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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)

2014 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half year of 2014, the aircraft movements reached 283,966 sorties, representing an increase of 2.6% as compared with the same period of the previous year. The passenger throughput reached 41,578,291 person-times, representing an increase of 1.9% as compared with the same period of the previous year. The cargo and mail throughput reached 854,558 tonnes, representing a decrease of 2.4% as compared with the same period of the previous year.
- In the first half year of 2014, the total revenues of the Company were RMB3,699,263,000, representing an increase of 4.8% as compared with the same period of the previous year.
- In the first half year of 2014, the total aeronautical revenues of the Company were RMB2,104,019,000, representing an increase of 3.9% as compared with the same period of the previous year.

- In the first half year of 2014, the non-aeronautical revenues of the Company were RMB1,595,244,000, representing an increase of 6.0% as compared with the same period of the previous year.
- In the first half year of 2014, the operating expenses of the Company were RMB2,452,985,000, representing an increase of 5.0% as compared with the same period of the previous year.
- The net profit after tax in the first half year of 2014 of the Company was RMB677,666,000, the earnings per share was RMB0.156, representing an increase of 0.6% as compared with the same period of the previous year.
- The Board resolved to distribute an interim dividend of RMB0.0469 per share for the six months ended 30 June 2014, amounting to the total of RMB203,119,000.

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 2014 and for the six months ended on that date, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), together with the unaudited comparative figures for the corresponding period of 2013 as follows:

INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Unaudited	
		For the six months ended 30 June	
		2014	2013
	Note	RMB'000	RMB'000
Revenues			
Aeronautical	4	2,104,019	2,024,244
Non-aeronautical	4	1,595,244	1,504,555
		<u>3,699,263</u>	<u>3,528,799</u>
Business tax and levies			
Aeronautical		(3,784)	(3,770)
Non-aeronautical		(46,622)	(44,188)
		<u>(50,406)</u>	<u>(47,958)</u>
Operating expenses			
Depreciation and amortisation		(717,733)	(776,003)
Utilities and power		(303,899)	(291,368)
Repairs and maintenance		(298,034)	(300,145)
Aviation safety and security guard costs		(257,801)	(234,768)
Staff costs		(241,620)	(256,234)
Rental expenses		(193,862)	(50,692)
Operating contracted services		(133,740)	(123,596)
Greening and environmental maintenance		(99,894)	(103,686)
Real estate and other taxes		(82,428)	(80,754)
Other costs		(123,974)	(118,109)
		<u>(2,452,985)</u>	<u>(2,335,355)</u>
Other income		<u>178</u>	<u>581</u>

		Unaudited	
		For the six months ended 30 June	
		2014	2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating profit		1,196,050	1,146,067
Finance income	5	8,116	54,654
Finance costs	5	(305,400)	(302,147)
		(297,284)	(247,493)
Share of post-tax profit/(loss) of a jointly controlled entity		3,698	(419)
Profit before income tax		902,464	898,155
Income tax expense	6	(224,798)	(224,883)
Profit for the period		677,666	673,272
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		(6,953)	(7,903)
Other comprehensive loss for the period, net of tax		(6,953)	(7,903)
Total comprehensive income for the period		670,713	665,369
Earnings per share, basic and diluted (RMB)	7	0.156	0.155
Dividends			
Interim dividend declared	8	203,119	201,819

INTERIM BALANCE SHEET

AS AT 30 JUNE 2014

		Unaudited As at 30 June 2014 RMB'000	Audited As at 31 December 2013 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		27,827,159	28,492,753
Land use rights		676,112	684,280
Intangible assets		36,145	37,757
Investment in a jointly controlled entity		59,840	56,142
Deferred income tax assets		62,453	35,950
Other non-current assets	9	64,245	54,127
		<u>28,725,954</u>	<u>29,361,009</u>
Current assets			
Inventories		119,718	114,647
Trade and other receivables	9	1,276,212	1,168,628
Cash and cash equivalents		2,041,404	2,052,283
		<u>3,437,334</u>	<u>3,335,558</u>
Total assets		<u><u>32,163,288</u></u>	<u><u>32,696,567</u></u>

		Unaudited	Audited
		As at 30	As at 31
		June 2014	December 2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY			
Capital and reserves			
Share capital		4,330,890	4,330,890
Share premium		5,055,425	5,055,425
Capital reserve	10(a)	797,245	773,771
Other reserve	10(b)	3,614	10,567
Statutory and discretionary reserves		3,288,289	3,022,484
Retained earnings		3,100,924	3,018,644
Total equity		16,576,387	16,211,781
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	2,480,000	2,985,000
Bonds payable	13	2,993,790	4,890,150
Retirement benefit obligations		112,269	103,211
Deferred income		11,248	11,426
Loans from the Parent Company	14	2,769,956	2,824,311
		8,367,263	10,814,098

		Unaudited	Audited
		As at 30	As at 31
		June 2014	December 2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables	11	2,472,720	2,132,635
Interest payable		111,851	225,813
Short-term borrowings	12	2,500,000	3,000,000
Current income tax liabilities		68,548	145,533
Current portion of long-term borrowings	12	10,000	10,000
Current portion of bonds payable	13	1,898,593	—
Current portion of retirement benefit obligations		6,596	6,752
Current portion of loans from the Parent Company	14	151,330	149,955
		7,219,638	5,670,688
Total liabilities		15,586,901	16,484,786
Total equity and liabilities		32,163,288	32,696,567
Net current liabilities		(3,782,304)	(2,335,130)
Total assets less current liabilities		24,943,650	27,025,879

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 (“CAHC” or the “Parent Company”), a state-owned enterprise established in the PRC 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 20 August 2014.

This condensed interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2014 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. This condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

As at 30 June 2014, the current liabilities of the Company exceeded the current assets by RMB3,782,304,000 (as at 31 December 2013: RMB2,335,130,000). 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 condensed interim financial information of the Company for the six months ended 30 June 2014 has been prepared on a going concern basis.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, 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 or interpretations 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 and amendments to standards which have been issued but are not yet effective for the year beginning 1 January 2014 and have not been early adopted by the Company in the unaudited condensed interim financial information. Management is currently assessing their related impact to the Company.

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors 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 Board of Directors 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	
	2014	2013
	RMB'000	RMB'000
Aeronautical		
Passenger charges	820,090	789,501
Aircraft movement fees and related charges	756,897	715,555
Airport fee (<i>note a</i>)	527,032	519,188
	<u>2,104,019</u>	<u>2,024,244</u>
Non-aeronautical		
Concessions	991,595	1,015,095
Rentals	510,999	408,507
Car parking fee	89,479	77,675
Others	3,171	3,278
	<u>1,595,244</u>	<u>1,504,555</u>
Total revenues	<u><u>3,699,263</u></u>	<u><u>3,528,799</u></u>

As the Company is domiciled in the PRC from where all of its revenue from external customers for the six months ended 30 June 2014 and 2013 are derived and in where all of its assets are located, no geographical segment information is shown.

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

Accordingly, the Company recognised the Airport Fee revenue using the same rate of previously recognised civil airport management and construction fee.

5. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2014	2013
	<i>RMB’000</i>	<i>RMB’000</i>
Finance income		
Exchange gain, net	—	45,126
Interest income	<u>8,116</u>	<u>9,528</u>
	<u>8,116</u>	<u>54,654</u>
Finance costs		
Exchange loss, net	(23,112)	—
Interest for borrowings wholly repayable within 5 years	(145,041)	(166,380)
Interest for bonds payable wholly repayable within 5 years	(113,337)	(113,237)
Interest for loans from the Parent Company		
— Wholly repayable within 5 years	(14,969)	(12,022)
— Not wholly repayable within 5 years	(7,876)	(9,301)
Bank charges	<u>(1,065)</u>	<u>(1,207)</u>
	<u>(305,400)</u>	<u>(302,147)</u>
Net finance costs	<u>(297,284)</u>	<u>(247,493)</u>

6. INCOME TAX EXPENSE

The Company is subject to corporate income tax at a rate of 25% (2013: 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	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	248,983	270,122
Deferred income tax	(24,185)	(45,239)
	<u>224,798</u>	<u>224,883</u>

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	
	2014	2013
Profit attributable to owners of the Company (<i>RMB'000</i>)	677,666	673,272
Basic earnings per share (<i>RMB per share</i>)	<u>0.156</u>	<u>0.155</u>

8. DIVIDENDS

For the six months ended 30 June
2014 2013

Dividend proposed

Interim dividend (*RMB'000*) **203,119** 201,819

Interim dividend per share (*RMB*) **0.0469** 0.0466

A dividend of RMB329,581,000 that relates to the year ended 31 December 2013 (for the year ended 31 December 2012: RMB295,800,000) has been approved in the Annual General Meeting on 30 June 2014.

The interim dividend for the six months ended 30 June 2014 was proposed at the Board of Directors meeting held on 20 August 2014. 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 2014.

9. TRADE AND OTHER RECEIVABLES

As at 30 **As at 31**
June 2014 December 2013
RMB'000 ***RMB'000***

Trade receivables

— CAHC's fellow subsidiaries **129,682** 140,563

— a jointly controlled entity **108** 255

— third parties **1,159,097** 1,053,546

1,288,887 1,194,364

Less: Provision for impairment **(59,665)** (65,326)

1,229,222 1,129,038

	As at 30 June 2014 <i>RMB'000</i>	As at 31 December 2013 <i>RMB'000</i>
Bill receivable		
— third parties	14,598	19,489
Dividend receivable		
— a jointly controlled entity	3,230	3,230
Prepayments and other receivables		
— CAHC	49,810	49,810
— third parties	43,597	21,188
	<u>93,407</u>	<u>70,998</u>
Total trade and other receivables	<u>1,340,457</u>	<u>1,222,755</u>
Less: Non-current portion	<u>(64,245)</u>	<u>(54,127)</u>
Current portion	<u><u>1,276,212</u></u>	<u><u>1,168,628</u></u>

The ageing analysis of the trade receivables is as follows:

	As at 30 June 2014 <i>RMB'000</i>	As at 31 December 2013 <i>RMB'000</i>
Less than 3 months	806,544	740,327
4 – 6 months	103,869	75,278
7 – 12 months	72,407	86,495
1 – 2 years	141,985	142,091
2 – 3 years	108,902	86,430
Over 3 years	55,180	63,743
	<u><u>1,288,887</u></u>	<u><u>1,194,364</u></u>

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

10. RESERVES

(a) Capital reserve

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

(b) Other reserve

The other reserve represents actuarial gains and losses after tax from experience adjustments and changes in actuarial assumptions for the defined benefit plan.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Payables to CAHC	199,625	68,154
Payables to CAHC's fellow subsidiaries	452,734	522,985
Payables to a jointly controlled entity of the Company	177,772	146,997
Payables to third parties		
— Dividend payable	329,581	—
— Deed taxes in respect of the acquisition of the Phase III assets*	312,578	312,578
— Construction payable	289,744	428,361
— Repairs and maintenance charges payable	182,809	189,653
— Payroll and welfare payable	125,576	145,394
— Deposits received	69,226	63,424
— Accounts payable for purchases	28,539	20,979
— Greening and environmental maintenance charges payable	27,939	29,393
— Other tax payable	26,861	5,329
— Sub-contracting charges payable	23,390	18,303
— Housing subsidy payable to employees	10,810	10,789
— Other payables	215,536	170,296
	<u>2,472,720</u>	<u>2,132,635</u>

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

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Less than 3 months	1,231,262	1,058,336
4 – 6 months	174,239	112,576
7 – 12 months	289,643	99,701
Over 12 months	777,576	862,022
	<u>2,472,720</u>	<u>2,132,635</u>

- * 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”).

12. BORROWINGS

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Short-term (<i>note a</i>)	2,500,000	3,000,000
Long-term		
— non-current portion (<i>note b</i>)	2,480,000	2,985,000
— current portion (<i>note b</i>)	10,000	10,000
	<u>4,990,000</u>	<u>5,995,000</u>

Movements in borrowings are analysed as follows:

	For the six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Opening amount as at 1 January	5,995,000	7,500,000
Proceeds of new borrowings	2,500,000	6,500,000
Repayments of borrowings	(3,505,000)	(7,500,000)
Closing amount as at 30 June	<u>4,990,000</u>	<u>6,500,000</u>

- (a) This loan is denominated in RMB and unsecured. The interest rate is referenced to published loan interest rate issued by People's Bank of China. The principal amount is repayable in May 2015.
- (b) This loan is denominated in RMB and unsecured. The interest rate is referenced to published loan interest rate issued by People's Bank of China. According to the repayment schedule of the principal amount, RMB5,000,000 will be paid semi-annually commencing on 20 November 2013 through 20 November 2015 and the remaining balance will be paid in 2016. During the six months ended 30 June 2014, an additional principal amount of RMB500,000,000 was paid in advance.

13. BONDS PAYABLE

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Principal amount	4,900,000	4,900,000
Bonds issuance cost	<u>(25,650)</u>	<u>(25,650)</u>
Proceeds received	4,874,350	4,874,350
Accumulated amortisation amounts of bonds issuance cost	<u>18,033</u>	<u>15,800</u>
	<u>4,892,383</u>	<u>4,890,150</u>
Less: Current portion	<u>(1,898,593)</u>	<u>—</u>
Non-current portion	<u><u>2,993,790</u></u>	<u><u>4,890,150</u></u>

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

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

The bonds with the principal amount of RMB1,900,000,000 will be repayable in February 2015, thus the book value of RMB1,898,593,000 as at 30 June 2014 is classified as current liabilities.

14. LOANS FROM THE PARENT COMPANY

As part of the acquisition of the Phase III Assets, the Company entered into agreements with the Parent Company to assume the following long-term borrowings which were previously obtained by the Parent Company with same terms. The borrowings were not reassigned into the name of the Company.

	Loans previously obtained by the Parent Company from		
	European Investment Bank (note a) RMB'000	Domestic financial institutions (note b) RMB'000	Total RMB'000
As at 30 June 2014			
Loans from the Parent Company	2,421,286	500,000	2,921,286
Less: current portion	(151,330)	—	(151,330)
	<u>2,269,956</u>	<u>500,000</u>	<u>2,769,956</u>
As at 31 December 2013			
Loans from the Parent Company	2,474,266	500,000	2,974,266
Less: current portion	(149,955)	—	(149,955)
	<u>2,324,311</u>	<u>500,000</u>	<u>2,824,311</u>

For the six months ended 30 June

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Opening amount as at 1 January	2,974,266	3,205,398
Repayments of borrowings	(76,804)	(75,695)
Currency translation differences	23,824	(46,257)
Closing amount as at 30 June	2,921,286	3,083,446

- (a) This loan is denominated in the US dollar, unsecured and interest bearing at LIBOR plus 0.4% per annum. The interest is payable semi-annually. The principal amount is repayable by instalments semi-annually commencing on 15 December 2010 with maturity through 15 June 2030.
- (b) This loan is denominated in RMB and unsecured. The interest rate is referenced to published inter-bank repo rates issued by China Foreign Exchange Trading Center & National Interbank Funding Center and repriced every half year. The interest is payable semi-annually.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Aeronautical Business

In the first half year of 2014, under the impact of slow growth of international and domestic economy, turbulent political scene in some international regions, decrease in the demand of southeast Asia routes as a result of the missing MH370 flight and other factors, the overall growth of the air traffic volumes of Beijing Capital Airport slowed down.

In respect of domestic routes, the weak performance of domestic economy in the first half year and the large base of domestic air traffic volumes gave rise to a slight increase in the aircraft movements of relevant flights and passenger throughput; in respect of international routes, compared with the weak growth in the same period of the previous year, the growth in the aircraft movements of relevant flights and passenger throughput recovered due to the gradual increase in the travel demand of international passengers in the first half of 2014.

In the first half year of 2014, the cumulative aircraft movements at the Beijing Capital Airport reached 283,966 sorties, representing an increase of 2.6% as compared with the same period of the previous year. The cumulative passenger throughput reached 41,578,291 person-times, representing an increase of 1.9% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 854,558 tonnes, representing a decrease of 2.4% 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		
	2014	2013	Change
Aircraft Movements (<i>unit: sorties</i>)	283,966	276,768	2.6%
including: Domestic	222,653	216,891	2.7%
International, Hong Kong, Macau & Taiwan	61,313	59,877	2.4%
Passenger Throughput (<i>unit: person-times</i>)	41,578,291	40,794,167	1.9%
including: Domestic	31,691,154	31,417,728	0.9%
International, Hong Kong, Macau & Taiwan	9,887,137	9,376,439	5.4%
Cargo and mail throughput (<i>unit: tonnes</i>)	854,558	875,470	-2.4%
including: Domestic	475,764	488,466	-2.6%
International, Hong Kong, Macau & Taiwan	378,794	387,004	-2.1%

AERONAUTICAL REVENUES

	Unaudited For the six months ended 30 June		
	2014	2013	Change
	RMB'000	RMB'000	
Passenger charges	820,090	789,501	3.9%
Aircraft movement fees and related charges	756,897	715,555	5.8%
Airport fee <i>(Note 1)</i>	527,032	519,188	1.5%
Total aeronautical revenues	2,104,019	2,024,244	3.9%
less: Business tax and levies	3,784	3,770	0.4%
Aeronautical revenues, net of business tax and levies	2,100,235	2,020,474	3.9%

Note 1: Pursuant to the “Notice regarding the Issuance of Interim Measures for the Collection, Utilisation and Management of 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. The airport fee for 2014 and 2013 represent the Civil Aviation Development Fund receivable by the Company.

In the first half year of 2014, the total aeronautical revenues of the Company were RMB2,104,019,000, representing an increase of 3.9% as compared with the same period of the previous year.

In the first half year of 2014, revenues from passenger charges were RMB820,090,000, representing an increase of 3.9% as compared with the same period of the previous year and outpacing the growth rate of passenger throughput, which was mainly due to the continued impact of the uniform charging policy for domestic and international routes as executed from 1 April 2013.

In the first half year of 2014, revenues from aircraft movement fees and related charges were RMB756,897,000, representing an increase of 5.8% as compared with the same period of the previous year and outpacing the growth rate of aircraft movements, which was mainly due to the uniform charging policy for domestic and international routes and the higher proportion of large airliners.

In the first half year of 2014, the airport fee revenue was RMB527,032,000, representing an increase of 1.5% as compared with the same period of the previous year, which was slightly lower than the growth rate of the passenger throughput, mainly due to the substantial increase in child passengers (note: child passengers are exempted from airport fee) as a result of the prevalence of parent-child tourism. Statistics show that the number of child passengers of Beijing Capital Airport for the first half year of 2014 increased by 20.6% as compared with the same period of the previous year.

NON-AERONAUTICAL REVENUES

	Unaudited For the six months ended 30 June		
	2014	2013	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Concessions	991,595	1,015,095	−2.3%
including: Retailing	433,736	417,565	3.9%
Advertising	406,433	423,623	−4.1%
Restaurants and food shops	59,282	57,371	3.3%
VIP services	35,653	38,118	−6.5%
Ground handling	22,601	54,232	−58.3%
Others	33,890	24,186	40.1%
Rentals	510,999	408,507	25.1%
Car parking fees	89,479	77,675	15.2%
Others	3,171	3,278	−3.3%
Total non-aeronautical revenues	1,595,244	1,504,555	6.0%
less: Business tax and levies	46,622	44,188	5.5%
Non-aeronautical revenues, net of business tax and levies	1,548,622	1,460,367	6.0%

In the first half year of 2014, the total non-aeronautical revenues of the Company were RMB1,595,244,000, representing an increase of 6.0% as compared with the same period of the previous year.

In the first half year of 2014, the concession revenues of the Company were RMB991,595,000, representing a decrease of 2.3% as compared with the same period of the previous year. Among which, benefiting from the recovery of increase in international passenger throughput and the slight improvement of the average purchasing power of passengers, the concession revenues from retailing reached RMB433,736,000, representing an increase of 3.9% as compared with the same period of the previous year; under the influence of the operating environment, the concession revenues from advertising were RMB406,433,000, representing a decrease of 4.1% as compared with the same period of the previous year; the concession revenues from restaurants and food shops were RMB59,282,000, representing an increase of 3.3% as compared with the same period of the previous year, which mainly resulted from the increase in passenger throughput and the improvement of passenger consumption ability; the concession revenues from VIP services amounted to RMB35,653,000, representing a decrease of 6.5% as compared with the same period of the previous year, which was mainly due to the decrease in the earnings of the operator of such business as a result of the increase in operating expenses; the concession revenues from ground handling service were RMB22,601,000, representing a decrease of 58.3% as compared with the same period of the previous year, which was mainly because the Company had not reached an agreement on the ground handling service fee with certain customers due to preferential price, temporarily resulting in no relevant revenues recognised in the period; other concession revenues were RMB33,890,000, representing an increase of 40.1% as compared with the same period of the previous year, mainly due to some newly-added resources and business cooperation projects in the period.

In the first half year of 2014, the rental revenues of the Company were RMB510,999,000, representing an increase of 25.1% as compared with the same period of the previous year, which is mainly due to the increase in the rental price of relevant business lease resources in the terminals and area lease resources outside the terminals, and the Company reached agreement with certain customers in respect of the usage fee of some resources for previous years with some customers, and recognised the related revenues in this period.

In the first half year of 2014, the car parking service fee of the Company was RMB89,479,000, representing an increase of 15.2% over the same period of the previous year, mainly because of the appropriate increase in car parking price made by the Company.

Operating expenses

	Unaudited For the six months ended 30 June		Change
	2014	2013	
	RMB'000	RMB'000	
Depreciation and amortisation	717,733	776,003	-7.5%
Utilities and power	303,899	291,368	4.3%
Repair and maintenance	298,034	300,145	-0.7%
Aviation safety and security guard costs	257,801	234,768	9.8%
Staff costs	241,620	256,234	-5.7%
Rental expenses	193,862	50,692	282.4%
Operating contracted services	133,740	123,596	8.2%
Greening and environmental maintenance	99,894	103,686	-3.7%
Real estate and other taxes	82,428	80,754	2.1%
Other costs	123,974	118,109	5.0%
Total operating expenses	<u>2,452,985</u>	<u>2,335,355</u>	5.0%

In the first half year of 2014, the total operating expenses of the Company were RMB2,452,985,000, representing an increase of 5.0% as compared with the same period of the previous year.

In order to improve the capacity of the domestic waiting area, the T3D terminal (“T3D”) of Beijing Capital Airport was officially put into operation in May of 2013, which resulted in corresponding increases in expenses in connection with the operation of T3D of the Company such as the aviation safety and security guard costs and the operating contracted services costs during the reporting period.

In the first half year of 2014, the depreciation and amortisation expenses of the Company were RMB717,733,000, representing a decrease of 7.5% as compared with the same period of the previous year mainly because the depreciation period of some fixed assets expired at the end of 2013 and no corresponding expenses were incurred during the reporting period.

In the first half year of 2014, the utilities and power expenses of the Company were RMB303,899,000, representing an increase of 4.3% as compared with the same period of the previous year, mainly due to the operation of T3D and the extended air condition supply in the reporting period as compared with the same period of the previous year.

In the first half year of 2014, the repair and maintenance expenses of the Company were RMB298,034,000, representing a decrease of 0.7% as compared with the same period of the previous year.

In the first half year of 2014, the aviation safety and security guard costs of the Company were RMB257,801,000, representing an increase of 9.8% as compared with the same period of the previous year, mainly due to the increase in security personnel and equipment as a result of the growth of the air traffic volumes of the airport, the commencement of operation of T3D, and the security upgrade for coping with international security situation and emergencies in public places.

In the first half year of 2014, the staff costs of the Company were RMB241,620,000, representing a decrease of 5.7% as compared with the same period of the previous year, mainly due to the control of labor costs by the Company impacted by the decelerated growth of the air traffic volumes.

In the first half year of 2014, the rental expenses of the Company were RMB193,862,000, representing an increase of 282.4% as compared with the same period of the previous year, mainly due to the newly-incurred rental expenses of T3D in the period.

In the first half year of 2014, the operating contracted services costs of the Company were RMB133,740,000, representing an increase of 8.2% as compared with the same period of the previous year.

In the first half year of 2014, the other costs of the Company were RMB123,974,000, representing an increase of 5.0% as compared with the same period of the previous year, mainly due to the additional trademark usage fee arising from the contract entered into between the Company and the Parent Company at the end of 2013 (pursuant to the contract, the Company shall pay the trademark usage fee of Beijing Capital Airport to the Parent Company annually, calculated as 1% of the revenues from the principal business of the Company in the preceding year). Meanwhile, the substantial deduction of administrative expenses during the reporting period and the decrease in expenditure of deicing fluid due to the less snowfall in 2014 greatly offset the substantial increase impact of the additional trademark usage fee.

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014, the net finance costs of the Company after deducting finance income were RMB297,284,000.

For the six months ended 30 June 2014, the income tax expense of the Company was RMB224,798,000.

PROSPECT FOR THE SECOND HALF YEAR OF 2014

In the second half year of 2014, the international air traffic volumes of Beijing Capital Airport are expected to keep a stable and good trend, and will still be superior to the domestic air traffic volumes in respect of growth, which, however, will slow down, while the domestic air traffic volumes will continue to maintain a low growth. Meanwhile, due to the impact of special weather, air traffic control and other external environment, etc., there are still certain pressure and uncertainties about the growth of the air traffic volumes of Beijing Capital Airport.

At present, accidents in international aviation occurred continuously, and the domestic situation of anti-terrorist and antiriot is quite severe. In the second half year of 2014, the aviation security as well as the management and control of public areas of Beijing Capital Airport will be confronted with extreme challenges. The Company will further strengthen anti-terrorist collaboration, reinforce operation guarantee, promote safety margin, improve the construction of security system and enhance the risk prevention ability, so as to ensure sustained safety and security.

At the beginning of the year, the government proposed the strategy of synergetic development of Beijing, Tianjin and Hebei, and gave the priority to the transportation industry. The CAAC also proposed to deepen the synergetic development of Beijing, Tianjin and Hebei in respect of the allocation of routes and flights by clarifying the position of airport with market orientation. The Company will take it as the opportunity to further optimize the route structure of Beijing Capital Airport, promote the growth of international and transfer passengers, increase the marketing of 72-hour visa-free policy, proactively improve the growth of cargo volume and vigorously promote the construction of hub through proactively adapting to the strategy of synergetic development of Beijing, Tianjin and Hebei in the second half year of 2014.

In the second half year of 2014, the Company will proactively promote relevant government authorities for the supplement of slots resources of Beijing Capital Airport, and endeavor to achieve the maximum economy of resources in respect of using the incremental slots resources. The Company will also continue to push forward the renovations of Terminal Two as scheduled and fully match the project delivery progress to further improve the capacity of Beijing Capital Airport.

In the second half year of 2014, the Company will persistently enhance coordinated operation, and further enhance its overall operating efficiency and service quality.

In the second half year of 2014, the Company will continue to optimize the overall business plan, innovate the business model and continuously increase non-aeronautical revenues. Meanwhile, it will promote the overall operating efficiency through further strengthening the Company's internal operation management ability.

The approvals in respect of the Beijing New Airport project will enter the final phase in the second half year of 2014. The Company will continue to comprehensively track the progress of this project and conduct assessments on relevant impact on the project, in order to make prudent decisions about the desirable tactics to be taken for the Beijing New Airport project.

INTERIM DIVIDENDS

The Board of the Company resolved to distribute the interim dividends of RMB0.0469 per share for the six months ended 30 June 2014, amounting to the total of approximately RMB203,119,000 (the interim dividends distributed for 2013: RMB0.0466 per share, amounting to the total of approximately RMB201,819,000).

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 (i.e., from 11 August 2014 to 17 August 2014), the average exchange rate of RMB to Hong Kong dollar was HK\$1.00 = RMB0.79386. Accordingly, the amount of the interim dividends for each H share of the Company for the six months ended 30 June 2014 is HK\$0.05908.

The register of members of the Company will be temporarily closed from Monday, 15 September 2014 to Friday, 19 September 2014 (both days inclusive), during which period no transfer of shares will be registered. The interim dividends are expected to be paid on or before Friday, 31 October 2014, to the shareholders whose names appear on the register of members on Friday, 19 September 2014.

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent (the "Receiving Agent") which will receive the 2014 interim dividend declared from the Company on behalf of the holders of H shares. The 2014 interim dividend will be paid by the Receiving Agent on or before 31 October 2014 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 2014 interim dividend, 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 Friday, 12 September 2014.

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 Shares” (Guo Shui Han [2008] No.897) 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 2014 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. Friday, 19 September 2014 (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 enterprise” shareholders) on the register of members for H shares of the Company on the Record Date, the Company will distribute the 2014 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 2014, the Company had total cash and cash equivalents amounting to RMB2,041,404,000, while the cash and cash equivalents of the Company amounted to RMB2,052,283,000 as at 31 December 2013.

As at 30 June 2014, the Company's short-term borrowings were RMB2,500,000,000; long-term borrowings were RMB2,490,000,000; loans from the Parent Company were RMB2,921,286,000; bonds payable were RMB4,892,313,000.

As at 30 June 2014, the Company had unutilised long-term banking facilities of RMB16 billion (31 December 2013: RMB15.5 billion).

As at 30 June 2014, the current ratio of the Company was 47.61%, and that as at 31 December 2013 was 58.82%. Such ratios were computed by dividing the total current assets by total current liabilities as at those respective dates.

As at 30 June 2014, the liability-to-asset ratio of the Company was 48.46%, and that as at 31 December 2013 was 50.42%. Such ratios were computed by dividing the total amount of liabilities by the total assets as at those respective dates.

As at 30 June 2014, the Company's net cash generated from operating activities amounted to RMB1,716,885,000, representing an increase of 2.1% as compared with the same period of the previous year.

As at 30 June 2014, net cash used in investing activities amounted to RMB276,084,000, while net cash used in investing activities amounted to RMB118,273,000 in the same period of the previous year.

As at 30 June 2014, the Company's net cash used in financing activities amounted to RMB1,452,323,000, representing a decrease of 2.6% as compared with the same period of the previous year.

CHARGE ON ASSETS

During the six months ended 30 June 2014, there was no material charge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2014, the Company had no merger, acquisition or disposal.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

The Company had not purchased, sold or redeemed any of its shares during the six months ended 30 June 2014.

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 2014, the Company assumed the US dollar-denominated borrowings (USD393,526,000) 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 T3, T3 related assets, roads within the airport area, the driverless electric train system, commercial areas, 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) 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 2014, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB79,134,000 (as at 31 December 2013: RMB70,936,000), trade and other receivables of approximately RMB16,215,000 (as at 31 December 2013: RMB10,812,000), trade and other payables of approximately RMB5,641,000 (as at 31 December 2013: RMB5,474,000), and loans from the Parent Company of approximately RMB2,421,286,000 (as at 31 December 2013: RMB2,474,266,000).

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 RMB2,921,286,000, 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 interbank repo rate published by China Foreign Exchange Trading Centre & National Interbank Funding Centre. The borrowings of the Company totaled RMB4,990,000,000 and their interest rates were referenced to the benchmark interest rates announced by the People's Bank of China. 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

The Company had no significant contingent liabilities as at 30 June 2014.

EMPLOYEES AND EMPLOYEES' WELFARE

- 1. As at 30 June 2014, 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 2014	As at 30 June 2013
Number of employees	<u>1,672</u>	<u>1,615</u>

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 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.

MATERIAL LITIGATION OR ARBITRATION

During the reporting period, the Company was not involved in any material litigation or arbitration.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2014, 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 2014, 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

For the six months ended 30 June 2014, 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 total issued share capital
Capital Airports Holding Company ^(Note 1)	Domestic shares	2,451,526,000 (L)	Beneficial owner	100%	56.61%
NWS Holdings Limited	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
Cheng Yu Tung Family (Holdings II) Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
Cheng Yu Tung Family (Holdings) Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
Chow Tai Fook (Holding) Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%

Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Percentage of shareholding to the relevant class	Percentage to total issued share capital
Chow Tai Fook Capital Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
Chow Tai Fook Enterprises Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
Fortland Ventures Limited ^(Note 2)	H shares	448,342,000 (L)	Beneficial owner	23.86%	10.35%
New World Development Company Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
NWS Ports Management Limited ^(Note 2)	H shares	448,342,000 (L)	Interest of corporation controlled by the substantial shareholder	23.86%	10.35%
JP Morgan Chase & Co.	H shares	112,796,230 (L)	Interest of corporation	6.00%	2.60%
		825,610 (S)	controlled by the	0.04%	0.02%
		103,367,103 (P)	substantial shareholder	5.50%	2.39%
Blackrock,Inc	H shares	94,322,941 (L)	Interest of corporation	5.01%	2.18%
		4,742,000 (S)	controlled by the substantial shareholder	0.25%	0.11%

(L) = Long Position

(S) = Short Position

(P) = Lending Pool

Note:

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

Mr. Liu Xuesong, the Chairman of the Board and an executive director, is the 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. Cheng Yu Tung Family (Holdings) Limited holds approximately 48.98% interest in Chow Tai Fook Capital Limited (“CTF Capital”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Capital.

Cheng Yu Tung Family (Holdings II) Limited holds approximately 46.65% direct interest in CTF Capital and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Capital.

CTF Capital holds approximately 78.58% interest in Chow Tai Fook (Holding) Limited (“CTF Holding”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Holding.

CTF Holding holds 100% interest in Chow Tai Fook Enterprises Limited (“CTF Enterprises”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.

CTF Enterprises hold approximately 43.02% interest in New World Development Company Limited (“NWD”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.

NWD holds approximately 61.30% interest in NWS Holdings Limited (“NWS”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWS.

NWS holds 100% interest in NWS Ports Management Limited, which holds 100% interest in Fortland Ventures Limited.

Therefore, Cheng Yu Tung Family (Holdings) Limited, CTF Capital, Cheng Yu Tung Family (Holdings II) Limited, CTF Holding, CTF Enterprises, NWD, NWS and NWS Ports Management Limited are all deemed to be interested in the Shares held by or deemed to be interested by Fortland Ventures Limited.

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 2014, 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 2014.

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

As at 30 June 2014, none of the directors or the supervisors or senior management 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 senior management of the Company, or their associates had been granted or had exercised any such rights for the six months ended 30 June 2014.

AUDIT COMMITTEE

The Audit Committee was established on 10 January 2000. On 30 June 2014, the sixth session of the Board of the Company reappointed the members of the Audit Committee whose term will expire on the date of the 2016 annual general meeting. At present, the Audit Committee is composed of four independent non-executive directors, namely, Mr. Liu Guibin (PRC 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. Auditors are invited to attend the Audit Committee meetings regularly and they can communicate with the Audit Committee individually, as they deem necessary.

The Audit Committee fulfills its supervisory responsibility as delegated by the Board through examining matters relating to financial reporting, internal control procedures, and considering auditing issues of the Company. 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 2014, as well as the accounting principles and policies 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

The Company adhered to good corporation governance level. The Company confirms that it has complied with all the provisions set out in the Corporate Governance Code set out in Appendix 14 of the Listing Rules (the “Code”) for the six months ended 30 June 2014 except for the Code provision in relation to the matter set out below.

In respect of Code provision A.6.7 of the Code, the Company held its 2013 annual general meeting on 30 June 2014. Save as Mr. Zhang Guanghui and Mr. Chen Guoxing were absent from the meeting due to other business commitment, all other members of the Board attended the meeting. Matters considered at the meeting included six 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 the 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 2014, the Company strictly implemented the Code for Securities Transactions by Directors and Staff.

Having made specific enquiries to the directors, supervisors and senior management of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2014.

By the order of the Board

Shu Yong

Secretary to the Board

Beijing, the PRC, 20 August 2014

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

Executive Directors: Mr. Liu Xuesong, Mr. Shi Boli and Ms. Gao Lijia

Non-executive Directors: Mr. Yao Yabo, Mr. Zhang Musheng and
Mr. Cheng Chi Ming, Brian

Independent Non-executive Directors: Mr. Japhet Sebastian Law, Mr. Wang Xiaolong,
Mr. Jiang Ruiming and Mr. Liu Guibin

An 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”, 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>.