the Company.

MATERIAL INVESTMENT, MATERIAL INVESTMENT PLAN AND MATERIAL FINANCING PLAN

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

CONTINGENT LIABILITIES

Save as disclosed below, the Company had no other significant contingent liabilities as at 30 June 2012.

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

As at 30 June 2012, the outcome of the above matter was still pending. Any potential financial impact on the Company, if any, will depend on the final resolution of these complaints agreed by the relevant parties involved. Based on the advice of our legal adviser, the Directors are of the opinion that the final amounts of the compensation (if any) will be insignificant to the Company, therefore, no provision has been made in this condensed interim financial information.

EMPLOYEES AND EMPLOYEES' WELFARE

1. **As at 30 June 2012, the number of employees of the Company was as follows, together with the comparative figures for the same date in the previous year:**

	As at 30 June 2012	As at 30 June 2011
Number of employees	**1,576**	1,549

The remuneration policy of employees of the Company is determined by the management based on market practice. A position performance-based salary regime is adopted on the basis of position value and centred on performance evaluation. The remuneration system, under dynamic management, is competitive externally and fair internally, and fulfills concurrent growth in the employees' income and the Company's profit as well as concurrent increase in remuneration of labour and labour productivity.

2. **Employees' basic medical insurance and commercial medical insurance**

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

In addition, the Company may on a voluntary basis provide supplemental medical insurance benefits to its employees on certain amount within 4% of the average monthly salaries of its employees in the previous year. Meanwhile, the Company no longer pays cash medical subsidies or medical compensations to its employees. As such, implementation of the aforesaid medical insurance regulations will not have any material effects on the balance sheet or statement of comprehensive income of the Company.

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 2012, the Company did not have any entrusted deposits or uncollected fixed deposits upon maturity placed with any financial institutions or any other entities.

CAPITAL STRUCTURE AND CHANGES

1. Capital Structure

As at 30 June 2012, the total number of issued share capital of the Company was 4,330,890,000 shares, 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%

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

As at 30 June 2012, the interests and long positions and short positions held by the following persons, other than directors or supervisors of the Company, as recorded in the register required to be kept by the Company under Section 336 of the Securities of Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") were as follows:

Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Percentage of Shareholding to the relevant class	Percentage to the total issued shares
Capital Airports Holding Company *(note 1)*	Domestic shares	2,451,526,000 (L)	Beneficial owner	100%	56.61%
Government of Singapore Investment Corporation Pte Ltd *(note 2)*	H shares	396,074,000 (L)	Investment Manager	21.07%	9.15%
BlackRock, Inc. *(note 3)*	H shares	124,311,196 (L)	Interest of corporation controlled by the substantial shareholder	6.61%	2.87%
		2,847,019 (S)		0.15%	0.07%
The Northern Trust Company (ALA) *(note 4)*	H shares	0 (L)		0.00%	0.00%
		411,728,738 (P)		21.91%	9.51%

(L) = Long Position
(S) = Short Position
(P) = Lending Pool

Notes:

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

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

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

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

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

   Ms. Zhang Musheng, a non-executive director of the Company, is the Deputy General Manager of Capital Airports Holding Company.

2. The registered office of Government of Singapore Investment Corporation Pte Ltd is in Singapore.

3. The registered office of BlackRock, Inc. is in New York, the US.

4. The registered office of The Northern Trust Company (ALA) is in Chicago, the US.

SHORT POSITION IN SHARES

According to the register required to be kept by the Company under Section 336 of the SFO, as at 30 June 2012, there were no other people or substantial shareholders holding any short positions in the shares and underlying shares of the Company save as disclosed above.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company as at 30 June 2012.

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

As at 30 June 2012, none of the directors or the supervisors or the chief executives of the Company had any interests or short positions in any shares, any underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). None of the directors, the supervisors and the chief executives of the Company, or their associates had been granted or had exercised any such rights during the six months ended 30 June 2012.

AUDIT COMMITTEE

The Audit Committee of the Company was established on 10 January 2000. On 15 June 2011, the fifth session of the Board of the Company reappointed the members of the Audit Committee whose term will expire on the date of the 2013 annual general meeting. At present, the Audit Committee is composed of four independent non-executive directors, namely, Mr. Liu Guibin (chairman of the Audit Committee, Certified Public Accountant and one of the first group of senior members (practicing) of CICPA), Mr. Japhet Sebastian Law, Mr. Wang Xiaolong and Mr. Jiang Ruiming.

The Audit Committee fulfills its supervisory responsibility as delegated by the Board through examining matters relating to financial reporting, internal control procedures, 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 review and evaluation of the Company's internal control system and risk management level.

The Audit Committee has reviewed the Company's condensed interim financial information for the six months ended 30 June 2012, as well as 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 relevant requirements of the Listing Rules and the laws of Hong Kong.

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company confirms that it has complied with all the code provisions set out in the former Code during the period from 1 January 2012 to 31 March 2012, and has complied with all of the code provisions set out in the amended Code during the period from 1 April 2012 to 30 June 2012 except for the Code provisions in relation to the matter set out below.

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

COMPLIANCE WITH THE MODEL CODE

The Company has formulated "the Code for Securities Transactions by Directors and Staff" at terms no less exacting than the required standard of the Model Code. For the six months ended 30 June 2012, the Company strictly implemented the Code for Securities Transactions by Directors and Staff.

Having made specific enquiries to the directors, supervisors and chief executives of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2012.

By the order of the Board
Shu Yong
Secretary of the Board

Beijing, PRC, 23 August 2012

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 Guoxing, Mr. Gao Shiqing, Mr. Yao Yabo, Mr. Zhang Musheng, Mr. Lau Eng Boon and Mr. Yam Kum Weng*
Independent Non-executive Directors:	*Mr. Japhet Sebastian Law, Mr. Wang Xiaolong, Mr. Jiang Ruiming and Mr. Liu Guibin*

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