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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)

2023 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half of 2023, the aircraft movements of Beijing Capital Airport reached 175,937 sorties, representing an increase of approximately 133.4% as compared with the same period of the previous year. The passenger throughput reached 23,100,384 person-times, representing an increase of approximately 318.3% as compared with the same period of the previous year. The cargo and mail throughput reached 473,326 tonnes, representing a decrease of approximately 16.5% as compared with the same period of the previous year.
- In the first half of 2023, the revenues of the Company were RMB1,985,073,000, representing an increase of approximately 80.2% as compared with the same period of the previous year.
- In the first half of 2023, the aeronautical business revenues of the Company were RMB910,071,000, representing an increase of approximately 160.9% as compared with the same period of the previous year.
- In the first half of 2023, the non-aeronautical business revenues of the Company were RMB1,075,002,000, representing an increase of approximately 42.9% as compared with the same period of the previous year.
- In the first half of 2023, the operating expenses of the Company were RMB2,757,714,000, representing a decrease of approximately 0.3% as compared with the same period of the previous year.
- In the first half of 2023, the net loss after tax of the Company was RMB1,041,495,000 (the loss per share was approximately RMB0.227), representing a decrease of approximately 25.9% as compared with the net loss after tax of RMB1,404,644,000 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 2023.

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 2023 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 2022 as follows:

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Unaudited	
		For the six months ended	
		30 June	
	<i>Notes</i>	2023	2022
		RMB'000	RMB'000
Revenues			
Aeronautical	4	910,071	348,862
Non-aeronautical	4	1,075,002	752,459
		1,985,073	1,101,321
Operating expenses			
Depreciation and amortisation		(775,654)	(778,866)
Aviation safety and security guard costs		(423,980)	(435,738)
Repairs and maintenance		(400,053)	(384,947)
Staff costs		(242,523)	(246,654)
Utilities and power		(229,784)	(262,779)
Operating contracted services		(212,363)	(205,550)
Concession management fees		(141,513)	(78,381)
Greening and environmental maintenance		(136,830)	(138,698)
Real estate and other taxes		(113,816)	(118,222)
Other costs		(81,198)	(114,960)
		(2,757,714)	(2,764,795)
Impairment losses on financial assets		(68,773)	(38,019)
Asset impairment losses		(4,133)	–
Other income		2,386	3,771
Other loss		(1,034)	(1,034)
Operating loss		(844,195)	(1,698,756)
Finance income	5	11,525	14,118
Finance costs	5	(184,734)	(185,357)
		(173,209)	(171,239)
Loss before income tax		(1,017,404)	(1,869,995)
Income tax (expense)/credit	6	(24,091)	465,351
Loss for the period		(1,041,495)	(1,404,644)

Unaudited
For the six months ended
30 June

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		<u>4,600</u>	<u>(17,435)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>4,600</u>	<u>(17,435)</u>
Total comprehensive loss for the period		<u><u>(1,036,895)</u></u>	<u><u>(1,422,079)</u></u>
Loss per share, basic and diluted (RMB)	<i>7</i>	<u><u>(0.227)</u></u>	<u><u>(0.307)</u></u>

INTERIM CONDENSED BALANCE SHEET

AS AT 30 JUNE 2023

		Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties		2,764,592	2,810,427
Property, plant and equipment		22,773,645	23,451,708
Right-of-use assets		2,043,063	2,028,119
Intangible assets		99,787	113,197
Deferred income tax assets		2,024,571	2,050,195
Other non-current assets		270,137	262,352
		<u>29,975,795</u>	<u>30,715,998</u>
Current assets			
Inventories		202,251	218,299
Trade receivables	8	1,195,109	666,898
Prepayment		15,225	5,525
Other financial assets at amortised cost		47,327	38,562
Financial assets at fair value through profit or loss		5,833	6,866
Notes receivable		7,883	58,335
Cash and cash equivalents		1,428,999	1,590,413
Other current assets		177,224	182,504
		<u>3,079,851</u>	<u>2,767,402</u>
Total assets		<u>33,055,646</u>	<u>33,483,400</u>
EQUITY			
Capital and reserves			
Share capital		4,579,179	4,579,179
Share premium		6,300,867	6,300,867
Capital reserve	9	235,954	235,954
Other reserve		(22,257)	(26,857)
Statutory and discretionary reserves		6,809,588	6,809,588
Accumulated losses		(2,335,306)	(1,293,811)
Total equity		<u>15,568,025</u>	<u>16,604,920</u>

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	<i>11</i>	1,996,800	198,641
Bonds payable	<i>12</i>	–	–
Loans from the Parent Company	<i>13</i>	–	1,104,724
Lease liabilities		600,585	615,236
Retirement benefit obligations		131,720	141,809
Deferred income		27,156	28,530
		<u>2,756,261</u>	<u>2,088,940</u>
Current liabilities			
Short-term borrowings	<i>11</i>	7,004,382	6,204,173
Trade and other payables	<i>10</i>	6,149,892	6,923,516
Current portion of long-term borrowings	<i>11</i>	4,328	382
Current portion of bonds payable	<i>12</i>	1,339,164	1,314,539
Current portion of loans from the Parent Company	<i>13</i>	–	173,139
Current portion of lease liabilities		224,561	164,792
Current portion of retirement benefit obligations		9,033	8,999
		<u>14,731,360</u>	<u>14,789,540</u>
Total liabilities		<u>17,487,621</u>	<u>16,878,480</u>
Total equity and liabilities		<u>33,055,646</u>	<u>33,483,400</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

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 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.

In the first half of 2023, the civil aviation market experienced significant rebound under a positive trend of economic recovery in China. The Company strived to seize the opportunities arising from the recovery of demand in the aviation transportation market by insisting on safety first, focusing on the enhancement of quality and efficiency, and strengthening cost control for the recovery of production and operation. However, due to the relatively slow recovery of international routes, coupled with the impact of the diversion of flights to Daxing Airport, the operating results of the Company remained under pressure, as a result of which the Company continued to incur operating loss during the six months ended 30 June 2023. The Company will 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 29 August 2023.

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 2023 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

The Company reported a net loss of RMB1,041,495,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB1,404,644,000) and a net cash outflow from operating activities of RMB1,058,184,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB519,513,000). As at 30 June 2023, the current liabilities of the Company exceeded the current assets by RMB11,651,509,000 (as at 31 December 2022: RMB12,022,138,000). Mainly included in the current liabilities were borrowings and bonds totalling RMB8,347,874,000 repayable within one year from 30 June 2023. On the same date, the Company had cash and cash equivalents of RMB1,428,999,000.

Management has prepared a cash flow projection, which covers a period of not less than twelve months from 30 June 2023. The directors of the Company have reviewed the Company’s cash flow projection prepared by management and are of the opinion that the Company will have sufficient financial resources, including the cash inflow from operating activities and the unutilised facilities from banks and the Parent Company, to finance its operations and to meet its financial obligations as at and when they fall due within twelve months from 30 June 2023. Accordingly, the directors of the Company have prepared the financial statements 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 2022, 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

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 2023 and not adopted by the Company are as follows:

	Effective for annual periods beginning on or after
Classification of Liabilities as current or non-current – Amendments to IAS 1	1 January 2024
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – amendments to IFRS 16	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	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 is principally engaged in a single business of operating and managing an airport and provision of related services in the Mainland China. 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, the Board of Directors considers that there is only one operating segment under the requirement of IFRS 8.

Analysis of revenue by category	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Aeronautical		
Aircraft movement fees and related income	514,511	258,278
Passenger income	<u>395,560</u>	<u>90,584</u>
	<u>910,071</u>	<u>348,862</u>
Non-aeronautical		
Concession revenue	597,260	350,835
Rental income	414,906	359,172
Resources usage income	56,971	33,345
Others	<u>5,865</u>	<u>9,107</u>
	<u>1,075,002</u>	<u>752,459</u>
	<u><u>1,985,073</u></u>	<u><u>1,101,321</u></u>

As the Company is domiciled in the Mainland China from where all of its revenue from external customers for the six months ended 30 June 2023 and 2022 are derived and in where all of its assets are located, no geographical segment information is shown.

Aeronautical revenues and Non-aeronautical revenues-others 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	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income	<u>11,525</u>	<u>14,118</u>
Finance costs		
Interest expenses on borrowings	(85,287)	(66,395)
Interest expenses on loans from the Parent Company	(30,941)	(7,267)
Exchange losses, net	(25,572)	(67,592)
Interest expenses on bonds payable	(24,626)	(24,626)
Interest expenses on lease liabilities	(17,830)	(18,913)
Bank charges	<u>(478)</u>	<u>(564)</u>
	<u>(184,734)</u>	<u>(185,357)</u>
Net finance costs	<u>(173,209)</u>	<u>(171,239)</u>

6. INCOME TAX EXPENSE/(CREDIT)

The Company is subject to corporate income tax at a rate of 25% (2022: 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	
	2023	2022
	RMB'000	RMB'000
Current income tax	-	-
Deferred income tax	<u>(24,091)</u>	<u>465,351</u>
	<u>(24,091)</u>	<u>465,351</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. In this period, no additional deferred income tax assets were recognised for tax loss.

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 4,579,178,977 (2022: 4,579,178,977) 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	
	2023	2022
Loss attributable to owners of the Company (<i>RMB'000</i>)	(1,041,495)	(1,404,644)
Basic loss per share (<i>RMB per share</i>)	<u>(0.227)</u>	<u>(0.307)</u>

8. TRADE RECEIVABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables		
– CAH's subsidiaries	374,081	334,909
– third parties	<u>1,315,061</u>	<u>767,243</u>
	1,689,142	1,102,152
Less: provision for impairment	<u>(494,033)</u>	<u>(435,254)</u>
	<u>1,195,109</u>	<u>666,898</u>

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

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Less than 3 months	753,145	326,215
4 – 6 months	180,610	167,590
7 – 12 months	272,011	135,015
1 – 2 years	148,586	178,599
2 – 3 years	82,100	32,947
Over 3 years	<u>252,690</u>	<u>261,786</u>
	<u>1,689,142</u>	<u>1,102,152</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 the 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 the shareholders of the Company.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade payables		
Amounts due to related parties		
– CAH's subsidiaries	<u>1,725,088</u>	<u>2,039,032</u>
Repairs and maintenance charges payable	567,573	579,259
Accounts payable for purchases	77,903	91,038
Greening and environmental maintenance charges payable	70,644	98,629
Sub-contracting charges payable	67,950	63,008
Others	<u>221,137</u>	<u>249,175</u>
	<u>2,730,295</u>	<u>3,120,141</u>
Advances and other payables		
Amounts due to related parties		
– CAH	50,631	31,563
– CAH's subsidiaries	<u>62,041</u>	<u>63,122</u>
	<u>112,672</u>	<u>94,685</u>
Accrued liabilities for the acquisition consideration of the GTC		
Assets*	1,508,693	1,508,693
Construction payables	585,317	828,312
Deed taxes in respect of the acquisition of the Phase III Assets**, the T3D Assets*** and the GTC Assets	465,948	465,948
Deposits received	249,062	265,189
Payroll and welfare payables	231,087	330,234
Advance from customers	203,988	264,736
Receipts on behalf of concession operators	32,807	9,399
Other taxes payable	12,415	11,611
Others	<u>17,608</u>	<u>24,568</u>
	<u>3,419,597</u>	<u>3,803,375</u>
	<u><u>6,149,892</u></u>	<u><u>6,923,516</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 on which T3 and other related construction are situated (collectively the “Phase III Assets”).
- *** In 2015, the Company acquired Zone D of T3 and its ancillary assets from the Parent Company, which were collectively referred to as the T3D Assets.

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

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Less than 3 months	690,461	1,215,505
4 – 6 months	267,936	308,932
7 – 12 months	356,617	333,237
Over 12 months	1,415,281	1,262,467
	<u>2,730,295</u>	<u>3,120,141</u>

11. BORROWINGS

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Short-term		
– Principals	7,000,000	6,200,000
– Interest payable within one year	4,382	4,173
	<u>7,004,382</u>	<u>6,204,173</u>
Long-term		
– Current portion	2,800	200
– Non-current portion	1,996,800	198,641
– Interest payable within one year	1,528	182
	<u>2,001,128</u>	<u>199,023</u>
	<u>9,005,510</u>	<u>6,403,196</u>

The movement in principals of borrowings is analysed as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Opening amount as at 1 January	6,398,841	4,488,841
Proceeds of new borrowings	2,800,000	1,840,000
Repayments of borrowings	(199,241)	(2,089,900)
	<u> </u>	<u> </u>
Closing amount as at 30 June	<u>8,999,600</u>	<u>4,238,941</u>

(a) The borrowings from banks, CAH and its subsidiary are denominated in RMB and unsecured.

(b) Loan covenants

The new loan agreement requires the asset liability ratio of the Company must be below 75%, the Company complied with the ratio throughout the reporting period. As at 30 June 2023, the asset liability ratio was 53%.

12. BONDS PAYABLE

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Principal amount	1,300,000	1,300,000
Bonds issuance cost	(3,092)	(3,092)
	<u> </u>	<u> </u>
Proceeds received	1,296,908	1,296,908
Interest payable	39,346	15,235
Accumulated amortisation amounts of bonds issuance cost	2,910	2,396
	<u> </u>	<u> </u>
Less: current portion	1,339,164	1,314,539
	<u>(1,339,164)</u>	<u>(1,314,539)</u>
Non-current portion	<u> </u>	<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 not 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 from European Investment Bank. The borrowings were not reassigned into the name of the Company.

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Loans from the Parent Company		
– Principals	–	1,274,681
– Interest payable within one year	–	3,182
	<u>–</u>	<u>1,277,863</u>
Less: current portion	–	(173,139)
	<u>–</u>	<u>1,104,724</u>

The movement in principals of loans from the Parent Company is analysed as follows:

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Opening amount as at 1 January	1,274,681	1,322,486
Repayments of borrowings	(1,300,639)	(80,480)
Currency translation differences	25,958	68,223
	<u>–</u>	<u>1,310,229</u>
Closing amount as at 30 June	<u>–</u>	<u>1,310,229</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. The Company has fully repaid the loans from the Parent Company as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Aeronautical Business

In the first half of 2023, the domestic aviation market recovered gradually, while the recovery of the international aviation market remained relatively sluggish as affected by the global environment, geopolitical tensions and other factors. Beijing Capital Airport witnessed a steady recovery in air traffic volumes.

In the first half of 2023, the air traffic volumes of domestic routes (excluding Hong Kong, Macau and Taiwan) of Beijing Capital Airport rebounded steadily. In respect of the air traffic volumes of international routes, international aircraft movements grew slightly as compared with the same period of the previous year by virtue of the continuous relaxation of travel restrictions and the increasing international mobility. Meanwhile, due to the larger base figure of international cargo flights for the corresponding period of the previous year, coupled with the decrease in international cargo demand and increase in passenger demand during the current period, the growth in international passenger throughput over the same period of the previous year far exceeded that of international aircraft movements. In respect of the air traffic volumes of Hong Kong, Macau and Taiwan routes, both the aircraft movements and passenger throughput of Hong Kong, Macau and Taiwan routes recovered significantly as compared with the same period of the previous year, which have similarly benefited from the recovery of the aircraft movements and passenger throughput in the regions of Hong Kong, Macau and Taiwan.

Overall, the cumulative aircraft movements at Beijing Capital Airport reached 175,937 sorties, representing an increase of approximately 133.4% as compared with the same period of the previous year. The cumulative passenger throughput reached 23,100,384 person-times, representing an increase of approximately 318.3% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 473,326 tonnes, representing a decrease of approximately 16.5% 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		
	2023	2022	Change
Aircraft Movements (<i>unit: sorties</i>)	175,937	75,387	133.4%
Domestic	161,577	62,748	157.5%
Including: Hong Kong, Macau & Taiwan	4,391	2,575	70.5%
International	14,360	12,639	13.6%
Passenger Throughput (<i>unit: person-times</i>)	23,100,384	5,522,779	318.3%
Domestic	21,353,013	5,441,237	292.4%
Including: Hong Kong, Macau & Taiwan	586,827	80,214	631.6%
International	1,747,371	81,542	2042.9%
Cargo and Mail Throughput (<i>unit: tonnes</i>)	473,326	566,975	-16.5%
Domestic	289,150	274,110	5.5%
Including: Hong Kong, Macau & Taiwan	33,288	36,309	-8.3%
International	184,176	292,865	-37.1%

Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2023	2022	Change
	RMB'000	RMB'000	
Aircraft movement fees and related income	514,511	258,278	99.2%
Passenger service income	395,560	90,584	336.7%
Total aeronautical revenues	910,071	348,862	160.9%

In the first half of 2023, benefiting from the steady recovery of the air traffic volumes of Beijing Capital Airport, the aeronautical business revenues of the Company increased significantly to a total amount of RMB910,071,000, representing an increase of approximately 160.9% as compared with the same period of the previous year.

In the first half of 2023, revenues from aircraft movement fees and related income of the Company were RMB514,511,000, representing an increase of approximately 99.2% as compared with the same period of the previous year, which was mainly attributable to the rebound of aircraft movements of Beijing Capital Airport during the current period. However, pursuant to the Notice on Issues Concerning Airport Charges Related to International Passenger Flights (Min Hang Han [2023] No. 297) (《關於國際客運航班機場收費有關問題的通知》(民航函[2023]297號)), the 10% upward adjustment policy on charging standards of movement fees for international passenger flights of domestic and foreign airlines at Category I and Category II airports has been suspended from 1 May 2023 to 31 December 2023. As a result of this policy, the extent of increase in revenues from aircraft movement fees and related income of the Company was smaller than the extent of increase in aircraft movements. Revenues from passenger service income were RMB395,560,000, representing an increase of approximately 336.7% as compared with the same period of the previous year, which was substantially in line with the increase in passenger throughput.

Non-Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2023	2022	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Concession revenues	597,260	350,835	70.2%
Including: Advertising	309,727	264,959	16.9%
Retailing	155,442	39,074	297.8%
VIP services	47,408	–	100%
Restaurants and food shops	42,356	24,191	75.1%
Car parking services	24,413	7,101	243.8%
Other concessions	17,914	15,510	15.5%
Rental income	414,906	359,172	15.5%
Resources usage income	56,971	33,345	70.9%
Others	5,865	9,107	-35.6%
Total non-aeronautical revenues	<u>1,075,002</u>	<u>752,459</u>	<u>42.9%</u>

In the first half of 2023, the non-aeronautical business, which is closely related to the air traffic volumes of Beijing Capital Airport, showed a trend of recovery. The non-aeronautical revenues of the Company were RMB1,075,002,000, representing an increase of approximately 42.9% as compared with the same period of the previous year.

In the first half of 2023, the concession revenues of the Company were RMB597,260,000, representing an increase of approximately 70.2% as compared with the same period of the previous year. Among these, the revenues from advertising were RMB309,727,000, representing an increase of approximately 16.9% as compared with the same period of the previous year, which was mainly caused by the combined effects of the growth in the passenger throughput of Beijing Capital Airport, the resumption of international flights and the failure to renew some of the advertising contracts upon expiry. The revenues from retailing were RMB155,442,000, representing an increase of approximately 297.8% as compared with the same period of the previous year, which was mainly due to a rebound in the international passenger throughput during the current period, resulting in a corresponding increase in the revenues from retailing for the current period. The revenues from VIP services amounted to RMB47,408,000, representing an increase of 100% as compared with the same period of the previous year. This was largely attributable to the recognition of relevant revenues according to the contracts from the newly added frequent traveller's paid membership business of the Company since August 2022. The revenues from restaurants and food shops were RMB42,356,000, representing an increase of approximately 75.1% as compared with the same period of the previous year, which was mainly attributable to the higher revenues from restaurants and food shops resulted from an increase in passenger throughput, coupled with a smaller base figure for the same period of the previous year as a result of the waiver policy. The revenues from car parking services were RMB24,413,000, representing an increase of approximately 243.8% as compared with the same period of the previous year, which was mainly due to the rising passenger throughput, leading to a corresponding increase in revenues from car parking services. The revenues from other concessions were RMB17,914,000, representing an increase of approximately 15.5% as compared with the same period of the previous year, which was due to the increase in business volume of other concessions that are linked to the passenger throughput.

In the first half of 2023, the rental revenues of the Company were RMB414,906,000, representing an increase of approximately 15.5% as compared with the same period of the previous year, which mainly benefited from the increase in Beijing Capital Airport's aircraft movements during the current period, leading to a corresponding increase in some of the related rental revenues.

In the first half of 2023, the resources usage income of the Company were RMB56,971,000, representing an increase of approximately 70.9% as compared with the same period of the previous year, which was mainly caused by a higher opening rate and larger shop areas of the retail stores and restaurants as Beijing Capital Airport's passenger throughput gradually recovered, resulting in an increase in resources usage income.

In the first half of 2023, other revenues of the Company were RMB5,865,000, representing a decrease of approximately 35.6% as compared with the same period of the previous year, which was mainly affected by the decrease in related revenues as a result of business adjustments related to sewage treatment.

Operating Expenses

	Unaudited		
	For the six months ended 30 June		
	2023	2022	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Depreciation and amortisation	775,654	778,866	-0.4%
Aviation safety and security guard costs	423,980	435,738	-2.7%
Repair and maintenance	400,053	384,947	3.9%
Staff costs	242,523	246,654	-1.7%
Utilities and power	229,784	262,779	-12.6%
Operating contracted services costs	212,363	205,550	3.3%
Concession management fees	141,513	78,381	80.5%
Greening and environmental maintenance costs	136,830	138,698	-1.3%
Real estate and other taxes	113,816	118,222	-3.7%
Other costs	81,198	114,960	-29.4%
	<u>2,757,714</u>	<u>2,764,795</u>	<u>-0.3%</u>
Operating expenses	<u>2,757,714</u>	<u>2,764,795</u>	<u>-0.3%</u>

In the first half of 2023, the operating expenses of the Company were RMB2,757,714,000, representing a decrease of approximately 0.3% as compared with the same period of the previous year.

In the first half of 2023, the aviation safety and security guard costs of the Company were RMB423,980,000, representing a decrease of approximately 2.7% as compared with the same period of the previous year, which was mainly due to the decrease in aviation safety and security related fees as a result of the cost reduction and efficiency improvement measures implemented by the Company.

In the first half of 2023, the repair and maintenance expenses of the Company were RMB400,053,000, representing an increase of approximately 3.9% as compared with the same period of the previous year, which was mainly due to the increase in the frequency of using certain equipment for production and operation as a result of the increase in business volume, leading to an increase in maintenance costs for equipment and system.

In the first half of 2023, the utilities and power expenses of the Company were RMB229,784,000, representing a decrease of approximately 12.6% as compared with the same period of the previous year, which was mainly due to the adjustment to the fee standards of the heating fees, which resulted in the corresponding decline in the heating expenses.

In the first half of 2023, the operating contracted services costs of the Company were RMB212,363,000, representing an increase of approximately 3.3% as compared with the same period of the previous year, which was mainly due to the recovery of passenger throughput, resulting in the increase in demand for related operating contracted services in the terminals of Beijing Capital Airport, and hence the increase in operating contracted services costs.

In the first half of 2023, the concession management fees of the Company were RMB141,513,000, representing an increase of approximately 80.5% as compared with the same period of the previous year, which was mainly due to the rebound of passenger throughput and hence a corresponding increase in concession revenues from businesses such as advertising, retailing and restaurants and food shops, resulting in the corresponding increase in the concession management fees that were charged in proportion to the concession revenues.

In the first half of 2023, the real estate and other taxes of the Company were RMB113,816,000, representing a decrease of approximately 3.7% as compared with same period of the previous year, which was mainly due to the fact that the portion of real estate taxes assessable on rentals levied was calculated based on the rental income of the Company in the previous year, while the rental income of Beijing Capital Airport in the first half of 2022 decreased as compared with the same period of 2021, resulting in the decline in the real estate taxes during the current period as compared with the same period of the previous year.

In the first half of 2023, the other costs of the Company were RMB81,198,000, representing a decrease of approximately 29.4% as compared with the same period of the previous year, which was mainly due to the substantial decrease in investment relating to pandemic prevention and control.

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023, the net financial costs of the Company after deduction of the financial incomes were RMB173,209,000, representing an increase of 1.2% as compared with the same period of the previous year. On the one hand, there were certain new borrowings during the current period, leading to an increase in interest expenses; on the other hand, there was a sharp increase in interest rate during the current period for the borrowings from the European Investment Bank assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4%, resulting in the increase in interest expenses as compared with the same period of the previous year. Meanwhile, the exchange rate of US dollar against RMB increased during the first half of 2023, generating exchange losses for the borrowings from the European Investment Bank denominated in US dollar. In light of the continuous increase of the exchange rate of US dollar against RMB since 2022, and after taking into account the fact that the costs of RMB debts were lower than the interest rates of USD loans, the adverse impact of continuous fluctuations in exchange rates on the Company and other factors, the Company has completed the early repayment of all the outstanding borrowings from the European Investment Bank on 15 June 2023.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

During the first half of 2023, the civil aviation market witnessed significant signs of recovery as domestic economy picked up. However, due to the relatively sluggish resumption of international flights as well as the transfer and diversion of flights to Daxing Airport, the production and operation of the Company remained largely suppressed. Stepping into the second half of the year, as the national economy recovered at an accelerated pace, the civil aviation industry ushered in a critical recovery period with capacity expansion and quality improvement. Beijing Capital Airport will make all-out efforts to seize the opportunities arising from the sustained improvement in market demand for aviation transportation and press ahead with the major tasks in order to further reinforce the foundation of development.

During the second half of 2023, staying committed to the principle of “Safety First”, the Company will ensure safe and smooth operation. It will continue to perform specific checks and rectifications on major safety hazards and strengthen the safety management of related parties, while optimizing the intelligent safety management system to improve the functions of risk and hazard sharing as well as safety supervision and inspection among related parties. Besides, the Company will optimize the management model of security business, promote brand benchmarking in respect of the security check channels and explore new initiatives regarding intelligent security checks. It will also continue to enhance its capabilities in risk identification, management and control so as to consolidate the foundation of safe development, thereby driving high-quality development with high-level safety.

During the second half of 2023, the Company will ensure the effectiveness of “Quality Operation” and properly enhance the boarding efficiency of passengers. It will continue to raise the assurance standards of de-icing and snow removal at Beijing Capital Airport, with a view to boosting the efficiency of operation in winter. In order to deepen data sharing with airlines and airport-stationed units, the Company will establish a data resource management system for Beijing Capital Airport. Specific improvement measures, including increasing security checks efficiency and refining transit service procedures, will be carried out in cooperation with units stationed at the airport on an ongoing basis. Furthermore, the Company will strengthen the ability of fostering operation synergy, and allocate and secure resources in a scientific manner with a focus on enhancing the frontal bay rate of flights, while facilitating improvement in operating quality with vigorous efforts.

During the second half of 2023, the Company will implement the standards of “Service in China” to establish an industry benchmark and provide sincere services in a practical manner. The Company will continue to refine its service standard system with a focus on targeted improvement of shortcomings in terms of services, at the same time facilitating the enhancement of service quality in coordination with airlines regarding the concerns of passengers, such as luggage claiming efficiency and flight cut-off time. With a focus on passenger demands and the characteristics of various customer groups, the

Company will optimize its services and products, and strengthen the promotion of its service brand of the “First Gateway of China to Bring Love Together (第一國門讓愛聚首)”. By improving service standards, procedures and programs, the Company will develop a sound system for quality services and hence better cater to the travel demand of passengers with sincere services.

During the second half of 2023, the Company will strive for satisfactory results through innovation of business operation and build up momentum for the recovery of all-round development. While optimizing domestic express routes from Beijing Capital Airport and the “Connect Flight via Beijing Capital Airport” domestic transit products, the Company will accelerate the resumption of operation of the “Transit abroad via Beijing Capital Airport” international transit products, with a view to exploring the potential of the aviation market continuously with intensified marketing efforts on aviation products. Committed to tapping into the value of resources, the Company will actively promote resource allocation, business integration and management improvement, thereby driving the increase in the revenue of the Company. The Company will enhance the effectiveness of cost reduction and efficiency improvement measures, reinforce supervision, optimize incentive plans and establish a long-term cost control mechanism, in a bid to facilitate the prompt recovery and development of the Company by leveraging the merit of cost reduction and efficiency improvement.

INTERIM DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Company had cash and cash equivalents amounting to RMB1,428,999,000, while the cash and cash equivalents of the Company amounted to RMB1,590,413,000 as at 31 December 2022.

As at 30 June 2023, the Company’s principal amount of short-term and long-term borrowings were RMB7,000,000,000 and RMB1,999,600,000, respectively, and the amount of bonds payable was RMB1,339,164,000.

As at 30 June 2023, the current ratio of the Company was 0.21, while the current ratio of the Company was 0.19 as at 31 December 2022. 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 2023, the gearing ratio of the Company was 52.90%, while the gearing ratio of the Company was 50.40% as at 31 December 2022. 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 2023, the capital and reserves of the Company were RMB15,568,025,000, while the capital and reserves of the Company were RMB16,604,920,000 as at 31 December 2022.

For the first half of 2023, the Company’s net cash used in operating activities amounted to RMB1,058,184,000, while the Company’s net cash used in operating activities amounted to RMB519,513,000 in the same period of the previous year.

For the first half of 2023, the Company's net cash used in investing activities amounted to RMB188,751,000, while the Company's net cash used in investing activities amounted to RMB312,965,000 in the same period of the previous year.

For the first half of 2023, the Company's net cash generated from financing activities amounted to RMB1,084,800,000, while the Company's net cash used in financing activities amounted to RMB433,119,000 in the same period of the previous year.

CHARGE ON ASSETS

During the six months ended 30 June 2023, there was no charge or pledge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2023, the Company did not conduct any material merger, acquisition or disposal.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, the Company did not purchase, sell and redeem any of its listed securities.

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.

As at 30 June 2023, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB20,087,000 (as at 31 December 2022: RMB20,449,000), other receivables of approximately RMB4,000 (as at 31 December 2022: RMB0), and trade and other payables of approximately RMB9,279,000 (as at 31 December 2022: RMB8,944,000). For the first half of 2023, the Company recorded net exchange losses of RMB25,572,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 30 June 2023, the Company's principal amount of short-term and long-term borrowings were RMB7,000,000,000 and RMB1,999,600,000, respectively. The interest rates of the above borrowings were referenced to the benchmark interest rates of the National Interbank Funding Centre.

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2023, there were no significant investments held by the Company (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 30 June 2023).

FUTURE PLANS FOR MATERIAL INVESTMENTS, CAPITAL ASSETS AND MATERIAL FINANCING

The shareholders of the Company approved a financing plan at the extraordinary general meeting convened on 22 December 2022, pursuant to which, among others, the Company's registration and issuance (as and when appropriate) of medium-term notes and super short-term debentures in the PRC, each in an aggregate amount of not more than RMB4 billion, was approved. The Company has made a formal application for the registration and issuance of medium-term notes and super short-term debentures to the National Association of Financial Market Institutional Investors on 16 August 2023. As at the date of this announcement, the relevant application has not yet been approved. For details of the registration and proposed issuance of medium-term notes and super short-term debentures, please refer to the supplemental circular of the Company dated 8 December 2022 and the announcements of the Company dated 22 December 2022 and 16 August 2023.

Save as disclosed above, as at 30 June 2023, the Company did not have any other plan for material investments, capital assets or material financing.

CONTINGENT LIABILITIES

As at 30 June 2023, the Company did not have any significant contingent liabilities.

EMPLOYEES AND EMPLOYEE WELFARE

1. As at 30 June 2023, 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 2023	As at 30 June 2022
Number of employees	<u>1,507</u>	<u>1,555</u>

The remuneration policy of employees of the Company is determined by the management based on market practice. The Company adopted a skill-based and performance-based position salary system, which was based on the value of the position and the skill level of employees 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 2003, 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 employee medical insurance (including maternity insurance) for its employees at 9.8%, of the average monthly salaries of its employees in the previous year.

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

3. Staff retirement scheme

In 2011, the Company implemented the corporate pension scheme according to the relevant policies of the state. Pursuant to the corporate pension scheme, the Company and the staff who participate 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 2023, the Company was not involved in any material litigation or arbitration.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2023, the Company did not have any entrusted deposits or uncollected fixed deposits upon maturity placed with any financial institutions or any other entities.

ISSUED SHARE CAPITAL

As at 30 June 2023, 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>

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of 30 June 2023, the interests and short positions held in the shares and underlying shares of the Company by the following persons, other than the directors, supervisors or general manager 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	Capacity/nature of interest	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%
The Bank of New York Mellon Corporation	H shares	150,772,031 (L)	Interest of corporation controlled by substantial shareholder	8.02%	3.29%
		148,991,286 (P)	Interest of corporation controlled by substantial shareholder	7.93%	3.25%
Causeway Capital Management LLC (Note 2)	H shares	149,966,700 (L)	Investment manager	7.98%	3.28%
BlackRock, Inc.	H shares	137,947,649 (L)	Interest of corporation controlled by substantial shareholder	7.34%	3.01%
		9,120,000 (S)	Interest of corporation controlled by substantial shareholder	0.49%	0.20%
Citigroup Inc.	H shares	130,855,177 (L)	Interest of corporation controlled by substantial shareholder	6.96%	2.86%
		130,268,172 (P)	Interest of corporation controlled by substantial shareholder	6.93%	2.85%
T. Rowe Price Associates, Inc. and its Affiliates	H shares	129,636,000 (L)	Beneficial owner	6.89%	2.83%
Aberdeen Asset Management PLC and its associates (Note 2)	H shares	114,868,000 (L)	Investment manager	6.11%	2.51%
Mitsubishi UFJ Financial Group, Inc.	H shares	113,556,000 (L)	Interest of corporation controlled by substantial shareholder	6.04%	2.48%

Name of substantial shareholder	Class of shares	Number of shares	Capacity/nature of interest	Percentage of shareholding to the relevant class of shares	Percentage of shareholding to the total issued shares
JPMorgan Chase & Co.	H shares	107,204,582 (L)	Interest of corporation controlled by substantial shareholder	5.70%	2.34%
	H shares	14,699,035 (S)	Interest of corporation controlled by substantial shareholder	0.78%	0.32%
	H shares	72,561,988 (P)	Interest of corporation controlled by substantial shareholder	3.86%	1.59%
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%
Invesco Asset Management Limited (Note 2)	H shares	99,325,400 (L)	Investment manager	5.28%	2.17%
Hermes Investment Funds PLC	H shares	94,613,662 (L)	Beneficial owner	5.03%	2.07%

(L) = Long position

(S) = Short position

(P) = Lending pool

Notes:

1. Capital Airports Holdings Limited was incorporated in the PRC and is the controlling shareholder of the Company.

Mr. Wang Changyi, the chairman of the Board and an executive director of the Company, is a director and the chairman of the board 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. 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.

Mr. Du Qiang, 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 26 February 2021 of Mr. Jiang Jinzhi (being the latest disclosure form filed up to 30 June 2023), 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 by 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 in turn indirectly 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.

Save as disclosed above, as at 30 June 2023, 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.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND GENERAL MANAGER AND THEIR SECURITIES TRANSACTIONS

As at 30 June 2023, none of the directors, supervisors or general manager of the Company had any interests or short positions in the shares, underlying shares or 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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). During the six months ended 30 June 2023, none of the directors, supervisors or general manager of the Company, or their associates, had been granted the right to subscribe for any shares or debentures of the Company, nor had any of them exercised any such right during the same period.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

From 1 July 2023 to the date of this announcement, save as disclosed in the profit warning announcement of the Company dated 2 August 2023 and the paragraphs below, there was no material event or transaction affecting the Company and which is required to be disclosed by the Company to its shareholders:

- (i) as disclosed in the announcements of the Company dated 30 June 2023 and 21 July 2023, as at 21 July 2023, the Company had completed its capital contribution in full to Beijing Chuanglian Civil Aviation Technology Co., Ltd* (北京創聯民航技術有限公司) (the “**Chuanglian Company**”), whereas Inner Mongolia Autonomous Region Civil Airports Group Co., Ltd.* (內蒙古自治區民航機場集團有限責任公司) (the “**Inner Mongolia Airport Group**”) and Beijing Airport Group Technology Management Company Limited* (首都機場集團科技管理有限公司) (the “**Technology Company**”) had not yet made their respective capital contributions in full to the Chuanglian Company. As at the date of this announcement, the Company, the Inner Mongolia Airport Group and the Technology Company have completed their respective capital contributions in full to the Chuanglian Company;

- (ii) on 16 August 2023, the Company made a formal application to the National Association of Financial Market Institutional Investors for the registration and issuance of medium-term notes and super short-term debentures in the PRC, details of which were disclosed in the announcement of the Company dated 16 August 2023. As at the date of this announcement, the relevant application has not yet been approved.

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 20 June 2023, the ninth session of the Board of the Company re-appointed the members of the Audit and Risk Management Committee whose term would expire on the date of the annual general meeting for the year of 2025. At present, the Audit and Risk Management Committee is composed of four independent non-executive directors, namely, Mr. Wang Huacheng (chairman of the Audit and Risk Management Committee and professor of the Department of Finance of the Business School of Renmin University of China), Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung and Ms. Duan Donghui. 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 2023, 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board confirms that the Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Listing Rules for the six months ended 30 June 2023 and up to the date of this announcement, save for the deviation from code provision C.1.6 of the CG Code due to reasonable grounds as explained below.

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Gao Shiqing, a then non-executive director of the Company, and Mr. Song Kun, a non-executive director of the Company, were unable to attend the annual general meeting of the Company held on 20 June 2023 (the "**AGM**") due to other business commitments. 18 ordinary resolutions were considered at the AGM, all of which were successfully passed. After the AGM, the Company also dispatched the relevant meeting minutes to all members of the Board to keep the absent director(s) informed of the resolutions passed and the views of the shareholders during the AGM.

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 2023, the Company strictly implemented “the Code for Securities Transactions by Directors and Staff”.

Having made specific enquiries to the directors, supervisors and general manager of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2023.

By order of the Board

Meng Xianwei

Secretary to the Board

Beijing, the PRC

29 August 2023

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

Executive directors: Mr. Wang Changyi and Mr. Han Zhiliang

Non-executive directors: Mr. Jia Jianqing, Mr. Song Kun and Mr. Du Qiang

Independent non-executive directors: Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung, Mr. Wang Huacheng and Ms. Duan Donghui

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” and the website of the Company at <http://www.bcia.com.cn>.