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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)

2018 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half year of 2018, the aircraft movements reached 303,316 sorties, representing an increase of 4.08% as compared with the same period of the previous year. The passenger throughput reached 49,552,155 person-times, representing an increase of 6.27% as compared with the same period of the previous year. The cargo and mail throughput reached 997,120 tonnes, representing an increase of 4.43% as compared with the same period of the previous year.
- In the first half year of 2018, the revenues of the Company were RMB5,322,096,000, representing an increase of 15.3% as compared with the same period of the previous year.
- In the first half year of 2018, the aeronautical business revenues of the Company were RMB2,641,097,000, representing an increase of 7.6% as compared with the same period of the previous year.
- In the first half year of 2018, the non-aeronautical business revenues of the Company were RMB2,680,999,000, representing an increase of 24.2% as compared with the same period of the previous year.
- In the first half year of 2018, the operating expenses of the Company were RMB3,252,474,000, representing an increase of 15.2% as compared with the same period of the previous year.
- The net profit after tax in the first half year of 2018 of the Company was RMB1,486,793,000 with earnings per share of RMB0.343, representing an increase of 17.6% as compared with the same period of the previous year.
- The Board resolved to distribute an interim dividend of RMB0.1030 per share for the six months ended 30 June 2018, amounting to the total of RMB446,082,000.

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 2018 and for the six months ended on that date, which have been reviewed by the Audit and Risk Management Committee of the Company (the “Audit and Risk Management Committee”), together with the comparative figures for the corresponding period of 2017 as follows:

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Unaudited	
		For the six months	
		ended 30 June	
		2018	2017
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenues			
Aeronautical	4	2,641,097	2,455,688
Non-aeronautical	4	2,680,999	2,158,677
		5,322,096	4,614,365
Operating expenses			
Depreciation and amortisation		(698,928)	(709,318)
Concession management fees		(435,360)	(314,060)
Repairs and maintenance		(369,798)	(345,638)
Aviation safety and security guard costs		(362,968)	(299,129)
Utilities and power		(311,981)	(294,459)
Staff costs		(277,827)	(277,033)
Operating contracted services		(242,522)	(166,743)
Rental expenses		(170,372)	(65,507)
Real estate and other taxes		(127,907)	(123,942)
Greening and environmental maintenance		(122,094)	(96,957)
Other costs		(132,717)	(129,900)
		(3,252,474)	(2,822,686)
Reversal of impairment losses/(impairment losses) on financial assets		6,379	(34,477)
Other income		1,617	2,304
Operating profit		2,077,618	1,759,506

		Unaudited	
		For the six months	
		ended 30 June	
		2018	2017
	Note	RMB'000	RMB'000
Finance income	5	12,987	62,942
Finance costs	5	(106,876)	(133,703)
		(93,889)	(70,761)
Share of post-tax loss of a joint venture		–	(1,411)
Profit before income tax		1,983,729	1,687,334
Income tax expense	6	(496,936)	(423,007)
Profit for the period		1,486,793	1,264,327
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		(8,261)	14,858
Other comprehensive (loss)/income, net of tax		(8,261)	14,858
Total comprehensive income for the period		1,478,532	1,279,185
Earnings per share, basic and diluted (RMB)	7	0.343	0.292

INTERIM CONDENSED BALANCE SHEET
AS AT 30 JUNE 2018

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2018	2017
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		25,384,326	26,050,982
Land use rights		1,092,750	1,106,964
Intangible assets		78,506	83,163
Deferred income tax assets		176,920	183,524
Other non-current assets		55,194	54,018
		26,787,696	27,478,651
Current assets			
Inventories		124,875	118,427
Trade and bill receivables	9	1,530,727	1,279,857
Prepayment		78,150	18,815
Other financial assets at amortised cost		14,997	–
Other receivables		–	16,235
Cash and cash equivalents		2,948,534	1,614,649
Other current assets		31,526	72,504
		4,728,809	3,120,487
Assets held-for-sale		38,120	38,120
Total current assets		4,766,929	3,158,607
Total assets		31,554,625	30,637,258

		Unaudited As at 30 June 2018 <i>RMB'000</i>	Audited As at 31 December 2017 <i>RMB'000</i>
	<i>Note</i>		
EQUITY			
Capital and reserves			
Share capital		4,330,890	4,330,890
Share premium		5,055,425	5,055,425
Capital reserve	10	1,293,712	1,254,344
Other reserve		(40,359)	(32,098)
Statutory and discretionary reserves		5,512,671	4,992,579
Retained earnings		6,134,482	5,828,675
Total equity		22,286,821	21,429,815
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	–	2,990,000
Loans from the Parent Company	13	1,776,117	1,848,177
Retirement benefit obligations		138,295	128,542
Deferred income		34,912	27,558
		1,949,324	4,994,277
Current liabilities			
Trade and other payables	11	4,079,300	3,651,699
Current income tax liabilities		84,859	393,005
Current portion of long-term borrowings	12	2,985,000	–
Current portion of loans from the Parent Company	13	161,466	160,711
Current portion of retirement benefit obligations		7,855	7,751
		7,318,480	4,213,166
Total liabilities		9,267,804	9,207,443
Total equity and liabilities		31,554,625	30,637,258

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

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 Renminbi (“RMB”), unless otherwise stated.

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 2018 has been prepared in accordance with International Accounting Standard (“IAS”)34, “Interim Financial Reporting”. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

As at 30 June 2018, the current liabilities of the Company exceeded the current assets by RMB2,551,551,000(as at 31 December 2017: RMB1,054,559,000). 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 condensed interim financial information of the Company for the six months ended 30 June 2018 has been prepared on a going concern basis.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards effective for the financial year commencing 1 January 2018.

(a) New and amended standards adopted by the Company

The Company has applied the following new standards for the first time for its financial year commencing 1 January 2018.

IFRS 9, 'Financial instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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 adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The adoption of the new standard does not have any significant impact on the amounts of impairment provisions recognised on the opening balance.

IFRS 15, 'Revenue from contracts with customers'

IFRS 15 replaces 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 Company applies the modified retrospective approach for the adoption of IFRS 15.

The adoption of the new standard does not have any significant impact on the amounts of revenue recognised in prior or current periods.

(b) *Impact of standards issued but not yet applied by the Company*

IFRS 16, 'Leases'

IFRS 16 was issued in January 2016. It will results 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.

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 RMB1,136,468,000. Some of the commitments may be covered by the exception for short-term and low-value leases.

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.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

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	
	2018 RMB'000	2017 RMB'000
Aeronautical		
Aircraft movement fees and related charges	1,017,393	924,311
Passenger charges	993,170	937,027
Airport fee (<i>note a</i>)	630,534	594,350
	<u>2,641,097</u>	<u>2,455,688</u>
Non-aeronautical		
Concessions	1,937,153	1,484,879
Rentals	650,782	590,043
Car parking fee	87,882	79,217
Others	5,182	4,538
	<u>2,680,999</u>	<u>2,158,677</u>
Total revenues	<u><u>5,322,096</u></u>	<u><u>4,614,365</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 2018 and 2017 are derived and in where all of its assets are located, no geographical segment information is shown.

All the above revenues are recognised over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date.

- (a) Airport fee represents Civil Aviation Development Fund (the “Airport Fee”). Pursuant to the “Notice of the Ministry of Finance regarding the Abolition of the Policy of Recognition of Refunds from the Civil Aviation Development Fund to Three Listed Airports Including the Capital Airport as Revenues* (財政部關於取消民航發展基金用於首都機場等三家上市機場返還作企業收入處理政策的通知)”, the policy of recognising the refunds from the Civil Aviation Development Fund as revenues will be abolished. The abolition has a half-year policy transitional period commencing from 29 May 2018. During the policy transitional period, refunds from the Civil Aviation Development Fund continue to be recognised by the Company as revenues.

5. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Finance income		
Interest income	12,987	13,524
Exchange gains, net	<u>—</u>	<u>49,418</u>
	12,987	62,942
Finance costs		
Interest for borrowings	(62,820)	(63,010)
Interest for loans from the Parent Company	(22,522)	(17,005)
Interest for short-term debentures	—	(40,222)
Interest for bonds payable	—	(12,223)
Exchange losses, net	(20,712)	—
Bank charges	(822)	(1,243)
	(106,876)	(133,703)
Net finance costs	<u>(93,889)</u>	<u>(70,761)</u>

6. INCOME TAX EXPENSE

The Company is subject to corporate income tax at a rate of 25% (2017: 25%) on its taxable income as determined in accordance with the relevant PRC income tax laws and regulations.

	For the six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	487,578	420,804
Deferred income tax	9,358	2,203
	<u>496,936</u>	<u>423,007</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	
	2018	2017
Profit attributable to owners of the Company (<i>RMB'000</i>)	1,486,793	1,264,327
Basic earnings per share (<i>RMB per share</i>)	<u>0.343</u>	<u>0.292</u>

8. DIVIDENDS

	For the six months ended 30 June	
	2018	2017
Dividend proposed		
Interim dividend (<i>RMB'000</i>)	446,082	379,386
Interim dividend per share (<i>RMB</i>)	0.1030	0.0876

A dividend of RMB660,894,000 that relates to the year ended 31 December 2017 (for the year ended 31 December 2016: RMB440,885,000) was approved in the Annual General Meeting on 28 June 2018.

The interim dividend for the six months ended 30 June 2018 was proposed in the Board of Directors meeting held on 30 August 2018. This proposed dividend is not reflected as a dividends payable in the condensed interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2018.

9. TRADE AND BILL RECEIVABLE

	As at 30 June 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
Trade receivables	1,765,318	1,504,819
Less: provision for impairment	(234,591)	(240,970)
	1,530,727	1,263,849
Bill receivable	–	16,008
Total trade and bill receivables	1,530,727	1,279,857

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

	As at 30 June 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
Less than 3 months	1,175,610	895,046
4 – 6 months	109,181	146,524
7 – 12 months	112,424	100,550
1 – 2 years	121,725	120,525
2 – 3 years	114,841	107,158
Over 3 years	131,537	135,016
	<u>1,765,318</u>	<u>1,504,819</u>

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

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

	As at 30 June 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
Trade payables		
Amounts due to related parties		
– CAHC	238,512	194,984
– CAHC's subsidiaries	803,214	519,903
– a joint venture of the Company	66,025	193,651
	<u>1,107,751</u>	908,538
Repairs and maintenance charges payable	325,088	371,340
Sub-contracting charges payable	88,333	43,663
Greening and environmental maintenance charges payable	41,902	33,474
Accounts payable for purchases	40,057	63,744
Other	192,967	200,409
	<u>1,796,098</u>	1,621,168
Advance and other payables		
Amounts due to related parties		
– CAHC	481,364	91,830
– CAHC's subsidiaries	44,496	47,724
– a joint venture of the Company	9,996	13,364
	<u>535,856</u>	152,918
Construction payable	375,179	655,668
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
Dividends payable	286,791	–
Payroll and welfare payable	220,939	262,180
Advance from customers	183,640	340,151
Deposits received	179,099	153,520
Receipts on behalf of concession operators	82,455	69,175
Other tax payable	40,928	14,398
Other	20,980	25,186
	<u>2,283,202</u>	2,030,531
	<u><u>4,079,300</u></u>	<u><u>3,651,699</u></u>

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

	As at 30 June 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
Less than 3 months	724,900	857,048
4 – 6 months	540,096	200,952
7 – 12 months	233,017	219,212
Over 12 months	298,085	343,956
	<u>1,796,098</u>	<u>1,621,168</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 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
Long-term		
– current portion	2,985,000	–
– non-current portion	–	2,990,000
	<u>2,985,000</u>	<u>2,990,000</u>

The movement in borrowings is analysed as follows:

	For the six months ended 30 June 2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Opening amount as at 1 January	2,990,000	3,000,000
Repayments of borrowings	(5,000)	(5,000)
	<u>2,985,000</u>	<u>2,995,000</u>
Closing amount as at 30 June	<u>2,985,000</u>	<u>2,995,000</u>

The 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, the balance will be repaid in May 2019. Thus the balance of RMB2,985,000,000 as at 30 June 2018 is classified as current liabilities.

13. 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.

	As at 30 June 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
Loans from the Parent Company	1,937,583	2,008,888
Less: current portion	<u>(161,466)</u>	<u>(160,711)</u>
	<u>1,776,117</u>	<u>1,848,177</u>
	For the six months ended 30 June 2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Opening amount as at 1 January	2,008,888	2,303,344
Repayments of borrowings	(92,987)	(86,376)
Currency translation differences	<u>21,682</u>	<u>(50,922)</u>
Closing amount as at 30 June	<u>1,937,583</u>	<u>2,166,046</u>

The loan was previously obtained by the Parent Company from European Investment Bank. The 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 15 December 2010 with maturity through 15 June 2030.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Aeronautical Business

In the first half year of 2018, benefited from the continuous exuberant demands for travelling, the continuous structural optimisation of the aeronautical business of Beijing Capital Airport and the market recovery of certain routes, the air traffic volumes of Beijing Capital Airport grew steadily.

In the first half year of 2018, the cumulative aircraft movements in Beijing Capital Airport reached 303,316 sorties, representing an increase of 4.08% as compared with the same period of the previous year. The cumulative passenger throughput reached 49,552,155 person-times, representing an increase of 6.27% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 997,120 tonnes, representing an increase of 4.43% 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		
	2018	2017	Change
Aircraft Movements (<i>unit: sorties</i>)	303,316	291,431	4.08%
Domestic	240,311	231,579	3.77%
Including: Hong Kong, Macau & Taiwan	10,912	10,536	3.57%
International	63,005	59,852	5.27%
Passenger Throughput (<i>unit: person-times</i>)	49,552,155	46,626,794 ^(Note 1)	6.27%
Domestic	38,247,929	36,237,403	5.55%
Including: Hong Kong, Macau & Taiwan	2,013,270	1,879,906	7.09%
International	11,304,226	10,389,391	8.81%
Cargo and Mail Throughput (<i>unit: tonnes</i>)	997,120	954,842 ^(Note 1)	4.43%
Domestic	539,756	519,372	3.92%
Including: Hong Kong, Macau & Taiwan	50,157	51,589	-2.78%
International	457,364	435,470	5.03%

Note 1: The figures of passenger throughput and cargo and mail throughput were amended at the end of 2017.

Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2018	2017	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Aircraft movement fees and related charges	1,017,393	924,311	10.1%
Passenger charges	993,170	937,027	6.0%
Airport fee	630,534	594,350	6.1%
Total aeronautical revenues	<u>2,641,097</u>	<u>2,455,688</u>	7.6%

In the first half year of 2018, the total aeronautical business revenues of the Company were RMB2,641,097,000, representing an increase of 7.6% as compared with the same period of the previous year.

In the first half year of 2018, revenues from aircraft movement fees and related charges of the Company were RMB1,017,393,000, representing an increase of 10.1% as compared with the same period of the previous year. On the one hand, as a result of the upward adjustment of the relevant charging standards starting from 1 April 2017 (pursuant to the “Plan for Adjustment of Charging Standards of Civil Airports” issued by the Civil Aviation Administration of China), the charging rates of the domestic flight movement fees and the relevant charges of domestic airlines in Mainland China significantly increased in the first quarter of 2018. On the other hand, the stable growth in the flight movements in Beijing Capital Airport also promoted the increase in overall revenue.

In the first half year of 2018, revenues from passenger charges were RMB993,170,000, representing an increase of 6.0% as compared with the same period of the previous year, which basically remained flat with the growth in passenger throughput.

In the first half year of 2018, the airport fee revenues of the Company were RMB630,534,000, representing an increase of 6.1% as compared with the same period of the previous year, which basically remained flat with the growth in passenger throughput.

Non-Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2018	2017	Change
	RMB'000	RMB'000	
Concessions	1,937,153	1,484,879	30.5%
Including: Retailing	1,068,700	721,412	48.1%
Advertising	579,617	532,857	8.8%
Restaurants and food shops	133,300	123,713	7.7%
Ground handling	73,272	27,044	170.9%
VIP services	52,391	48,431	8.2%
Other concessions	29,873	31,422	-4.9%
Rentals	650,782	590,043	10.3%
Car parking fees	87,882	79,217	10.9%
Others	5,182	4,538	14.2%
Total non-aeronautical revenues	<u>2,680,999</u>	<u>2,158,677</u>	24.2%

In the first half year of 2018, the non-aeronautical business revenues of the Company were RMB2,680,999,000, representing an increase of 24.2% as compared with the same period of the previous year.

In the first half year of 2018, the concession revenues of the Company were RMB1,937,153,000, representing an increase of 30.5% as compared with the same period of the previous year. Among which, the concession revenues from retailing were RMB1,068,700,000, representing an increase of 48.1% as compared with the same period of the previous year, which was mainly attributable to the execution of new duty-free business operation contracts in the duty-free business of Beijing Capital Airport with effect from 11 February 2018, resulting in a notable increase in the proportion of sales revenues from duty free business of the Company, as well as the growth in international passenger throughput with high consumption abilities and the increased passenger spending power, further promoting the steady development of retailing business. The concession revenues from advertising were RMB579,617,000, representing an increase of 8.8% as compared with the same period of the previous year, which was mainly due to the increase in charges for some renewed advertising agreements and the addition of some advertising media resources in the terminals. The concession revenues from restaurants and food shops were RMB133,300,000, representing an increase of 7.7% as compared with the same period of the previous year, which was mainly due to the continuous increase in catering sales as driven by the combined effect of both the increased passenger throughput and the upward adjustment of minimum rental offered to catering tenants. The concession revenues from ground handling service were RMB73,272,000, representing an increase of 170.9% as compared with the same period of the previous year, which was mainly due to the final recognition of the corresponding revenues generated from the ground handling service concession contracts entered into during the current period for which agreements had not been reached in previous years.

In the first half year of 2018, the rental revenues of the Company were RMB650,782,000, representing an increase of 10.3% as compared with the same period of the previous year, which was mainly due to the additional commercial areas and resources in the terminals, and the final recognition of certain amount of rentals for previous years as agreed during the current period.

In the first half year of 2018, the car parking services fees of the Company were RMB87,882,000, representing an increase of 10.9% as compared with the same period of the previous year, which was mainly due to the increase in vehicle flow rate driven by the growth of passenger throughput.

Operating Expenses

	Unaudited		
	For the six months ended 30 June		
	2018	2017	Change
	RMB'000	RMB'000	
Depreciation and amortisation	698,928	709,318	-1.5%
Concession management fees	435,360	314,060	38.6%
Repair and maintenance	369,798	345,638	7.0%
Aviation safety and security guard costs	362,968	299,129	21.3%
Utilities and power	311,981	294,459	6.0%
Staff costs	277,827	277,033	0.3%
Operating contracted services	242,522	166,743	45.4%
Rental expenses	170,372	65,507	160.1%
Real estate and other taxes	127,907	123,942	3.2%
Greening and environmental maintenance	122,094	96,957	25.9%
General, administrative and other costs	132,717	129,900	2.2%
Total operating expenses	<u>3,252,474</u>	<u>2,822,686</u>	15.2%

In the first half year of 2018, the operating expenses of the Company were RMB3,252,474,000, representing an increase of 15.2% as compared with the same period of the previous year.

In the first half year of 2018, the depreciation and amortisation expenses of the Company were RMB698,928,000, representing a decrease of 1.5% as compared with the same period of the previous year, which was mainly because part of fixed assets had been fully depreciated.

In the first half year of 2018, the concession management fees of the Company were RMB435,360,000, representing an increase of 38.6% as compared with the same period of the previous year, which was mainly due to the significant increase in the concession revenues from retailing resulting from the execution of new duty-free business operation contracts, as well as the corresponding increase in management fees which are based on a certain percentage of the revenues as a result of the overall growth in the concession revenues of retailing, advertising and restaurants and food shops as driven by the aforesaid improving businesses.

In the first half year of 2018, the repair and maintenance expenses of the Company were RMB369,798,000, representing an increase of 7.0% as compared with the same period of the previous year, which was mainly due to the increase in renewed price of some equipment maintenance contracts after their expiration, as well as the increased maintenance fees applied to improve the operation and management efficiency of Beijing Capital Airport.

In the first half year of 2018, the aviation safety and security guard costs of the Company were RMB362,968,000, representing an increase of 21.3% as compared with the same period of the previous year, which was mainly due to the increase in labor costs, explosion prevention costs and special support costs for important affairs resulting from the growth in air traffic volumes of Beijing Capital Airport as well as the requirements of the overall national safety and security guarantee situation.

In the first half year of 2018, the operating services costs of the Company were RMB242,522,000, representing an increase of 45.4% as compared with the same period of the previous year. On the one hand, the increase was mainly due to the relevant expenses incurred in connection with the addition of new apron resource. On the other hand, it was due to the Company's new operational services projects as well as the increase in renewed price of some operational services contracts after their expiration.

In the first half year of 2018, the rental expenses of the Company were RMB170,372,000, representing an increase of 160.1% as compared with the same period of the previous year, which was mainly due to the entering into of the GTC Assets Transitional Leasing Agreement between the Company and the Parent Company, whereby the Company leased the Ground Traffic Centre (GTC Assets) from the Parent Company with effect from 1 January 2018, as a transitional arrangement for acquisition of such assets, resulting in a significant increase in the rental expenses.

In the first half year of 2018, the greening and environmental maintenance expenses of the Company were RMB122,094,000, representing an increase of 25.9% as compared with the same period of the previous year. On the one hand, the increase was due to the growth in air traffic volumes of Beijing Capital Airport. On the other hand, the increase in the greening and environmental maintenance expenses was attributed to the improvement of the service quality of Beijing Capital Airport, optimisation and upgrading of the toilets in the terminals and new service projects at other areas, as well as the increase in the price of some service contracts.

Other Items in the Statement of Comprehensive Income

For the six months ended 30 June 2018, the Company's liabilities denominated in US dollar generated exchange losses due to the increase in the exchange rate of US dollar against RMB while exchange gains were recorded for the same period in 2017. As such, the net financial costs of the Company after deduction of the financial incomes were RMB93,889,000, representing an increase of 32.7% as compared with the same period of the previous year.

For the six months ended 30 June 2018, the income tax expense of the Company was RMB496,936,000.

PROSPECT FOR THE SECOND HALF YEAR OF 2018

In the second half year of 2018, driven by market demand and continuous optimisation of the route structure, it is expected that the air traffic volumes of Beijing Capital Airport will continue the robust trend in the first half of this year and maintain steady growth. In particular, with the continuous optimisation of the route structure and the international route network, the international air traffic volumes will maintain a steady growth.

In the second half year of 2018, the Company will continue to promote the construction of the Safe Airport by adopting scientific and effective safety management methods; strive to build the Green Airport through effectively implementing the green and environmental protection projects such as those related to energy conservation, consumption reduction, cleaning and emission reduction; promote the construction of the Smart Airport by enhancing scientific research and innovation, improving system construction and boosting the application of intelligent operation management; and build the Humanistic Airport by living up to humanistic care and sincere service.

In the second half year of 2018, the Company will continue to promote the hub construction, make an overall plan of the routes resources and replicate the mode of “Easy Way” products. In addition to the existing product of Beijing-Frankfurt Easy Way, the Company will launch the easy ways of Beijing-Hong Kong and Beijing-Munich, and start to research on the feasibility of Beijing-Los Angeles. Through developing convenient and efficient “Easy Way” products, the Company will strive to enhance the quality of routes with competitiveness and attractiveness of Beijing Capital Airport.

In the second half year of 2018, the Company will continue to integrate commercial resources, enhance commercial marketing efforts, and continuously improve the value creation of commercial resources. At the same time, the Company will consistently deepen the exploitation of the resources value and actively pursue the realisation of its commercial value. In particular, in respect of the planned acquisition of the GTC Assets, the Company will endeavour to promote business planning upgrade and business model innovation in preparation for the release of value after completing the GTC Assets acquisition.

With the comprehensive advancement of the construction of the Beijing New Airport, as well as the approaching preparation for the operation of the Beijing New Airport, after the careful and cautious study by the Board and management, the Company approved in writing in June 2018 for the Parent Company to engage in aeronautical and non-aeronautical businesses of the Beijing New Airport, and the Company retained the option to acquire the assets of the Beijing New Airport. In this connection, the Company will continue to focus on the development of various businesses of Beijing Capital Airport, and closely monitor the future development policy and situation of “one city, two airports” in Beijing, and actively promote the research and practice on the development of aviation market of Beijing Capital Airport, continuously solidify its dominant position, so as to realise the development of Beijing Capital Airport and the Company in a high-quality, high-efficiency and high-satisfaction manner.

INTERIM DIVIDENDS

The Board of the Company resolved to distribute the interim dividends of RMB0.1030 per share for the six months ended 30 June 2018, amounting to the total of approximately RMB446,082,000 (the interim dividends distributed for 2017: RMB0.0876 per share, amounting to the total of approximately RMB379,386,000).

The 2018 interim dividends are expected to be paid to the shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 27 September 2018 (the “Record Date”). The register of members of the Company will be temporarily closed from Friday, 21 September 2018 to Thursday, 27 September 2018 (both days inclusive), during which period no transfer of shares will be registered. Dividends payable to holders of domestic shares and to holders of H shares who are mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be paid in Renminbi, while dividends payable to holders of H shares (excluding mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect) will be paid in HK dollar.

Holders of H shares of the Company (excluding mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect)

Dividends payable to holders of H shares (excluding mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect) will be paid in Hong Kong dollar. The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent (the “Receiving Agent”) which will receive the interim dividend declared by the Company on behalf of the holders of H shares (excluding mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect).

The dividends payable in Hong Kong dollar will be calculated basing on the average middle exchange rate of Hong Kong dollar to Renminbi 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 23 August 2018 to 29 August 2018), the average middle exchange rate of Renminbi to Hong Kong dollar was HK\$1.00 = RMB0.8706. Accordingly, the amount of the interim dividends for each H share of the Company for the six months ended 30 June 2018 is HK\$0.1183.

The interim dividends are expected to be paid by the Receiving Agent on Friday, 23 November 2018, to the related holders of H shares and the dividend warrants will be posted by the H share registrar of the Company, Hong Kong Registrars Limited, by ordinary mail to the holders of H shares who are entitled to receive the dividend at their own risk.

In order to be qualified for the payment of the interim 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 Thursday, 20 September 2018.

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 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 Record Date. For 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 interim dividend, after withholding and paying enterprise income tax at the rate 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 regulations of the relevant government departments and 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 aforesaid mechanism of the above withholding and paying enterprise income tax.

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.

Shareholders are recommended to consult their tax advisors regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H shares of the Company.

Mainland investors investing in the H shares of the Company via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

The dividend payable to mainland investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be paid in Renminbi by Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (“CSDC”) as entrusted by the Company. The Company will pay the interim dividend to CSDC on Friday, 23 November 2018 for distribution.

Pursuant to the “Circular on Tax Policies concerning the Pilot Programme of the Shanghai and Hong Kong Stock Market Trading Interconnection Mechanism” promulgated on 17 November 2014 (Cai Shui [2014] No. 81) and the “Circular on Tax Policies concerning the Pilot Programme of the Shenzhen and Hong Kong Stock Market Trading Interconnection Mechanism” (Cai Shui [2016] No. 127) promulgated on 15 November 2016:

- For mainland individual investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of the interim dividend. Individual investors may, by producing valid tax payment proofs, apply to the tax authority of CSDC for tax credit relating to the withholding tax already paid abroad. For mainland securities investment funds that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of the interim dividend pursuant to the foregoing provisions; and
- For mainland corporate investors that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of the interim dividend and the mainland corporate investors shall file the tax returns on their own.

Shareholders are recommended to consult tax advisors regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H shares of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Company had total cash and cash equivalents amounting to RMB2,948,534,000, while the cash and cash equivalents of the Company amounted to RMB1,614,649,000 as at 31 December 2017.

As at 30 June 2018, the Company’s long-term borrowings were RMB2,985,000,000; and the loans from the Parent Company were RMB1,937,583,000.

As at 30 June 2018, the current ratio of the Company was 0.65, and that as at 31 December 2017 was 0.75. Such ratios were computed by dividing the total current assets by total current liabilities as at those respective dates.

As at 30 June 2018, the liability-to-asset ratio of the Company was 29.37%, and that as at 31 December 2017 was 30.05%. Such ratios were computed by dividing the total amount of liabilities by the total assets as at those respective dates.

For the first half year of 2018, the Company's net cash generated from operating activities amounted to RMB1,724,102,000, while the net cash generated from operating activities amounted to RMB1,802,139,000 in the same period of the previous year.

For the first half year of 2018, the Company's net cash used in investing activities amounted to RMB246,461,000, while the net cash used in investing activities amounted to RMB189,808,000 in the same period of the previous year.

For the first half year of 2018, the Company's net cash used in financing activities amounted to RMB144,939,000, while the net cash used in financing activities amounted to RMB3,301,800,000 in the same period of the previous year.

CHARGE ON ASSETS

During the six months ended 30 June 2018, there was no material charge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2018, the Company had no material merger, acquisition or disposal.

On 3 July 2018, the Company entered into a GTC assets transfer agreement (the "GTC Assets Transfer Agreement") with the Parent Company to acquire the ground traffic centre, related supporting facilities and corresponding land use right at the Beijing Capital Airport (the "Acquisition"). As at the date of this announcement, the Acquisition was approved by the independent shareholders of the Company and is still subject to the approval of the Civil Aviation Administration of China.

For details of the Acquisition, please refer to the circular of the Company dated 7 August 2018.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30 June 2018, the Company did not purchase, sell or redeem any of its shares.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Company's businesses are principally denominated in RMB, except for payment of part of intermediaries fees, repayment of part 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*, the Company assumed the responsibility for repayment of the US dollar-denominated loans from the European Investment Bank in respect of the Phase III Assets and the interest thereof as at 30 June 2018. Therefore, the fluctuation of RMB exchange rate against the US dollar will affect the financial results of the Company.

* In 2008, the Company acquired the airfield assets (including runway, taxiways, aprons, road non-asphalt layers, lighting and other airfield facilities), Terminal Three of the Beijing Capital Airport 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 Terminal Three and other auxiliary buildings are situated (collectively as the "Phase III Assets").

As at 30 June 2018, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB85,715,000 (as at 31 December 2017: RMB78,052,000), trade and other receivables of approximately RMB341,000 (as at 31 December 2017: RMB426,000), trade and other payables of approximately RMB11,150,000 (as at 31 December 2017: RMB11,006,000), and loans from the Parent Company of approximately RMB1,937,583,000 (as at 31 December 2017: RMB2,008,888,000). For the first half year of 2018, the net exchange losses amounted to RMB20,712,000.

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 RMB1,937,583,000, representing 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 interest thereof. The total amount of the Company's long-term borrowings was RMB2,985,000,000 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 results of the Company.

MATERIAL INVESTMENT, MATERIAL INVESTMENT PLAN AND MATERIAL FINANCING PLAN

During the six months ended 30 June 2018, there was no material investment, material investment plan or material financing plan.

CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 30 June 2018.

EMPLOYEES AND EMPLOYEES' WELFARE

- 1. As at 30 June 2018, 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 2018	As at 30 June 2017
Number of employees	<u>1,551</u>	<u>1,561</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 fulfils concurrent growth in the employees' income and the Company's economic development 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 has implemented the requirements of basic medical insurance in accordance with the regulations 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. Therefore, implementation of the above mentioned requirements for basic medical insurance will not cause any material impact on the Company's balance sheet and statement of comprehensive income.

- 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.

MATERIAL LITIGATION OR ARBITRATION

During the six months ended 30 June 2018, the Company was not involved in any material litigation or arbitration.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2018, 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 2018, the total number of issued share capital of the Company was 4,330,890,000 shares, including:

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

2. Interests and short position of substantial shareholders and other persons

As at 30 June 2018, 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 and 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 of share	Percentage to total issued share capital
Capital Airports Holding Company (Note 1)	Domestic shares	2,451,526,000(L)	Beneficial owner	100%	56.61%
Cheng Yu Tung Family (Holdings) Limited (Note 2)	H shares	240,342,000(L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%

Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Percentage of shareholding to the relevant class of share	Percentage to total issued share capital
Cheng Yu Tung Family (Holdings II) Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
Chow Tai Fook Capital Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
Chow Tai Fook (Holding) Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
Chow Tai Fook Enterprises Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
New World Development Company Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
NWS Holdings Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
NWS Ports Management Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Interest of corporation controlled by the substantial shareholder	12.79%	5.55%
Fortland Ventures Limited <i>(Note 2)</i>	H shares	240,342,000 (L)	Beneficial owner	12.79%	5.55%

Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Percentage of shareholding to the relevant class of share	Percentage to total issued share capital
Aggregate of Standard Life Aberdeen plc affiliated investment management (<i>Note 3</i>)	H shares	163,925,000(L)	Interest of corporation controlled by the substantial shareholder	8.72%	3.79%
Citigroup Inc.	H shares	133,482,153(L)	Interest of corporation	7.10%	3.08%
		10,877,004(S)	controlled by	0.57%	0.25%
		118,057,042(P)	the substantial shareholder	6.28%	2.73%
BlackRock, Inc.	H shares	115,936,959(L)	Interest of corporation	6.17%	2.68%
		6,658,000(S)	controlled by the substantial shareholder	0.35%	0.15%
Aberdeen Asset Management Plc and its associates (<i>Note 3</i>)	H shares	114,868,000(L)	Interest of corporation controlled by the substantial shareholder	6.11%	2.65%

(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 and the Deputy Party Secretary of Capital Airports Holding Company.

Mr. Han Zhiliang, an executive director and the general manager, is the Deputy General Manager of Capital Airports Holding Company.

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

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

Mr. Ma Zheng, a non-executive director of the Company, is the General Legal Counsel and Chairman of the Labour Union 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 81.03% 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, together with its subsidiaries, hold approximately 44.41% 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 61.09% 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 (“NWS Ports”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWS Ports.

NWS Ports holds 100% interest in Fortland Ventures Limited (“Fortland Ventures”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by Fortland Ventures.

Therefore, Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, CTF Capital, CTF Holding, CTF Enterprises, NWD, NWS and NWS Ports (collectively, the “New World Group”) are all deemed to be interested in all the shares held by or deemed to be interested by Fortland Ventures.

3. These shares are held in the capacity of investment manager.

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 2018, 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 2018.

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

As at 30 June 2018, none of the directors or the supervisors or chief executives of the Company had any interests or short positions in any shares, any underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “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 Stock Exchange of Hong Kong Limited (the “Listing Rules”). None of the directors, the supervisors and chief executives of the Company, or their associates had been granted or had exercised any such rights for the six months ended 30 June 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (the former “Audit Committee”) was established on 10 January 2000. On 28 June 2017, the Audit Committee was renamed as the Audit and Risk Management Committee, and meanwhile its terms of reference were extended. On 28 June 2017, the seventh session of the Board of the Company re-appointed the members of the Audit and Risk Management Committee whose term will expire on the date of the 2019 annual general meeting. At present, the Audit and Risk Management Committee is composed of four independent non-executive directors, namely, Mr. Liu Guibin (chairman of the Audit and Risk Management Committee, PRC Certified Public Accountant and one of the first group of senior members (practicing) of the Chinese Institute of Certified Public Accountants), Mr. Japhet Sebastian Law, Mr. Jiang Ruiming and Mr. Zhang Jiali. Auditors are invited to attend the Audit and Risk Management Committee meetings regularly and they can communicate with the Audit and Risk Management Committee individually, as they deem necessary.

The Audit and Risk Management Committee fulfils its supervisory responsibility as delegated by the Board through examining matters relating to financial reporting, internal control procedures, risk management, and considering auditing issues of the Company. The Audit and Risk Management Committee shall meet at least twice a year to review auditors' reports, internal auditing and risk management reports, and the interim and annual accounts of the Company prior to making recommendation to the Board for approval.

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

The Audit and Risk Management Committee has reviewed the Company's condensed interim financial information for the six months ended 30 June 2018, as well as the accounting principles and policies adopted by the Company for the relevant accounts. The Audit and Risk Management 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 the establishment of high-level corporation governance. The Company confirms that it has complied with all the provisions set out in the Corporate Governance Code and Corporate Governance Practices set out in Appendix 14 of the Listing Rules (the "Code") for the six months ended 30 June 2018 except for the Code provisions in relation to the matters set out below.

In respect of Code provision A.6.7 of the Code, the Company held its 2017 annual general meeting on 28 June 2018. Save as Mr. Yao Yabo and Mr. Liu Guibin who 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 five regular matters and all of such resolutions were smoothly passed at the meeting. After the annual general 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 2018, the Company strictly implemented the Code for Securities Transactions by Directors and Staff.

Having made specific enquiries to the directors, supervisors and chief executives of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2018.

By the order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC, 30 August 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*

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>.

* *For identification purpose only.*