Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

2017 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In 2017, the aircraft movements of Beijing Capital Airport reached 597,259 sorties, representing a decrease of 1.5% as compared with the previous year. The passenger throughput reached 95,786,442 person-times, representing an increase of 1.5% as compared with the same period of the previous year. The cargo and mail throughput reached 2,029,584 tonnes, representing an increase of 4.5% as compared with the previous year.

- In 2017, the revenues of the Company from principal operations were RMB9,574,516,000, representing an increase of 9.7% as compared with the same period of the previous year.

- In 2017, the aeronautical revenues of the Company were RMB5,100,686,000, representing an increase of 5.5% as compared with the same period of the previous year.

- In 2017, the non-aeronautical revenues of the Company were RMB4,473,830,000, representing an increase of 14.9% as compared with the same period of the previous year.

- In 2017, the operating expenses of the Company were RMB6,025,738,000, representing an increase of 4.1% as compared with the same period of the previous year.

- In 2017, the net profit after tax of the Company was RMB2,600,461,000, and the earnings per share was RMB0.60, representing an increase of 46.0% as compared with the same period of the previous year.

- The Board proposed to distribute the final dividend of RMB0.1526 per share for the year ended 31 December 2017, totalling approximately RMB660,894,000.

The board of directors (the "Board") of Beijing Capital International Airport Company Limited (the "Company") is pleased to announce the audited results of the Company for the year ended 31 December 2017, together with the comparative figures of 2016, which have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as below:

STATEMENT OF COMPREHENSIVE INCOME

	Note	**2017** *RMB'000*	2016 *RMB'000*
Revenues			
Aeronautical	3	**5,100,686**	4,836,737
Non-aeronautical	3	**4,473,830**	3,892,353
		9,574,516	8,729,090
Business tax and levies		**–**	(51,299)
Operating expenses			
Depreciation and amortisation		**(1,403,946)**	(1,549,830)
Repairs and maintenance		**(774,775)**	(716,149)
Concession management fees		**(661,752)**	(576,541)
Aviation safety and security guard costs		**(640,874)**	(571,603)
Utilities and power		**(606,778)**	(619,834)
Staff costs		**(600,364)**	(543,647)
Operating contracted services		**(385,950)**	(328,140)
Real estate and other taxes		**(250,064)**	(202,999)
Greening and environmental maintenance		**(210,213)**	(205,947)
Rental expenses		**(123,085)**	(111,336)
Other costs		**(367,937)**	(360,348)
	4	**(6,025,738)**	(5,786,374)
Other income		**3,841**	2,706
Operating profit		**3,552,619**	2,894,123

	Note	**2017**	2016
		RMB'000	*RMB'000*
Finance income	5	**160,954**	29,146
Finance costs	5	**(246,530)**	(552,181)
		(85,576)	(523,035)
Share of post-tax profit of a joint venture		**3,251**	5,623
Profit before income tax		**3,470,294**	2,376,711
Income tax expense	6	**(869,833)**	(595,710)
Profit for the year		**2,600,461**	1,781,001
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		**29,806**	(36,444)
Share of other comprehensive loss of investment in a joint venture		**–**	(10,612)
Other comprehensive income/(loss) for the year, net of tax		**29,806**	(47,056)
Total comprehensive income for the year		**2,630,267**	1,733,945
Earnings per share, basic and diluted *(RMB)*	7	**0.60**	0.41

BALANCE SHEET

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**26,050,982**	26,629,287
Land use rights		**1,106,964**	1,135,392
Intangible assets		**83,163**	64,736
Investment in a joint venture		**–**	34,869
Deferred income tax assets		**183,524**	167,675
Other non-current assets	9	**54,018**	52,895
		27,478,651	28,084,854
Current assets			
Inventories		**118,427**	123,474
Trade and other receivables	9	**1,314,907**	1,138,584
Cash and cash equivalents		**1,614,649**	4,530,369
Other current assets		**72,504**	26,909
		3,120,487	5,819,336
Assets held-for-sale		**38,120**	–
		3,158,607	5,819,336
Total assets		**30,637,258**	33,904,190
EQUITY			
Capital and reserves			
Share capital		**4,330,890**	4,330,890
Share premium		**5,055,425**	5,055,425
Capital reserve	10	**1,254,344**	1,012,842
Other reserve		**(32,098)**	(61,904)
Statutory and discretionary reserves		**4,992,579**	4,376,333
Retained earnings		**5,828,675**	4,664,731
Total equity		**21,429,815**	19,378,317

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	**2,990,000**	3,000,000
Loans from the Parent Company	15	**1,848,177**	2,132,726
Retirement benefit obligations		**128,542**	161,135
Deferred income		**27,558**	25,996
		4,994,277	5,319,857
Current liabilities			
Trade and other payables	11	**3,645,973**	3,148,759
Interest payable		**5,726**	142,717
Current income tax liabilities		**393,005**	236,363
Short-term debentures	12	**–**	2,500,000
Current portion of bonds payable	13	**–**	2,999,857
Current portion of loans from the Parent Company	15	**160,711**	170,618
Current portion of retirement benefit obligations		**7,751**	7,702
		4,213,166	9,206,016
Total liabilities		**9,207,443**	14,525,873
Total equity and liabilities		**30,637,258**	33,904,190

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	Statutory and discretionary reserves *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2016		4,330,890	5,055,425	957,510	(14,848)	3,869,850	4,070,163	18,268,990
Profit for the year		–	–	–	–	–	1,781,001	1,781,001
Other comprehensive loss for the year		–	–	–	(47,056)	–	–	(47,056)
Total comprehensive income for the year		–	–	–	(47,056)	–	1,781,001	1,733,945
Cash contribution from the Parent Company	10	–	–	55,332	–	–	–	55,332
2015 final dividend		–	–	–	–	–	(408,403)	(408,403)
2016 interim dividend	8	–	–	–	–	–	(271,547)	(271,547)
Transfer to statutory and discretionary reserves		–	–	–	–	506,483	(506,483)	–
Balance at 31 December 2016		4,330,890	5,055,425	1,012,842	(61,904)	4,376,333	4,664,731	19,378,317
Balance at 1 January 2017		**4,330,890**	**5,055,425**	**1,012,842**	**(61,904)**	**4,376,333**	**4,664,731**	**19,378,317**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**2,600,461**	**2,600,461**
Other comprehensive income for the year		**–**	**–**	**–**	**29,806**	**–**	**–**	**29,806**
Total comprehensive income for the year		**–**	**–**	**–**	**29,806**	**–**	**2,600,461**	**2,630,267**
Cash contribution from the Parent Company	10	**–**	**–**	**241,502**	**–**	**–**	**–**	**241,502**
2016 final dividend	8	**–**	**–**	**–**	**–**	**–**	**(440,885)**	**(440,885)**
2017 interim dividend	8	**–**	**–**	**–**	**–**	**–**	**(379,386)**	**(379,386)**
Transfer to statutory and discretionary reserves		**–**	**–**	**–**	**–**	**616,246**	**(616,246)**	**–**
Balance at 31 December 2017		**4,330,890**	**5,055,425**	**1,254,344**	**(32,098)**	**4,992,579**	**5,828,675**	**21,429,815**

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 (the "CAAC").

The Company is principally engaged in the ownership and operation of the international airport in Beijing ("Beijing Capital Airport") and the provision of related services. The address of its registered office is Capital Airport, Beijing, the PRC.

2 BASIS OF PREPARATION

(a) Compliance with IFRS and HKCO

The financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and requirement of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for defined benefit pension plans – plan assets measured at fair value.

(c) Going concern

As at 31 December 2017, the current liabilities of the Company exceeded the current assets by RMB1,054,559,000 (2016: RMB3,386,680,000). 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.

Based on the above considerations, the Board of Directors is of the opinion that the Company has sufficient available financial resources to continue its operations and to repay its debts as and when they fall due. As a result, the financial statements of the Company for the year ended 31 December 2017 have been prepared on a going concern basis.

(d) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12,
- Disclosure initiative – Amendments to IAS 7, and
- Annual improvement 2014–2016 cycle: Disclosure of interest in other entities – Amendments to IFRS 12.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities.

(e) New and amended standards not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and amendments is set out below.

IFRS 9 Financial Instruments

Nature of change

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation.

Date of adoption by the Company

Must be applied for financial years commencing on or after 1 January 2018. The Company is still assessing the retrospective approach to be adopted.

IFRS 15 Revenue from Contracts with Customers

Nature of change

The International Accounting Standards Board has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Company's financial statements and no significant impact is expected.

Date of adoption by the Company

Mandatory for financial years commencing on or after 1 January 2018. The Company is still assessing the retrospective approach to be adopted.

IFRS 16 Leases

Nature of change

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of RMB1,083,823,000. None of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

However, the Company has not yet assessed what adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Company's profit or loss and classification of cash flows going forward.

Date of adoption by the Company

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company is still assessing the retrospective approach to be adopted.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3 REVENUES 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 revenues by category

	2017	2016
	RMB'000	*RMB'000*
Aeronautical:		
Aircraft movement fees and related charges	**1,951,845**	1,745,517
Passenger charges	**1,927,420**	1,889,358
Airport Fee *(note a)*	**1,221,421**	1,201,862
	5,100,686	4,836,737
Non-aeronautical:		
Concessions *(note b)*	**3,102,092**	2,644,150
Rentals	**1,197,729**	1,082,725
Car parking fees	**162,446**	155,752
Others	**11,563**	9,726
	4,473,830	3,892,353
Total revenues	**9,574,516**	8,729,090

(a) 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 had been converted to the Civil Aviation Development Fund (the "Airport Fee") which was imposed on passengers at the same rate of the previously charged civil airport management and construction 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 9 December 2015, with effect from 1 January 2016 to 31 December 2020, the Civil Aviation Development Fund is imposed on passengers at the same rate as previous years.

The charge rates of the Airport Fee are regulated by relevant authorities and the Company recognises the revenues of the Airport Fee according to the authorised charge rates attributable to the Company on the Airport Fee collected by the CAAC from outbound passengers.

During the year, the Company did not receive any notice from relevant authorities for the updated charge rates attributable to the Company on the Airport Fee collected by the CAAC from outbound passengers. Based on historical transaction pattern, cash settlement made by the CAAC and management's best estimation, the Company recognised its revenues of the Airport Fee for the year ended 31 December 2017 at the rate of 48% of total amount collected by the CAAC from outbound passengers, which was as same as that of previous years.

As at 31 December 2017, the Company had received from the CAAC the Airport Fee for the year ended 31 December 2017 in full at the rate of 48% of total amount collected by the CAAC from outbound passengers departing from the Beijing Capital Airport.

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

	2017	2016
	RMB'000	*RMB'000*
Retailing	**1,514,129**	1,212,760
Advertising	**1,098,255**	1,038,615
Restaurants and food shops	**251,256**	197,105
VIP service	**98,778**	96,862
Ground handling	**55,557**	28,555
Other	**84,117**	70,253
	3,102,092	2,644,150

As the Company is domiciled in the PRC from where all of its revenues from external customers for the years ended 31 December 2017 and 2016 are derived and in where all of its assets are located, no geographical segment information is shown.

For the year ended 31 December 2017, approximately 18% and 15% (2016: 17% and 13% of the total revenues of the Company were derived from two (2016: two) single external customers.

4 EXPENSES BY NATURE

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

	2017	2016
	RMB'000	*RMB'000*
Depreciation on property, plant and equipment		
– owned assets	**1,322,376**	1,467,556
– owned assets leased out under operating leases	**29,639**	33,675
Amortisation of land use rights	**28,428**	28,429
Amortisation of intangible assets	**23,503**	20,170
Operating lease rentals		
– Office building	**46,244**	46,553
– Land use rights	**45,772**	42,383
– Information technology center	**7,760**	16,404
– Other rentals	**23,309**	5,996
Loss on disposal of property, plant and equipment	**8,138**	2,830
Provision for impairment of trade receivables *(Note 9)*	**55,667**	72,893
Auditor's remuneration	**6,426**	3,516
– Audit services	**4,475**	3,500
– Non-audit services	**1,951**	16

5 FINANCE INCOME/(COSTS)

	2017	2016
	RMB'000	*RMB'000*
Finance income		
Exchange gains, net	**127,465**	–
Interest income on bank deposits	**33,489**	29,146
	160,954	29,146
Finance costs		
Interest for borrowings	**(126,976)**	(213,065)
Interest for short-term debentures	**(70,000)**	(10,000)
Interest for loans from the Parent Company	**(35,358)**	(28,356)
Interest for bonds payable	**(12,223)**	(142,461)
Bank charges	**(1,973)**	(4,658)
Exchange losses, net	**–**	(153,641)
	(246,530)	(552,181)
Net finance costs	**(85,576)**	(523,035)

6 TAXATION

(a) Corporate income tax

Taxation in the statement of comprehensive income represents provision for PRC corporate income tax.

The Company is subject to corporate income tax at a rate of 25% (2016: 25%) on its taxable income as determined in accordance with the relevant PRC income tax laws and regulations.

	2017	2016
	RMB'000	*RMB'000*
Current income tax	**895,618**	618,759
Deferred income tax	**(25,785)**	(23,049)
	869,833	595,710

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

	2017	2016
	RMB'000	*RMB'000*
Profit before income tax	**3,470,294**	2,376,711
Less: share of post-tax profit of a joint venture	**(3,251)**	(5,623)
	3,467,043	2,371,088
Tax calculated at a tax rate of 25% (2016: 25%)	**866,761**	592,772
Expenses not deductible for tax purpose	**3,072**	2,938
Tax charge	**869,833**	595,710

(b) Business tax and value added tax

Before 1 May 2016, pursuant to "Notice regarding the Issuance of Pilot Proposal for the Change from Business Tax to Value Added Tax" (Cai Shui [2011] No. 110) and "Notice regarding the Issuance of Pilot Proposal for the Change from Business Tax to Value Added Tax on Transportation Industry and Part of Modern Service Industry in Beijing and other 8 provinces and cities" (Cai Shui [2012] No. 71) and relevant further regulations issued by the Ministry of Finance of the People's Republic of China and the State Administration of Taxation, starting from 1 September 2012, aeronautical revenues and revenues of 400Hz power fees and air condition fees from domestic airliners and concession revenues (excluding concession revenue of restaurants and food shops) of the Company are subject to value added tax at the rate of 6%; rental revenues of tangible movable assets under operating lease are subject to value added tax at the rate of 3% based on the simplified method for tax calculation; the revenues of Airport Fee, aeronautical revenues and revenues of 400Hz power fees and air condition fees from international, Hong Kong, Macau and Taiwan airliners are exempt from paying any value added tax or business tax since 1 September 2012. Other revenues are subject to business tax at the rate of 5%.

Since 1 May 2016, pursuant to the "Circular on the Overall Promotion of Pilot Program of Levying Value Added Tax in place of Business Tax" (Cai Shui [2016] No.36) jointly issued by the Ministry of Finance and the State Administration of Taxation, aeronautical revenues and revenues of 400Hz power fees and air condition fees from domestic airliners, concession revenues and other non-aeronautical revenues of the Company are subject to value added tax, and the applicable tax rate is 6%; rental revenues (excluding rental revenue of tangible movable assets under operating lease) and revenues of car parking fees of the Company are subject to value added tax, and the applicable tax rate is 11%; rental revenues (excluding rental revenue of tangible movable assets under operating lease) from immovable assets which are obtained before 30 April 2016 and revenues of car parking fees which are generated from the assets obtained before 30 April 2016 could be chosen to be subject to value added tax of 5% based on the simplified method for tax calculation; rental revenues of tangible movable assets under lease are subject to value added tax, and the applicable tax rate is 17%; rental revenues of tangible movable assets under operating lease, which the assets are obtained before 30 April 2016, could be chosen to be subject to value added tax of 3% based on the simplified method for tax calculation; the revenues of Airport Fee, aeronautical revenues and revenues of 400Hz power fees and air condition fees from international, Hong Kong, Macau and Taiwan airliners are exempt from paying any value added tax or business tax.

(c) Real estate tax

The Company is subject to real estate tax at an annual rate of 1.2% on 70% of the cost of its buildings and land or 12% of the rentals from the buildings and land.

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 year.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2017 and 2016.

	2017	2016
Profit for the year *(RMB'000)*	**2,600,461**	1,781,001
Basic earnings per share *(RMB per share)*	**0.60**	0.41

8 DIVIDENDS

	2017	2016
Dividend proposed		
Final dividend *(RMB'000)*	**660,894**	440,885
Final dividend per share *(RMB)*	**0.1526**	0.1018
Interim dividend *(RMB'000)*	**379,386**	271,547
Interim dividend per share *(RMB)*	**0.0876**	0.0627

The final dividend for the year ended 31 December 2017 was proposed at the Board of Directors meeting held on 28 March 2018. This proposed dividend is not reflected as a dividends payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2018.

9 TRADE AND OTHER RECEIVABLES

	2017 *RMB'000*	2016 *RMB'000*
Trade receivables		
– CAHC's subsidiaries	**20,697**	37,302
– a joint venture of the Company	**508**	496
– third parties	**1,483,614**	1,247,790
	1,504,819	1,285,588
Less: Provision for impairment	**(240,970)**	(185,303)
	1,263,849	1,100,285
Bill receivable		
– third parties	**16,008**	–

	2017	2016
	RMB'000	*RMB'000*
Dividends receivable		
– a joint venture of the Company	**10,715**	10,715
Prepayments and other receivables		
– CAHC and its subsidiaries	**50,063**	54,081
– a joint venture of the Company	**2,930**	–
– third parties	**25,360**	26,398
	78,353	80,479
Total trade and other receivables	**1,368,925**	1,191,479
Less: non-current portion	**(54,018)**	(52,895)
Current portion	**1,314,907**	1,138,584

The ageing analysis of the trade receivables based on invoice date is as follows:

	2017	2016
	RMB'000	*RMB'000*
Less than 3 months	**895,046**	806,804
4 – 6 months	**146,524**	41,233
7 – 12 months	**100,550**	105,032
1 – 2 years	**120,525**	110,178
2 – 3 years	**107,158**	133,156
Over 3 years	**135,016**	89,185
	1,504,819	1,285,588

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

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

	2017	2016
	RMB'000	*RMB'000*
Not past due	**7,325**	5,054
Past due up to 3 months	**7,932**	8,492
Past due 4 – 6 months	**7,946**	8,681
Past due 7 – 12 months	**15,656**	26,760
Past due over 1 year	**202,111**	136,316
	240,970	185,303

The movement on the provision for impairment of trade receivables is as follows:

	2017	2016
	RMB'000	*RMB'000*
At beginning of year	**185,303**	112,410
Provision for impairment of receivables	**55,667**	72,893
At end of year	**240,970**	185,303

Prepayments and other receivables do not contain impaired assets.

10 CAPITAL RESERVE

Capital reserve represents equity contributions from CAHC in cash to which CAHC is fully entitled. In accordance with relevant government authorities' instruction, this amount is to be accounted for as capital reserve of the Company for the benefit of the Parent 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.

11 TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables		
Amounts due to related parties		
– CAHC	**194,984**	67,201
– CAHC's subsidiaries	**519,903**	471,199
– a joint venture of the Company	**193,651**	152,011
	908,538	690,411
Repairs and maintenance charges payable	**371,340**	333,055
Accounts payable for purchases	**63,744**	54,053
Sub-contracting charges payable	**43,663**	34,193
Greening and environmental maintenance charges payable	**33,474**	34,044
Other	**200,409**	178,689
	1,621,168	1,324,445
Advance and other payables		
Amounts due to related parties		
– CAHC	**89,923**	42,651
– CAHC's subsidiaries	**47,724**	103,295
– a joint venture of the Company	**13,364**	15,248
	151,011	161,194
Construction payable	**655,668**	442,074
Deed taxes in respect of the acquisition of the Phase III Assets* and the Building D of Terminal Three and Ancillary Assets	**357,335**	357,335
Advance from customers	**340,151**	397,903
Payroll and welfare payable	**262,180**	209,128
Deposits received	**153,520**	115,336
Receipts on behalf of concession operators	**69,175**	83,959
Other tax payable	**14,398**	18,088
Other	**21,367**	39,297
	2,024,805	1,824,314
	3,645,973	3,148,759

The ageing analysis of the trade payables based on invoice date is as follows:

	2017	2016
	RMB'000	*RMB'000*
Less than 3 months	**857,048**	893,703
4 – 6 months	**200,952**	90,474
7 – 12 months	**219,212**	73,803
Over 12 months	**343,956**	266,465
	1,621,168	1,324,445

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

12 SHORT-TERM DEBENTURES

	2017	2016
	RMB'000	*RMB'000*
Short-term debentures	**–**	2,500,000

In November 2016, as approved by National Association of Financial Market Institutional Investors, the Company issued RMB2,500,000,000 short-term debentures, and received a total proceeds of RMB2,500,000,000. These bonds carry a fixed coupon rate of 3.2% per annum, and the principal and interest charge were paid when the short-term debentures became due in November 2017.

13 BONDS PAYABLE

	2017	2016
	RMB'000	*RMB'000*
Principal amount	**3,000,000**	3,000,000
Bonds issuance cost	**(15,704)**	(15,704)
Proceeds received	**2,984,296**	2,984,296
Accumulated amortisation amounts of bonds issuance cost	**15,704**	15,561
Repayment of bonds	**(3,000,000)**	–
	–	2,999,857
Less: current portion	**–**	(2,999,857)
Non-current portion	**–**	–

On 5 February 2010, the Company issued bonds with a principal amount of RMB3,000,000,000 with maturity period of 7 years. The bonds are unsecured, guaranteed by the Parent Company and interest-bearing at 4.65% per annum. The interest is payable annually and the principal amount is repayable in 2017. In 2017, the principal amount of RMB3,000,000,000 was repaid by the Company.

14 BORROWINGS

	2017	2016
	RMB'000	*RMB'000*
Long-term		
– non-current portion	**2,990,000**	3,000,000

The movement in borrowings is analysed as follows:

	2017	2016
	RMB'000	*RMB'000*
Opening amount as at 1 January	**3,000,000**	5,870,000
Proceeds of new borrowings	**–**	3,500,000
Repayments of borrowings	**(10,000)**	(6,370,000)
Closing amount as at 31 December	**2,990,000**	3,000,000

As at 31 December 2017, the Company's borrowings are repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Between 1 and 2 years	**2,990,000**	–
Between 2 and 5 years	**–**	3,000,000
	2,990,000	3,000,000

The loan with the remaining amount of RMB2,990,000,000 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, the balance will be paid in May 2019.

The fair values of the long-term borrowings as at 31 December 2017 approximated to their carrying amount.

15 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 borrowings which were previously obtained by the Parent Company with same terms from European Investment Bank. The borrowings were not reassigned into the name of the Company.

	2017	2016
	RMB'000	*RMB'000*
Loans from the Parent Company	**2,008,888**	2,303,344
Less: current portion	**(160,711)**	(170,618)
	1,848,177	2,132,726

	2017	2016
	RMB'000	*RMB'000*
Opening amount as at 1 January	**2,303,344**	2,815,831
Repayments of borrowings	**(167,010)**	(664,315)
Currency translation differences	**(127,446)**	151,828
Closing amount as at 31 December	**2,008,888**	2,303,344

As at 31 December 2017, the Company's loans from the Parent Company are repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**160,711**	170,618
Between 1 and 2 years	**160,711**	170,618
Between 2 and 5 years	**482,133**	511,854
Over 5 years	**1,205,333**	1,450,254
	2,008,888	2,303,344

This loan is denominated in 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.

The financial figures above in respect of the announcement of the Company's annual results for the year ended 31 December 2017 (the "Announcement") have been agreed by the Company's international auditors, PricewaterhouseCoopers, to the amounts set out in the Company's financial statements for the year ended 31 December 2017. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2017, the Company's business performance remained stable and robust. As for the revenues, the income from principal operations was RMB9,574,516,000, representing an increase of 9.7% over the previous year. Among which, the aeronautical revenues continued its momentum to increase as a result of the increased passenger throughput, structural optimisation and the upward adjustment of charging standards in the domestic routes of domestic airlines, and reached RMB5,100,686,000, representing an increase of 5.5% over the previous year. As for the non-aeronautical business, due to the favorable economic environment, the overall non-aeronautical revenue showed outstanding performance of RMB4,473,830,000, representing an increase of 14.9% as compared with the previous year. As for the costs, the operating expenses of the Company in 2017 were RMB6,025,738,000, representing an increase of 4.1% over the previous year, as affected by the factors such as increased investment in aviation security and operational resources repair and maintenance.

Detailed analysis of the revenues and operating expenses is as follows:

Overview of Aeronautical Business

In 2017, as affected by the saturation of operational resources in Beijing Capital Airport, the suspension of central runway for maintenance, the security and support work for the Belt and Road Forum and 19th National Congress, and the policies promulgated by the CAAC to control the total operating volumes and improve the flight on-time performance, the overall growth in air traffic volumes of Beijing Capital Airport was under stress. In particular, the aircraft movements dropped slightly over last year and the passenger throughput showed a slow growth, while the international business maintained steady growth by virtue of the continuous optimisation of the Company's route structure. In 2017, the cumulative aircraft movements in Beijing Capital Airport reached 597,259 sorties, representing a decrease of 1.5% as compared with the previous year. The cumulative passenger throughput reached 95,786,442 person-times, representing an increase of 1.5% as compared with the previous year. The cumulative cargo and mail throughput reached 2,029,584 tonnes, representing an increase of 4.5% as compared with the previous year. Detailed information is set out in the table below:

	2017	2016	Change
Aircraft Movements *(unit: sorties)*	**597,259**	606,086	-1.5%
Domestic	**473,318**	487,688	-3.0%
Including: Hong Kong, Macau & Taiwan	**21,331**	21,575	-1.1%
International	**123,941**	118,398	4.7%
Passenger Throughput *(unit: person-times)*	**95,786,442**	94,393,454 *(Note 1)*	1.5%
Domestic	**74,065,150**	73,850,652	0.3%
Including: Hong Kong, Macau & Taiwan	**3,923,159**	3,918,681	0.1%
International	**21,721,292**	20,542,802	5.7%
Cargo and mail Throughput *(unit: tonnes)*	**2,029,584**	1,943,159	4.5%
Domestic	**1,102,323**	1,137,611	-3.1%
Including: Hong Kong, Macau & Taiwan	**109,928**	104,107	5.6%
International	**927,261**	805,548	15.1%

Note 1: The figures of passenger throughput were amended at the end of 2016.

Aeronautical Revenues

	2017 *RMB'000*	2016 *RMB'000*	Change
Aircraft movement fees and related charges	**1,951,845**	1,745,517	11.8%
Passenger charges	**1,927,420**	1,889,358	2.0%
Airport fee	**1,221,421**	1,201,862	1.6%
Total aeronautical revenues	**5,100,686**	4,836,737	5.5%

In 2017, the total aeronautical revenues of the Company were RMB5,100,686,000, representing an increase of 5.5% as compared with the previous year. In particular, revenues from aircraft movement fees and related charges were RMB1,951,845,000, representing an increase of 11.8% as compared with the previous year, mainly due to the upward adjustment of the relevant charging standards (as the charging standards for aircraft movements and the relevant aeronautical business of the domestic flights of domestic airlines in Mainland China were adjusted upwards starting from 1 April 2017 pursuant to the "Plan for Adjustment of Charging Standards of Civil Airports" issued by the CAAC), and the optimisation of route structure; revenues from passenger charges were RMB1,927,420,000, representing an increase of 2.0% as compared with the previous year, slightly higher than the growth in passenger throughput, which was mainly benefited from the growth in passenger throughput of international routes; the airport fee revenues of the Company were RMB1,221,421,000, representing an increase of 1.6% as compared with the previous year, the growth of which was basically the same as the growth in passenger throughput.

Non-Aeronautical Revenues

		2017	2016	Change
		RMB'000	*RMB'000*	
Concessions		**3,102,092**	2,644,150	17.3%
Including:	Retailing	**1,514,129**	1,212,760	24.8%
	Advertising	**1,098,255**	1,038,615	5.7%
	Restaurants and food shops	**251,256**	197,105	27.5%
	VIP services	**98,778**	96,862	2.0%
	Ground handling	**55,557**	28,555	94.6%
	Other concessions	**84,117**	70,253	19.7%
Rentals		**1,197,729**	1,082,725	10.6%
Car parking fees		**162,446**	155,752	4.3%
Others		**11,563**	9,726	18.9%
Total non-aeronautical revenues		**4,473,830**	3,892,353	14.9%

In 2017, the non-aeronautical revenues of the Company were RMB4,473,830,000, representing an increase of 14.9% as compared with the previous year. In 2017, the concession revenues of the Company were RMB3,102,092,000, representing an increase of 17.3% as compared with the previous year. In particular, the revenues from retailing were RMB1,514,129,000, representing an increase of 24.8% as compared with the previous year, which was mainly benefited from the increase in retail sales driven by the growth in international passenger throughput with high consumption abilities, the promotion in duty-free business and price adjustment in certain duty-free products. The revenues from advertising were RMB1,098,255,000, representing an increase of 5.7% as compared with the previous year, mainly due to the increase of advertising fees of some large-value advertising contracts in their renewal period after expiration and the addition of some advertising media resources in Terminal Three ("T3") of Beijing Capital Airport. The revenues from restaurants and food shops were RMB251,256,000, representing an increase of 27.5% as compared with the previous year, which was mainly due to the growth in overall price of catering tenants and the increase in passenger throughput in 2017. The revenues from ground handling service were RMB55,557,000, representing an increase of 94.6% as compared with the previous year, which was mainly due to the smaller base in previous year resulted from the fact that the Company had not entered into agreement with its major client regarding the concession fees of the ground handling service in 2016 and thus relevant revenues had not been recognised in that year, and part of the relevant income of previous years were written off . Other concession revenues were RMB84,117,000, representing an increase of 19.7% as compared with the previous year, mainly due to the fact that the Company entered into the relevant telecommunications cooperation concession agreements and recognised relevant revenues from franchising.

In 2017, the rental revenues of the Company were RMB1,197,729,000, representing an increase of 10.6% as compared with the previous year, which was mainly due to the additional rental areas for lounges and commercial areas in the terminals.

In 2017, the car parking service fees of the Company were RMB162,446,000, representing an increase of 4.3% as compared with the previous year, mainly due to the adjustments in parking fee policy.

In 2017, the other revenues of the Company were RMB11,563,000, representing an increase of 18.9% as compared with the previous year.

Operating Expenses

	2017	2016	Change
	RMB'000	*RMB'000*	
Depreciation and amortisation	**1,403,946**	1,549,830	-9.4%
Repair and maintenance	**774,775**	716,149	8.2%
Concession management fees	**661,752**	576,541	14.8%
Aviation safety and security guard costs	**640,874**	571,603	12.1%
Utilities and power	**606,778**	619,834	-2.1%
Staff costs	**600,364**	543,647	10.4%
Operating contracted services	**385,950**	328,140	17.6%
Real estate and other taxes	**250,064**	202,999	23.2%
Greening and environmental maintenance	**210,213**	205,947	2.1%
Rental expenses	**123,085**	111,336	10.6%
General, administrative and other costs	**367,937**	360,348	2.1%
Operating expenses	**6,025,738**	5,786,374	4.1%

In 2017, the operating expenses of the Company were RMB6,025,738,000, representing an increase of 4.1% as compared with the previous year.

In 2017, the depreciation and amortisation expenses of the Company were RMB1,403,946,000, representing a decrease of 9.4% as compared with the previous year, mainly because part of fixed assets in the terminals had been fully depreciated.

In 2017, the repair and maintenance expenses of the Company were RMB774,775,000, representing an increase of 8.2% as compared with the previous year, which was mainly due to the increased market price of maintenance fees for production equipment and systems, as well as the additional repair projects.

In 2017, the concession management fees of the Company were RMB661,752,000, representing an increase of 14.8% as compared with the previous year, which was mainly due to the corresponding increase of management fees based on a certain percentage of the revenues as a result of the increase in the concession revenues of retailing, advertising as well as restaurants and food shops.

In 2017, the aviation safety and security guard costs of the Company were RMB640,874,000, representing an increase of 12.1% as compared with the previous year, which mainly resulted from the increased personnel and investment in equipment support due to the growth in air traffic volumes of the Beijing Capital Airport and the support work for important summit and security upgrade.

In 2017, the staff costs of the Company were RMB600,364,000, representing an increase of 10.4% as compared with the previous year, which was mainly due to the better overall operating performance of the Company in the year, resulting in a corresponding increase in performance bonuses linked to the Company's performance.

In 2017, the operating services costs of the Company were RMB385,950,000, representing an increase of 17.6% as compared with the previous year, mainly due to one-off monetary compensation given by the Company in respect to the house facilities and accessories belonged to CAHC in demolition areas for implementation of the Apron Enhancement Plan, the increase in renewed price of terminal equipment and facilities operation contracts after their expiration as well as our new operational services projects.

In 2017, the real estate and other taxes of the Company were RMB250,064,000, representing an increase of 23.2% as compared with the previous year, mainly due to the change of the real estate tax's calculation method since the second half of 2016 according to the relevant tax regulations.

In 2017, the greening and environmental maintenance expenses of the Company were RMB210,213,000, representing an increase of 2.1% as compared with the previous year.

In 2017, the rental expenses of the Company were RMB123,085,000, representing an increase of 10.6% as compared with the previous year, which was mainly due to the additional rental of de-icing vehicles for operation requirement during the reporting period.

In 2017, the general, administrative and other costs of the Company were RMB367,937,000, representing an increase of 2.1% as compared with the previous year.

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

In 2017, the other income of the Company was RMB3,841,000, representing an increase of 41.9% as compared with the previous year, mainly due to the increase of government subsidies in 2017.

In 2017, the net finance costs after deducting finance income of the Company were RMB85,576,000, representing a decrease of 83.6% as compared with the previous year, mainly due to a significant decrease in the borrowing interests as a result of the repayments of matured corporate bonds and short-term debentures in 2017.

In 2017, the income tax expense of the Company was RMB869,833,000, representing an increase of 46.0% as compared with the previous year.

Profit for the Year

For the financial year ended 31 December 2017, the net profit of the Company amounted to RMB2,600,461,000, representing an increase of 46.0% as compared with the previous year.

Dividend

The Board proposed to distribute the final dividend of RMB0.1526 per share for 2017, totally amounting to approximately RMB660,894,000 (2016: RMB440,885,000). Such proposal shall be subject to the approval by the shareholders at the 2017 annual general meeting ("AGM") of the Company. If the proposal is approved at the AGM, the final dividend is expected to be paid on or before 31 August 2018. The details of the payment of the final dividend (including the tax deduction, registration date and book closure period, etc.) will be set out in the notice of AGM or further announcement to be issued by the Company.

The Company has distributed an interim dividend of RMB0.0876 per share for 2017, totally amounting to approximately RMB379,386,000. The total amount of the final dividend for 2017 proposed to be distributed and the interim dividend for 2017 distributed amounts to 40% of the profit after tax of the Company for 2017.

There was no arrangement under which any shareholder of the Company has waived or agreed to waive any dividend during the year ended 31 December 2017.

Exposure to Fluctuations in Exchange Rates

The Company's businesses are principally denominated in RMB, except for payment of part of intermediaries fees, repayment of the loans from the Parent Company and distribution of dividends to part of the shareholders of H shares, which are paid in US dollars and HK dollars.

According to the overall plan of the acquisition of the Phase III Assets*(Note)*, the Company assumed the US dollar denominated loans from the European Investment Bank in respect of the Phase III Assets and the interest thereof as at 31 December 2017. Therefore, the fluctuation of RMB exchange rate against the US dollar will affect the financial results of the Company.

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

As at 31 December 2017, the assets and liabilities of the Company denominated in USD included cash and cash equivalents of approximately RMB78,052,000 (2016: RMB70,831,000), trade and other receivables of approximately RMB426,000 (2016: RMB119,000), trade and other payables of approximately RMB11,006,000 (2016: RMB11,684,000), and loans from the Parent Company of approximately RMB2,008,888,000 (2016: RMB2,303,344,000). During 2017, the Company recorded a net exchange gain of RMB127,465,000.

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 was RMB2,008,888,000, which was the borrowings from the European Investment Bank which was assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4%. The total amount of the Company's long-term borrowings was RMB2,990,000,000, and its interest rates were referenced to the benchmark rate announced by the People's Bank of China. As such, any change in LIBOR and interest rates of People's Bank of China will affect the interest expenses and financial results of the Company.

Contingent Liabilities

As at 31 December 2017, the Company had no significant contingent liabilities.

Liquidity and Financial Resources

In 2017, the Company's net cash generated from operating activities amounted to RMB4,271,233,000, representing a decrease of RMB339,061,000 as compared with RMB4,610,294,000 for the year of 2016. In 2017, the Company's net cash outflow from investing activities amounted to RMB544,709,000. In 2017, the Company's net cash outflow from financing activities amounted to RMB6,641,771,000.

As at 31 December 2017, the Company had cash and cash equivalents amounting to the total sum of RMB1,614,649,000; while the cash and cash equivalents of the Company amounted to RMB4,530,369,000 as at 31 December 2016.

As at 31 December 2017, the Company's long-term borrowings were RMB2,990,000,000 and the loans from the Parent Company were RMB2,008,888,000.

As at 31 December 2017, the current ratio of the Company was 0.75, and as at 31 December 2016, the current ratio of the Company was 0.63. Such ratios were computed by dividing the amount of the total current assets by the amount of the total current liabilities as at those respective dates.

As at 31 December 2017, the liability-to-asset ratio of the Company was 30.05%, and as at 31 December 2016, the liability-to-asset ratio of the Company was 42.84%. Such ratios were computed by dividing the total amount of liabilities by the amount of total assets as at those respective dates.

As at 31 December 2017, the capital and reserves of the Company were RMB21,429,815,000 and as at 31 December 2016, the capital and reserves of the Company were RMB19,378,317,000.

Employees and Employee Welfare

1. ***The number of employees of the Company is set out as follows, together with a comparison with that in the previous year:***

	2017	2016
Total number of employees	**1,606**	1,623

The remuneration policy of employees of the Company is determined by the management based on market practice. The Company adopted a position performance-based salary system, which was based on the value of the position with performance appraisal as its core. Such remuneration system took into account the external competition and internal fairness under dynamic management, with which the increase in employee's salaries could be in line with the Company's development and the increase of labor remuneration could be in line with the increase of labor productivity.

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

Since 1 January 2003, the Company has complied with the regulations of the Beijing Municipal Government for basic medical insurance. 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 with an amount within 4% of the average monthly salaries of its employees in the previous year. Meanwhile, the Company no longer pays medical subsidies or medical compensations in cash to its employees. As such, the implementation of the aforesaid basic medical insurance regulations did not have any material impact on the balance sheet or statement of comprehensive income of the Company.

3. ***Staff retirement scheme***

In 2011, the Company implemented the corporate pension scheme according to the relevant policies of the state. Pursuant to the corporate pension scheme, the Company and the staff who participates in the scheme shall make monthly contributions to the corporate pension funds according to a certain proportion.

CHARGE ON ASSETS

During the year ended 31 December 2017, there were no assets charged or pledged by the Company.

MERGER, ACQUISITION AND DISPOSAL

During the year ended 31 December 2017, the Company did not conduct any significant merger, acquisition or disposal.

MATERIAL SUBSEQUENT EVENT

During the year ended 31 December 2017, the Company had no material subsequent event.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, the Company did not redeem, purchase or sell any of its listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board of the Company confirmed that the Company has strictly complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period from 1 January 2017 to 31 December 2017.

PROSPECTS FOR 2018

The year of 2017 saw a faster global economic growth in the most extensive area in the past decade, which marked that the global economy has shown an overall steady recovery. The global market expects that the overall world economic trend will remain optimistic in 2018. At the same time, the Chinese economy, the main driving force for global economic growth, has also continued to maintain steady development. The 19th National Congress of the Communist Party of China has designed a new journey for China's modernisation construction, and clearly put forward to build a modern economic system and a strong transportation country. A strong country of civil aviation is an important component of and powerful support for a country with strong transportation, while an international aviation hub with a reasonable layout function is one of the most important features for a strong civil aviation power. Therefore, against the backdrop that the global economy is expected to step into a new round of prosperity, Chinese economy continues to maintain a steady growth, and China's national strategy of building a strong civil aviation country is currently being implemented in depth, Beijing Capital Airport and the Company will also usher in a new development stage.

“Building a large world-class international hub” is a further upgrade of the Company’s existing hub strategy of “building a large international hub” during the new development period. This strategic goal is an interpretation of the future function and scale of Beijing Capital Airport, moreover, a requirement for the operational management quality of the Company. Over the years, along with the rapid development of the civil aviation industry in China, Beijing Capital Airport has already ranked among the world’s super large airports in terms of air traffic volumes, and its functions as an international hub has also been improving. However, many problems such as unreasonable business structure and insufficient operating resources have always been the bottlenecks that restrict the further rapid development of Beijing Capital Airport. In recent years, the Company has gradually shifted from focusing on the rapid growth in air traffic volumes to paying close attention to improve quality and efficiency. To this end, the Company has strived to achieve stable and healthy growth by continuously optimising its business structure, replenishing its operating resources and improving its operational efficiency.

In 2018, in respect of the aeronautical business development, the Company will continue to actively mitigate its non-international hub functions through optimising its key aviation resources, enriching important infrastructure and solidifying the relationships with its core partners, so as to continuously improve the flight slots and route products of Beijing Capital Airport. Upholding the principle of “inclined towards international business in policy making and resource allocation”, the Company will constantly increase the proportion of international business.

Preliminary statistics show that for the first two months of this year, Beijing Capital Airport’s aircraft movement has decreased by 0.3% as compared with the previous year, of which domestic routes (including Hong Kong, Macau and Taiwan) decreased by 1.3% and international routes increased by 4.0% as compared with the previous year; passenger throughput increased by 0.6% over the previous year, of which domestic routes (including Hong Kong, Macau and Taiwan) increased by 0.2% and international routes increased by 2.0% over the previous year. It can be predicted that the air traffic volumes of Beijing Capital Airport will continue its relatively gentle development trend in the near future. With the continuous optimisation of the route structure and the increasing proportion of international routes, the growth of air traffic volumes on international and regional routes will continue to keep a good trend.

In 2018, it is expected that the duty free business of Beijing Capital Airport will enter a new round of business cycle. Benefited from the re-investment of the operation rights of duty free business in the terminals of Beijing Capital Airport in 2017 and the signing of new duty free business operation contracts, the Company's retail business revenue during the new contract period will be significantly higher than before. Meanwhile, the Company will further increase its efforts in integrating marketing, actively expand business resources, take the opportunity of new duty free business operation contracts, and promote the development of retail business, and fully promote the balanced development of other commercial businesses in Beijing Capital Airport

In 2018, the Company will strive to improve its management and governance, actively move towards the world's top airports, promote the construction of a safe, green, smart, and humanistic airport, and comprehensively improve both internal and external quality of Beijing Capital Airport. The Company will take continuous safety as priorities to build a safe airport that integrates flight safety, operation safety, ground safety, aviation security, and network system security by enhancing safety margins. The Company will adhere to the concept of sustainable development, improve the green airport management system, reduce the energy consumption per unit area through reducing carbon emission, establish benchmarks for industry energy and environmental management, and build a resource-saving, environmentally friendly green airport. The Company will continue to increase its innovation to promote the preliminary design of big data platform, cloud platform and internet of things platform, improve the intelligent level of security operation, service support and business collaboration, and create a forward-looking, integrated and convenient smart airport. The Company will deeply live up to the "Sincere Service" and strengthen the humanistic care and social responsibility. Through safe and smooth service process, convenient and efficient service collaboration, and intimate service products, we aim to provide passengers with high quality and efficient services so as to build a humanistic airport.

In recent years, with the promotion of the Beijing-Tianjin-Hebei coordinated development strategy and the implementation of the Parent Company's strategy to build the Beijing-Tianjin-Hebei world-class airport group, Tianjin Airport and Shijiazhuang Airport have played increasingly important roles in helping Beijing Capital Airport ease the non-international hub functions. In the future, with the completion and operation of the Beijing New Airport in the second half of 2019, the airport network in the north of China with the Beijing-Tianjin-Hebei Airports Group as the radiation center will be gradually completed and the aviation market in Beijing area will also present the situation of "one city, two airports". There is increasing concern about the subsequent operation of the Beijing New Airport from the market. In view of the continuing strong demand in Beijing aviation market, and according to the Parent Company's "dual hub" strategy and overall planning, once the Beijing New Airport is completed and put into operation, the two airports in the Beijing area will be differentially positioned to achieve complementary advantages and build aviation hubs in Beijing with cluster advantages. In view of this, the Company will stand from the present, actively promote the structural optimisation and hub construction of Beijing

Capital Airport, and consolidate its own advantages and cooperate with partners to jointly promote the structural optimisation of Beijing Capital Airport, so that achieve a high-quality development of the Company and build a large world-class international hub together.

THE ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND AGM

The annual results of the Company have been reviewed by the audit and risk management committee of the Company. The financial figures in respect of this annual results announcement have been agreed by the Company's international auditor, PricewaterhouseCoopers, to the amounts set out in the Company's financial statements for the year ended 31 December 2017. This announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk), IR Asia (http://www.irasia.com.hk) and the Company (http://www.bcia.com.cn).

The annual report for the year ended 31 December 2017 containing all the relevant information required by Appendix 16 to the Listing Rules and the Notice of 2018 AGM will be despatched to shareholders and will be available on the abovementioned websites in due course.

By order of the Board
Liu Xuesong
Chairman

Beijing, the PRC, 28 March 2018

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

Executive Directors:	*Mr. Liu Xuesong, Mr. Han Zhiliang and Ms. Gao Lijia*
Non-executive Directors:	*Mr. Gao Shiqing, Mr. Yao Yabo and Mr. Ma Zheng*
Independent Non-executive Directors:	*Mr. Japhet Sebastian Law, Mr. Jiang Ruiming, Mr. Liu Guibin and Mr. Zhang Jiali*