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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)

2021 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half of 2021, the aircraft movements of Beijing Capital Airport reached 157,900 sorties, representing an increase of 33.1% as compared with the same period of the previous year. The passenger throughput reached 18,237,613 person-times, representing an increase of 40.2% as compared with the same period of the previous year. The cargo and mail throughput reached 660,665 tonnes, representing an increase of 15.5% as compared with the same period of the previous year.
- In the first half of 2021, the revenues of the Company were RMB1,747,392,000, representing a decrease of 11.9% as compared with the same period of the previous year.
- In the first half of 2021, the aeronautical business revenues of the Company were RMB698,905,000, representing an increase of 22.7% as compared with the same period of the previous year.
- In the first half of 2021, the non-aeronautical business revenues of the Company were RMB1,048,487,000, representing a decrease of 25.8% as compared with the same period of the previous year.
- In the first half of 2021, the operating expenses of the Company were RMB2,794,876,000, representing a decrease of 2.7% as compared with the same period of the previous year.
- In the first half of 2021, the net loss after tax of the Company was RMB840,935,000 (the loss per share was RMB0.184), representing an increase of 13.9% as compared with the net loss after tax of RMB737,998,000 for the same period of the previous year.
- The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2021.

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 2021 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 2020 as follows:

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Unaudited	
		For the six months ended 30 June	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenues			
Aeronautical	4	698,905	569,695
Non-aeronautical	4	1,048,487	1,413,040
		1,747,392	1,982,735
Operating expenses			
Depreciation and amortisation		(802,147)	(726,911)
Repairs and maintenance		(402,296)	(434,177)
Aviation safety and security guard costs		(361,569)	(322,537)
Utilities and power		(275,105)	(280,025)
Staff costs		(244,375)	(226,215)
Operating contracted services costs		(234,974)	(226,589)
Greening and environmental maintenance costs		(149,523)	(148,723)
Concession management fees		(123,953)	(193,563)
Real estate tax and other taxes		(116,791)	(132,836)
Other costs		(84,143)	(180,183)
		(2,794,876)	(2,871,759)
Impairment losses on financial assets		(15,016)	(33,786)
Other income		4,227	4,094
Operating loss		(1,058,273)	(918,716)
Finance income	5	39,772	12,067
Finance costs	5	(102,293)	(76,461)
		(62,521)	(64,394)
Loss before income tax		(1,120,794)	(983,110)
Income tax credit	6	279,859	245,112
Loss for the period		(840,935)	(737,998)

Unaudited
For the six months ended 30 June
2021 2020
RMB'000 *RMB'000*

Note

Other comprehensive income

Item that will not be reclassified subsequently to
profit or loss

Remeasurements of retirement benefit obligations	11,989	6,358
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Other comprehensive income, net of tax	11,989	6,358
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Total comprehensive loss for the period	(828,946)	(731,640)
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Loss per share, basic and diluted (<i>RMB</i>)	7	(0.184)	(0.161)
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INTERIM CONDENSED BALANCE SHEET

AS AT 30 JUNE 2021

		Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
	Note		
ASSETS			
Non-current assets			
Investment properties		2,947,932	2,993,767
Property, plant and equipment		24,648,023	25,247,498
Right-of-use assets		2,260,782	2,361,289
Intangible assets		85,368	89,733
Deferred income tax assets		1,136,400	862,585
Other non-current assets		172,570	172,570
		<u>31,251,075</u>	<u>31,727,442</u>
Current assets			
Inventories		206,691	166,477
Trade receivables	8	821,886	871,558
Prepayment		34,145	24,798
Other financial assets at amortised cost		33,180	38,811
Cash and cash equivalents		2,848,530	2,296,801
Other current assets		182,514	297,029
		<u>4,126,946</u>	<u>3,695,474</u>
Total assets		<u>35,378,021</u>	<u>35,422,916</u>
EQUITY			
Capital and reserves			
Share capital		4,579,179	4,579,179
Share premium		6,300,867	6,300,867
Capital reserve	9	165,634	195,255
Other reserve		15,973	3,984
Statutory and discretionary reserves		6,809,588	6,809,588
Retained earnings		3,508,426	4,349,361
Total equity		<u>21,379,667</u>	<u>22,238,234</u>

		Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Long term borrowings	11	2,263,161	–
Bonds payable	12	1,337,086	1,312,351
Loans from the Parent Company	13	1,261,169	1,353,433
Lease liabilities		710,969	777,941
Retirement benefit obligations		84,887	108,085
Deferred income		32,618	36,117
		<u>5,689,890</u>	<u>3,587,927</u>
Current liabilities			
Short-term borrowings	11	1,900,000	2,868,909
Trade and other payables	10	6,068,569	6,383,727
Current portion of long-term borrowings	11	400	–
Current portion of loans from the Parent Company	13	157,646	159,227
Current portion of lease liabilities		173,464	176,497
Current portion of retirement benefit obligations		8,385	8,395
		<u>8,308,464</u>	<u>9,596,755</u>
Total liabilities		<u>13,998,354</u>	<u>13,184,682</u>
Total equity and liabilities		<u>35,378,021</u>	<u>35,422,916</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

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 Holdings Limited (“CAH” or the “Parent Company”, formerly named Capital Airports Holding 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.

Considering the continuous impact of the epidemic of Coronavirus Disease 2019 (the COVID-19 pandemic), which caused uncertainty in respect of the rebound of the international passenger throughput at the Beijing Capital International Airport, the Company will pay close attention to the development of the COVID-19 pandemic, perform further assessment of its impact and take relevant measures.

This condensed interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed interim financial information was approved by the Board of Directors for issue on 25 August 2021.

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 2021 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 2020, which have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

The Company reported a net loss of RMB840,935,000 for the six months ended 2021 (for the six months ended 30 June 2020: RMB737,998,000) and net cash outflow from operating activities of RMB204,836,000 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB222,917,000). As at 30 June 2021, the current liabilities of the Company exceeded the current assets by RMB4,181,518,000 (as at 31 December 2020: RMB5,901,281,000). Given the debt obligations and working capital requirements, management has thoroughly considered the Company’s available sources of funds as follow:

- The Company’s continuous cash inflow from operating activities;
- Funds to be raised with National Association of Financial Market Institutional Investors; and
- Unutilised banking facilities.

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 2021 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 2020, 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 as set out below.

New and amended standards adopted by the Company

- (a) Amendments to IFRS 16 – Covid-19-related Rent Concessions
- (b) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

These standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Impact of standards issued but not yet applied by the Company

Standards and amendments that have been issued but not yet effective on 1 January 2021 and not been early adopted by the Company are as follows:

	Effective for annual periods beginning on or after
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37 – Onerous contracts – Cost of fulfilling a contract	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to IFRSs – Annual Improvements to IFRS standard 2018-2020	1 January 2022
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 – Insurance contract	1 January 2023
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Company has already taken initial actions to assess the impact of these new or revised standards, interpretation and amendments, and will make further assessments of the impact in the future.

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	
	2021 RMB'000	2020 RMB'000
Aeronautical		
Aircraft movement fees and related charges	407,601	327,552
Passenger charges	291,304	242,143
	<u>698,905</u>	<u>569,695</u>
Non-aeronautical		
Concessions	564,564	890,156
Rentals	472,637	510,856
Car parking fees	2,053	2,772
Others	9,233	9,256
	<u>1,048,487</u>	<u>1,413,040</u>
	<u>1,747,392</u>	<u>1,982,735</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 2021 and 2020 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.

5. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Finance income		
Interest income	22,835	12,067
Exchange gains, net	<u>16,937</u>	<u>—</u>
	<u>39,772</u>	<u>12,067</u>
Finance costs		
Interest for borrowings	(51,276)	(12,015)
Interest for bonds payable	(24,735)	—
Interest for lease liabilities	(21,352)	(24,374)
Interest for loans from the Parent Company	(4,318)	(14,494)
Exchange loss, net	—	(24,834)
Bank charges	<u>(612)</u>	<u>(744)</u>
	<u>(102,293)</u>	<u>(76,461)</u>
Net finance costs	<u><u>(62,521)</u></u>	<u><u>(64,394)</u></u>

6. INCOME TAX CREDIT

The Company is subject to corporate income tax at a rate of 25% (2020: 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	
	2021	2020
	RMB'000	RMB'000
Current income tax	2,047	—
Deferred income tax credit	<u>277,812</u>	<u>245,112</u>
	<u><u>279,859</u></u>	<u><u>245,112</u></u>

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of 4,579,179,000 (2020: 4,579,179,000) ordinary shares in issue during the six-month periods.

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

	For the six months ended 30 June	
	2021	2020
Loss attributable to owners of the Company (<i>RMB'000</i>)	(840,935)	(737,998)
Basic loss per share (<i>RMB per share</i>)	<u>(0.184)</u>	<u>(0.161)</u>

8. TRADE RECEIVABLES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade receivables		
– CAH's subsidiaries	261,183	451,754
– third parties	<u>1,010,283</u>	<u>854,368</u>
	1,271,466	1,306,122
Less: provision for impairment	<u>(449,580)</u>	<u>(434,564)</u>
	<u>821,886</u>	<u>871,558</u>

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

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Less than 3 months	625,298	539,772
4 – 6 months	162,965	121,170
7 – 12 months	97,781	126,566
1 – 2 years	70,576	185,671
2 – 3 years	108,071	149,544
Over 3 years	<u>206,775</u>	<u>183,399</u>
	<u>1,271,466</u>	<u>1,306,122</u>

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

9. CAPITAL RESERVE

Capital reserve represents equity contributions from CAH to which CAH 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 CAH, provided appropriate conditions are met. The conversion is however subject to obtaining prior approval from the relevant government authorities and shareholders.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade payables		
Amounts due to related parties		
– CAH's subsidiaries	<u>1,286,458</u>	<u>1,195,476</u>
Repairs and maintenance charges payable	577,309	583,980
Greening and environmental maintenance charges payable	72,588	57,762
Sub-contracting charges payable	72,555	60,779
Accounts payable for purchases	77,719	65,009
Other	<u>233,903</u>	<u>276,639</u>
	<u>2,320,532</u>	<u>2,239,645</u>
Advance and other payables		
Amounts due to related parties		
– CAH	14,296	23,122
– CAH's subsidiaries	<u>111,412</u>	<u>93,040</u>
	<u>125,708</u>	<u>116,162</u>
Accrued liabilities for the title change of the GTC Assets*	1,508,693	1,508,693
Construction payable	853,076	1,119,084
Deed taxes in respect of the acquisition of the Phase III Assets**, the T3D Assets and the GTC Assets	465,948	465,948
Payroll and welfare payable	341,655	425,256
Deposits received	291,197	285,557
Advance from customers	89,316	130,624
Receipts on behalf of concession operators	29,521	44,119
Other tax payable	11,573	9,316
Other	<u>31,350</u>	<u>39,323</u>
	<u>3,748,037</u>	<u>4,144,082</u>
	<u><u>6,068,569</u></u>	<u><u>6,383,727</u></u>

- * In 2018, the Company acquired the Ground Traffic Centre and its relevant facilities, land and the relevant land use right from the Parent Company, which were collectively referred to as the GTC Assets.
- ** 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 are situated (collectively the “Phase III Assets”).

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

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Less than 3 months	768,702	1,185,240
4 – 6 months	483,997	304,369
7 – 12 months	460,776	170,049
Over 12 months	607,057	579,987
	<u>2,320,532</u>	<u>2,239,645</u>

11. BORROWINGS

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Short-term	1,900,000	2,868,909
Long-term	2,263,561	–
– Current portion	400	–
– Non-current portion	2,263,161	–
	<u>4,163,561</u>	<u>2,868,909</u>

The movement in borrowings is analysed as follows:

	For the six months ended 30 June 2021 RMB'000	2020 RMB'000
Opening amount as at 1 January	2,868,909	500,000
Proceeds of new borrowings	2,694,852	1,400,000
Repayments of borrowings	(1,400,200)	(500,000)
Closing amount as at 30 June	<u>4,163,561</u>	<u>1,400,000</u>

The loans are denominated in RMB and unsecured.

12. BONDS PAYABLE

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Principal amount	1,300,000	1,300,000
Bonds issuance cost	<u>(3,092)</u>	<u>(3,092)</u>
Proceeds received	1,296,908	1,296,908
Interest payable	39,346	15,126
Accumulated amortisation amounts of bonds issuance cost	<u>832</u>	<u>317</u>
	1,337,086	1,312,351
Less: current portion	<u>—</u>	<u>—</u>
Non-current portion	<u><u>1,337,086</u></u>	<u><u>1,312,351</u></u>

On 19 August 2020, The Company has received the approval from the National Association of Financial Market Institutional Investors for the registration of medium-term notes in an aggregate amount of no more than RMB6,000,000,000 to be issued in multiple tranches. On 11 September 2020, the Company issued bonds with a principal amount of RMB1,300,000,000 with maturity period of 3 years. The bonds are interest-bearing at 3.74% per annum. The interest is payable annually and the principal amount is repayable in 2023.

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 2021 RMB'000	As at 31 December 2020 RMB'000
Loans from the Parent Company	1,418,815	1,512,660
Less: current portion	<u>(157,646)</u>	<u>(159,227)</u>
	<u><u>1,261,169</u></u>	<u><u>1,353,433</u></u>

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Opening amount as at 1 January	1,512,660	1,787,526
Repayments of borrowings	(76,767)	(86,525)
Currency translation differences	(17,078)	26,613
	<hr/>	<hr/>
Closing amount as at 30 June	<u>1,418,815</u>	<u>1,727,614</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 of 2021, under the continuous impact of the novel coronavirus pandemic (the “COVID-19 Outbreak”), the air traffic volumes of Beijing Capital Airport recorded a slight increase amid fluctuations.

In the first half of 2021, benefiting from the effective control of the COVID-19 Outbreak in China, the air traffic volumes of domestic routes (excluding Hong Kong, Macau and Taiwan) of Beijing Capital Airport rebounded amid fluctuations. In respect of the air traffic volumes of international routes and Hong Kong, Macau and Taiwan routes, since the impact of the COVID-19 Outbreak was minimal in January 2020, and the first half of 2021 continued to be affected by factors such as the continuous spread of the global COVID-19 Outbreak, the decline in demand for international aviation transportation, and being the first entry point of international flights, therefore both aircraft movements and passenger throughput of international routes and Hong Kong, Macau and Taiwan routes continued to decrease as compared with the same period of the previous year. Overall, the cumulative aircraft movements in Beijing Capital Airport reached 157,900 sorties, representing an increase of 33.1% as compared with the same period of the previous year. The cumulative passenger throughput reached 18,237,613 person-times, representing an increase of 40.2% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 660,665 tonnes, representing an increase of 15.5% 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		
	2021	2020	Change
Aircraft Movements (<i>unit: sorties</i>)	157,900	118,648	33.1%
Domestic	144,803	94,672 <i>Note 1</i>	53.0%
Including: Hong Kong, Macau & Taiwan	2,307	3,612 <i>Note 1</i>	-36.1%
International	13,097	23,976 <i>Note 1</i>	-45.4%
Passenger Throughput (<i>unit: person-times</i>)	18,237,613	13,010,765	40.2%
Domestic	18,149,720	10,564,041 <i>Note 1</i>	71.8%
Including: Hong Kong, Macau & Taiwan	87,404	308,551	-71.7%
International	87,893	2,446,724 <i>Note 1</i>	-96.4%
Cargo and mail Throughput (<i>unit: tonnes</i>)	660,665	572,060	15.5%
Domestic	364,709	305,793 <i>Note 1</i>	19.3%
Including: Hong Kong, Macau & Taiwan	30,701	34,631	-11.3%
International	295,956	266,266 <i>Note 1</i>	11.2%

Note 1: The above figures of aircraft movements, passenger throughput and cargo and mail throughput were arrived at after adjustment at the end of 2020.

Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2021	2020	Change
	RMB'000	RMB'000	
Aircraft movement fees and related charges	407,601	327,552	24.4%
Passenger charges	291,304	242,143	20.3%
Total aeronautical revenues	698,905	569,695	22.7%

In the first half of 2021, as a result of the combined effects of various factors such as the ease of the domestic COVID-19 Outbreak in general and the related policies of the CAAC, the aeronautical business revenues of the Company rebounded slightly, with a total amount of RMB698,905,000, representing an increase of 22.7% as compared with the same period of the previous year.

In the first half of 2021, revenues from aircraft movement fees and related charges of the Company were RMB407,601,000, representing an increase of 24.4% as compared with the same period of the previous year, which was primarily due to the fact that with the ease of the domestic COVID-19 Outbreak during the current period, the domestic aviation market has recovered and therefore, the aircraft movement fees and related charges in respect of domestic routes (excluding Hong Kong, Macau & Taiwan) have rebounded. Furthermore, pursuant to the Notice of CAAC on Policies Consolidating the Success in Containing the Pandemic and Supporting the Stable Development of the Industry (Ming Hang Han [2021] No. 57) (《民航局關於鞏固疫情防控成果支持行業穩定發展有關政策的通知》(民航函[2021]57號)), the parking fee exemption policy of Class 1 and Class 2 airports was no longer implemented with effect from 1 January 2021, resulting in an increase in the parking fee income of Beijing Capital Airport. Revenues from passenger charges were RMB291,304,000, representing an increase of 20.3% as compared with the same period of the previous year, which is mainly attributable to the rebound of passenger throughput of domestic routes (excluding Hong Kong, Macau & Taiwan), which accounted for a higher proportion of the passenger throughput at Beijing Capital Airport.

Non-Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2021	2020	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Concessions	564,564	890,156	-36.6%
Including: Advertising	413,329	548,606	-24.7%
Restaurants and food shops	48,876	77,924	-37.3%
VIP services	26,321	39,392	-33.2%
Car parking services	25,707	20,175	27.4%
Retailing	21,381	176,267	-87.9%
Ground handling	8,818	–	100%
Other concessions	20,132	27,792	-27.6%
Rentals	472,637	510,856	-7.5%
Car parking fees	2,053	2,772	-25.9%
Others	9,233	9,256	-0.2%
	<hr/>	<hr/>	<hr/>
Total non-aeronautical revenues	<u>1,048,487</u>	<u>1,413,040</u>	<u>-25.8%</u>

In the first half of 2021, the non-aeronautical revenues of the Company were RMB1,048,487,000, representing a decrease of 25.8% as compared with the same period of the previous year.

In the first half of 2021, the concession revenues of the Company were RMB564,564,000, representing a decrease of 36.6% as compared with the same period of the previous year. Among these, the revenues from advertising were RMB413,329,000, representing a decrease of 24.7% as compared with the same period of the previous year, which was mainly due to the Company's adjustment of the passengers processing procedures at terminals as affected by the COVID-19 Outbreak, which resulted in a change in the operating environment and hence the waiver of rentals in related areas, as well as the fact that certain spare advertising resources had not yet attracted investment as a result of the COVID-19 Outbreak. The revenues from restaurants and food shops were RMB48,876,000, representing a decrease of 37.3% as compared with the same period of the previous year, which was mainly due to the larger base figure for the same period of the previous year given that on the one hand, the impact of the COVID-19 Outbreak in January 2020 was minimal, and that on the other hand, Terminal One has been closed and suspended operation for improvement works since May 2020, resulting in a corresponding decrease in the revenues from restaurants and food shops. The revenues from VIP services were RMB26,321,000, representing a decrease of 33.2% as compared for the same period of the previous year, which was mainly due to the larger base figure for the same period of the previous year given that the impact of the COVID-19 Outbreak in January 2020 was minimal, and that Terminal One has been closed and suspended operation for improvement works since May 2020, resulting in a corresponding decrease in the revenues from VIP services. The revenues from car parking services were RMB25,707,000, representing an increase of 27.4% as compared with the same period of the previous year, which was mainly due to the adjustment of revenues in 2020 with the counterparties in accordance with the contracts. The revenues from retailing were RMB21,381,000, representing a decrease of 87.9% as compared with the same period of the previous year, which was mainly attributable to the significant decrease in international passenger throughput and thus a sharp decline in related revenues under the combined effects of the COVID-19 Outbreak and the transfer and diversion of flights to Daxing Airport, as well as the larger base figure for the same period of the previous year due to the minimal impact of the COVID-19 Outbreak in January 2020. The revenues from ground handling services were RMB8,818,000, representing an increase of 100% as compared with the same period of the previous year, which was mainly attributable to the fact that new contracts had not yet been executed upon expiry due to the COVID-19 Outbreak and the changes in the external environment, whilst related revenues have been recognized for certain contracts that were agreed upon during the current period. The revenues from other concessions were RMB20,132,000, representing a decrease of 27.6% as compared with the same period of the previous year, which was mainly due to the larger base figure for the same period of the previous year given that the corresponding revenues were eventually recognized after the negotiation and agreement on contracts that had not been agreed upon in prior years.

In the first half of 2021, the rental revenues of the Company were RMB472,637,000, representing a decrease of 7.5% as compared with the same period of the previous year, which was mainly attributable to the decrease in rental revenues in relation to the respective offices and check-in counters at terminals resulting from the transfer of certain airlines, together with the decrease in rentals of commercial premises due to the decline in international passenger traffic volume under the impact of the COVID-19 Outbreak.

In the first half of 2021, the car-parking fees of the Company were RMB2,053,000, representing a decrease of 25.9% as compared with the same period of the previous year, which was mainly attributable to the decrease in the demand for parking spaces as affected by the COVID-19 Outbreak.

Operating Expenses

	Unaudited		
	For the six months ended 30 June		
	2021	2020	Change
	RMB'000	RMB'000	
Depreciation and amortisation	802,147	726,911	10.4%
Repair and maintenance	402,296	434,177	-7.3%
Aviation safety and security guard costs	361,569	322,537	12.1%
Utilities and power	275,105	280,025	-1.8%
Staff costs	244,375	226,215	8.0%
Operating contracted services costs	234,974	226,589	3.7%
Greening and environmental maintenance costs	149,523	148,723	0.5%
Concession management fees	123,953	193,563	-36.0%
Real estate tax and other taxes	116,791	132,836	-12.1%
General, administrative and other costs	84,143	180,183	-53.3%
Operating expenses	<u>2,794,876</u>	<u>2,871,759</u>	<u>-2.7%</u>

In the first half of 2021, the operating expenses of the Company were RMB2,794,876,000, representing a decrease of 2.7% as compared with the same period of the previous year.

In the first half of 2021, the depreciation and amortisation expenses of the Company were RMB802,147,000, representing an increase of 10.4% as compared with the same period of the previous year, which was mainly due to the addition of certain assets during the period, as a result of which corresponding depreciation expenses were accrued.

In the first half of 2021, the repair and maintenance expenses of the Company were RMB402,296,000, representing a decrease of 7.3% as compared with the same period of the previous year, which was mainly because the Company strengthened its cost control in response to the continuing impact of the COVID-19 Outbreak, leading to a decrease in maintenance costs for equipment and system.

In the first half of 2021, the aviation safety and security guard costs of the Company were RMB361,569,000, representing an increase of 12.1% as compared with the same period of the previous year, which was mainly due to the increase in passenger throughput during the current period as compared with the same period of the previous year together with the increase in investments related to, among others, pandemic prevention and control, adjustment to business scope, and quality enhancement, which led to an increase in aviation safety and security guard costs.

In the first half of 2021, the staff costs of the Company were RMB244,375,000, representing an increase of 8.0% as compared with the same period of the previous year, which was mainly because, from February 2020 to the end of June 2020, the insurance fees payable in respect of basic pension insurance, unemployment insurance, employment injury insurance and medical insurance had been reduced by 50% pursuant to the requirements under the documents issued by the relevant government authorities. As a result, the base figure for the same period of the previous year was relatively small, leading to an increase in staff costs during the current period.

In the first half of 2021, the real estate tax and other taxes of the Company were RMB116,791,000, representing a decrease of 12.1% as compared with the same period of the previous year, which was mainly because the international passenger throughput declined as a result of the COVID-19 Outbreak, leading to a decrease in rentals of commercial premises at the terminals, and resulting in the corresponding decrease in real estate taxes assessable on rentals levied accordingly.

In the first half of 2021, the concession management fees of the Company were RMB123,953,000 representing a decrease of 36.0% as compared with the same period of the previous year, which was mainly due to the substantial decline in international passenger throughput as affected by the COVID-19 Outbreak, which led to a significant decrease in concession revenues from retailing and advertising, and resulted in the corresponding decrease in the concession management fees that were charged in proportion to the concession revenues.

In the first half of 2021, the general, administrative and other costs of the Company were RMB84,143,000, representing a decrease of 53.3% as compared with the same period of the previous year, which was mainly due to the decrease in certain one-off expenses for pandemic containment as a result of the effective control of the COVID-19 Outbreak in China.

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021, the net financial costs of the Company after deduction of the financial incomes were RMB62,521,000, representing a decrease of 2.9% as compared with the same period of the previous year. On the one hand, as compared with the same period of the previous year, there were several new borrowings during the period, leading to an increase in financial costs; on the other hand, the exchange rate of US dollar against RMB decreased during the first half of 2021 and generated exchange gains for the liabilities denominated in US dollar, while the exchange rate of US dollar against RMB increased during the first half of 2020 and generated exchange losses for the liabilities denominated in US dollar.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

During the first half of 2021, the national economy maintained steady and stable development, which provided a strong support for the recovery of the domestic aviation market in China. Even though the industry saw a generally positive development trend, the recovery of transportation and production still showed fluctuation and volatility. In the beginning of the second half of 2021, both domestic and international market environment remains intricate and complex with many uncertainties and unstable factors, and risks and challenges may continue to arise for the recovery and development of the civil aviation industry. Currently, the international passenger aviation market continues to be sluggish, and its prospects remain uncertain.

During the second half of 2021, the Company will continue to consolidate the achievements in containing the COVID-19 Outbreak and devote persistent efforts to the integration of normalized pandemic prevention and control with operation safety. As such, the Company will enhance the development of the public health system of Beijing Capital Airport, improve the contingency plan for public health emergencies and create a reassuring environment for travellers, thereby boosting the demands for air travel. Meanwhile, the Company will strictly implement various measures of “prevention of importation of COVID-19 cases externally, prevention of viral rebound internally, and prevention efforts for individuals and properties”, and firmly safeguard our aviation portal against the pandemic with effective prevention and control.

During the second half of 2021, the Company will continue to accelerate the pace of hub construction, strengthen the communication, exchange of views and collaboration with airline partners at Beijing Capital Airport and mutually promote the recovery of the aviation market of Beijing Capital Airport. Apart from further promoting the collaboration and communication with sister airports, the Company will commence the analysis and research on the aviation market to keep abreast of the global industry developments on a timely basis. Further, the Company will continue to facilitate the redevelopment of the national gateway, improve the infrastructures, optimize the operation procedures and increase hub efficiency to lay a solid foundation for the high-quality development of the Company.

During the second half of 2021, the Company will continue to integrate commercial resources and develop innovative business models, striving to enhance the utilization rate of commercial resources of the Beijing Capital Airport and improve the commercial structure and the quality of its brands. The Company will consistently deepen the exploitation of the resources value to boost the revenue of the Company. Meanwhile, the Company will strictly reduce costs and expenses through continuous implementation of the “austerity policy” and refined capital management, and devote greater efforts to energy conservation and emission reduction by implementing refined energy management and control measures, with an aim to realize the target of enhancing both quality and efficiency.

During the second half of 2021, the Company will continue to step up its efforts in both the development of safety system and rectification of potential risks to ensure the continuous safety of Beijing Capital Airport. It will also continue to commence efforts in relation to pollution prevention and control and actively promote energy conservation and consumption reduction in a bid to achieve the sustainable development of Beijing Capital Airport. More emphasis will be placed on technological and management innovation to actively explore ways to integrate intelligent functions into its businesses and hence facilitate the development of intelligent airports. Meanwhile, the Company will make dedicated efforts to create cultural atmosphere and conscientiously provide its services with sincerity, aiming to establish its brand as a humanistic airport.

INTERIM DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Company had cash and cash equivalents amounting to RMB2,848,530,000, while the cash and cash equivalents of the Company amounted to RMB2,296,801,000 as at 31 December 2020.

As at 30 June 2021, the Company's short-term and long-term borrowings were RMB1,900,000,000 and RMB2,263,561,000, respectively, and the loans from the Parent Company were RMB1,418,815,000.

As at 30 June 2021, the current ratio of the Company was 0.50, while the current ratio of the Company was 0.39 as at 31 December 2020. 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 30 June 2021, the gearing ratio of the Company was 39.57%, while the gearing ratio of the Company was 37.22% as at 31 December 2020. Such ratios were computed by dividing the amount of total liabilities by the amount of total assets as at those respective dates.

As at 30 June 2021, the capital and reserves of the Company were RMB21,379,667,000, while the capital and reserves of the Company were RMB22,238,234,000 as at 31 December 2020.

For the first half of 2021, the Company's net cash used in operating activities amounted to RMB204,836,000, while the Company's net cash used in operating activities amounted to RMB222,917,000 in the same period of the previous year.

For the first half of 2021, the Company's net cash used in investing activities amounted to RMB306,287,000, while the Company's net cash used in investing activities amounted to RMB298,203,000 in the same period of the previous year.

For the first half of 2021, the Company's net cash generated from financing activities amounted to RMB1,063,078,000, while the Company's net cash generated from financing activities amounted to RMB685,553,000 in the same period of the previous year.

CHARGE ON ASSETS

During the six months ended 30 June 2021, there was no material charge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2021, the Company had no material merger, acquisition or disposal.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, the Company did not purchase, sell or redeem any of the listed securities of the Company.

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 interests and principal of the US dollar-denominated loans from the European Investment Bank in respect of the Phase III Assets as at 30 June 2021. 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 ("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 auxiliary buildings are situated (collectively as the "Phase III Assets").

As at 30 June 2021, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB22,911,000 (as at 31 December 2020: RMB23,776,000), trade and other payables of approximately RMB8,296,000 (as at 31 December 2020: RMB8,379,000), and loans from the Parent Company of approximately RMB1,418,815,000 (as at 31 December 2020: RMB1,512,660,000). For the first half of 2021, the Company recorded net exchange gains of RMB16,937,000.

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 RMB1,418,815,000, 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 short-term and long-term borrowings were RMB1,900,000,000 and RMB2,263,561,000, respectively. The interest rates of the above borrowings were referenced to the benchmark interest rates of the National Interbank Funding Centre. As such, any change in LIBOR and adjustments to the interest rates of the National Interbank Funding Centre 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 2021, the Company did not have any material investment, material investment plan or material financing plan.

CONTINGENT LIABILITIES

As at 30 June 2021, the Company did not have any significant contingent liabilities.

EMPLOYEES AND EMPLOYEE WELFARE

1. As at 30 June 2021, 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 2021	As at 30 June 2020
Number of employees	<u>1,558</u>	<u>1,558</u>

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 business development and the increase of labor remuneration could be in line with the increase of labour productivity.

2. Employees' basic medical insurance and commercial medical insurance

Since 1 January 2021, the Company has complied with the regulations of the Beijing Municipal Government for basic medical insurance in Beijing. According to the regulations, the Company pays the basic medical insurance and mutual insurance for large sum medical expenses for its employees at 8% 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. 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.

MATERIAL LITIGATION OR ARBITRATION

During the six months ended 30 June 2021, the Company was not involved in any material litigation or arbitration.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2021, 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 2021, the total issued share capital of the Company was 4,579,178,977 shares, including:

	Number of shares	Percentage of shareholding to the total issued shares
Domestic shares	2,699,814,977	58.96%
H shares	<u>1,879,364,000</u>	<u>41.04%</u>

2. Interests and short positions in shares of substantial shareholders and other persons

As of 30 June 2021, the interests and short positions in shares held by the following persons, other than directors, supervisors or chief executives of the Company, as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) (“SFO”) were as follows:

Name of substantial shareholder	Class of shares	Number of shares holding interest	Capacity	Percentage of shareholding to the relevant class of shares	Percentage of shareholding to the total issued shares
Capital Airports Holdings Limited (Note 1)	Domestic shares	2,699,814,977 (L)	Beneficial owner	100%	58.96%
T. Rowe Price Associates, Inc. and its subsidiaries	H shares	188,418,000(L)	Beneficial owner	10.02%	4.11%
Citigroup Inc.	H shares	166,251,356 (L)	Approved lending agent	8.84%	3.63%
		14,099,163 (S)		0.75%	0.31%
		151,788,160 (P)		8.07%	3.31%
BlackRock, Inc.	H shares	128,111,431 (L)	Interest of corporation controlled by substantial shareholder	6.82%	2.80%
		26,008,000 (S)		1.38%	0.57%
Aberdeen Asset Management PLC and its associates (Note 2)	H shares	114,868,000 (L)	Investment manager	6.11%	2.51%
Mr. Jiang Jinzhi (蔣錦志) (Note 3)	H shares	105,602,000 (L)	Interest of corporation controlled by substantial shareholder	5.62%	2.31%
Causeway Capital Management LLC (Note 2)	H shares	94,794,000 (L)	Investment manager	5.04%	2.07%
Hermes Investment Funds PLC	H shares	94,613,662 (L)	Beneficial owner	5.03%	2.07%
Brown Brothers Harriman & Co.	H shares	94,393,357 (L)	Agent	5.02%	2.06%
		94,393,357 (P)		5.02%	2.06%

(L) = Long position

(S) = Short position

(P) = Lending pool

Note:

1. Capital Airports Holdings Limited 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 of the Company, is the chairman of the Supervisory Committee of Capital Airports Holdings Limited.

Mr. Han Zhiliang, an executive director and the general manager of the Company, is the deputy general manager of Capital Airports Holdings Limited.

Mr. Gao Shiqing, a non-executive director of the Company, is the deputy general manager of Capital Airports Holdings Limited.

Mr. Jia Jianqing, a non-executive director of the Company, is the deputy general manager of Capital Airports Holdings Limited.

Mr. Song Kun, a non-executive director of the Company, is the deputy general manager of Capital Airports Holdings Limited.

2. These shares are held in the capacity of investment manager.
3. Based on the disclosure form dated 24 February 2021 of Mr. Jiang Jinzhi (being the latest disclosure form filed up to 30 June 2021), as at 24 February 2021, among his interests in the shares of the Company, (i) 90,476,000 shares in total were held by Greenwoods China Alpha Master Fund and Golden China Master Fund; and (ii) 15,126,000 shares were held by Shanghai Greenwoods Asset Management Company Limited. Each of Greenwoods China Alpha Master Fund and Golden China Master Fund was indirectly wholly-owned by Invest Partner Group Limited through Greenwoods Asset Management Hong Kong Limited. Invest Partner Group Limited was directly held as to 84.5% by Mr. Jiang Jinzhi. Shanghai Greenwoods Asset Management Company Limited was wholly-owned by Xizang Jingning Corporate Management Company Limited, which was directly held as to 84.5% by Mr. Jiang Jinzhi.
4. The numbers in the above table have been subject to rounding adjustments. Any discrepancies in the number are due to roundings.

SHORT POSITIONS IN SHARES

According to the register required to be kept by the Company under Section 336 of the SFO, as at 30 June 2021, save as disclosed above, there were no other person or substantial shareholder holding any short positions in the shares and underlying shares of the Company.

Save as disclosed above, the register required to be kept under section 336 of the SFO indicated 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 2021.

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

As at 30 June 2021, none of the directors, the supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited 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 or chief executives of the Company, or their respective associates, had been granted or had exercised any such right during the six months ended 30 June 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (formerly known as the 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 23 June 2020, the eighth 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 2022 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. Jiang Ruiming, Mr. Zhang Jiali and Mr. Stanley Hui Hon-chung. 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 the Company's financial reporting systems, 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, reports of internal audit and risk management departments, 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 2021, 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 the Company has complied with all the provisions of the Corporate Governance Code (the "Code") under Appendix 14 of the Listing Rules, save for the deviation from provision A.6.7 of the Code due to reasonable grounds (as explained below), for the six months ended 30 June 2021.

In respect of provision A.6.7 of the Code, the Company held its 2020 annual general meeting on 23 June 2021. Save for Mr. Gao Shiqing, a non-executive director of the Company who was absent from the annual general meeting due to work commitments, all other directors attended the annual general meeting. Five ordinary matters were considered at the annual general meeting, all of which were successfully passed. After the annual general meeting, the Company dispatched the relevant meeting minutes to all members of the Board to keep the absent director(s) informed of the proposals resolved during the meeting in order to gain and develop a balanced understanding of the views of the shareholders of the Company at the annual general meeting.

COMPLIANCE WITH THE MODEL CODE

The Company has formulated “the Code for Securities Transactions by Directors and Staff” on terms no less exacting than the required standard of the Model Code. For the six months ended 30 June 2021, 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 2021.

By order of the Board

Meng Xianwei

Secretary to the Board

Beijing, the PRC, 25 August 2021

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

Executive directors: *Mr. Liu Xuesong, Mr. Han Zhiliang and Mr. Zhang Guoliang*

Non-executive directors: *Mr. Gao Shiqing, Mr. Jia Jianqing and Mr. Song Kun*

Independent non-executive directors: *Mr. Jiang Ruiming, Mr. Liu Guibin, Mr. Zhang Jiali and Mr. Stanley Hui Hon-Chung*

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