



Beijing Capital International Airport Company Limited

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)

Stock Code: 00694



2019 INTERIM REPORT

The board of directors (the “Board”) of Beijing Capital International Airport Company Limited (the “Company”) is pleased to announce the operating results and unaudited financial results which have been reviewed by the audit and risk management committee of the Company (the “Audit and Risk Management Committee”) for the first half of 2019 and the prospects for the second half of 2019 as follows:

SUMMARY OF FINANCIAL RESULTS

(All amounts are expressed in thousands of Renminbi (“RMB”) except per share data)

	For the six months ended 30 June (Unaudited)		
	2019	2018	Change
Revenues	5,380,369	5,322,096	1.1%
Operating expenses	(3,563,987)	(3,252,474)	9.6%
EBITDA	2,498,810	2,767,999	-9.7%
Profit attributable to shareholders	1,290,149	1,486,793	-13.2%
Earnings per share – basic and diluted (RMB)	0.298	0.343	-13.2%

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		Change
Total assets	34,781,244			34,698,109	0.2%	
Total liabilities	10,703,303			11,284,918	-5.2%	
Shareholders’ equity	24,077,941			23,413,191	2.8%	



MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Aeronautical Business

In the first half of 2019, as affected by the maintenance of runways and the surrounding environment of Beijing Capital Airport and the support for important events, the growth of the air traffic volumes of Beijing Capital Airport was under pressure in general.

In the first half of 2019, the cumulative aircraft movements in Beijing Capital Airport reached 293,079 sorties, representing a decrease of 3.38% as compared with the same period of the previous year. The cumulative passenger throughput reached 49,242,173 person-times, representing a decrease of 0.63% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 946,928 tonnes, representing a decrease of 5.03% 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		
	2019	2018	Change
Aircraft Movements (<i>unit: sorties</i>)	293,079	303,316	-3.38%
Domestic	229,321	240,311	-4.57%
Including: Hong Kong, Macau & Taiwan	11,245	10,912	3.05%
International	63,758	63,005	1.20%
Passenger Throughput (<i>unit: person-times</i>)	49,242,173	49,552,155	-0.63%
Domestic	37,467,061	38,247,929	-2.04%
Including: Hong Kong, Macau & Taiwan	2,061,923	2,013,270	2.42%
International	11,775,112	11,304,226	4.17%
Cargo and Mail Throughput (<i>unit: tonnes</i>)	946,928	997,120	-5.03%
Domestic	498,403	539,756	-7.66%
Including: Hong Kong, Macau & Taiwan	46,928	50,157	-6.44%
International	448,525	457,364	-1.93%



Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2019	2018	Change
	RMB'000	RMB'000	
Aircraft movement fees and related charges	1,040,087	1,017,393	2.2%
Passenger charges	993,783	993,170	0.1%
Airport fee	–	630,534	-100.0%
Total aeronautical revenues	2,033,870	2,641,097	-23.0%

In the first half of 2019, as affected by the abolition of the refund policy of the Civil Aviation Development Fund, the total aeronautical business revenues of the Company were RMB2,033,870,000, representing a decrease of 23.0% as compared with the same period of the previous year.

In the first half of 2019, benefiting from the growth of the air traffic volumes in relation to the international routes, revenues from aircraft movement fees and related charges of the Company were RMB1,040,087,000, representing an increase of 2.2% as compared with the same period of the previous year. Revenues from passenger charges were RMB993,783,000, representing an increase of 0.1% as compared with the same period of the previous year.



Non-Aeronautical Revenues

	Unaudited		Change
	For the six months ended 30 June		
	2019	2018	
	RMB'000	RMB'000	
Concessions	2,597,254	1,937,153	34.1%
Including: Retailing	1,772,458	1,068,700	65.9%
Advertising	585,037	579,617	0.9%
Restaurants and food shops	140,449	133,300	5.4%
VIP services	45,350	52,391	-13.4%
Ground handling	28,094	73,272	-61.7%
Other concessions	25,866	29,873	-13.4%
Rentals	657,449	650,782	1.0%
Car parking fees	80,904	87,882	-7.9%
Others	10,892	5,182	110.2%
Total non-aeronautical revenues	3,346,499	2,680,999	24.8%

In the first half of 2019, the non-aeronautical business revenues of the Company were RMB3,346,499,000, representing an increase of 24.8% as compared with the same period of the previous year.



In the first half of 2019, the concession revenues of the Company were RMB2,597,254,000, representing an increase of 34.1% as compared with the same period of the previous year. Among these, the concession revenues from retailing were RMB1,772,458,000, representing an increase of 65.9% as compared with the same period of the previous year, which was mainly attributable to the execution of new duty-free business operation contracts since 11 February 2018, resulting in a notable increase in the proportion of sales revenues from the duty-free business of the Company in the first quarter, as well as the growth in international passenger throughput with high consumption power and the increased passenger spending power, further promoting the steady development of retailing business. The concession revenues from advertising were RMB585,037,000, representing an increase of 0.9% as compared with the same period of the previous year. The concession revenues from restaurants and food shops were RMB140,449,000, representing an increase of 5.4% as compared with the same period of the previous year, which was mainly due to the combined impetus of improving passengers' consumption power and various comprehensive marketing activities carried out by Beijing Capital Airport. The concession revenues from VIP services were RMB45,350,000, representing a decrease of 13.4% as compared with the same period of the previous year, which was mainly due to the decrease of related premise resources allocated for VIP services, as impacted by factors such as market environment and demands, leading to a decrease in the amount of minimum charges. The concession revenues from ground handling service were RMB28,094,000, representing a decrease of 61.7% as compared with the same period of the previous year, which was mainly due to the final recognition of the corresponding revenues generated from certain ground handling service concession contracts that were not entered into in previous years but had been agreed upon negotiations in 2018, resulting in a greater base in the same period of the previous year.

In the first half of 2019, the car-parking fees of the Company were RMB80,904,000, representing a decrease of 7.9% as compared with the same period of the previous year, which was mainly due to the adjustment to the charging policy and the decrease in the number of passengers.

In the first half of 2019, the other revenues of the Company were RMB10,892,000, representing an increase of 110.2% as compared with the same period of the previous year, which was mainly attributable to the adjustments to certain individual contracts upon renewal.



Operating Expenses

	Unaudited		
	For the six months ended 30 June		
	2019	2018	Change
	RMB'000	RMB'000	
Depreciation and amortisation	685,928	698,928	-1.9%
Concession management fees	597,241	435,360	37.2%
Repair and maintenance	478,475	369,798	29.4%
Aviation safety and security guard costs	383,570	362,968	5.7%
Staff costs	355,732	277,827	28.0%
Operating contracted services	300,888	242,522	24.1%
Utilities and power	291,905	311,981	-6.4%
Greening and environmental maintenance	163,853	122,094	34.2%
Real estate and other taxes	126,655	127,907	-1.0%
Rental expenses	24,877	170,372	-85.4%
General, administrative and other costs	154,863	132,717	16.7%
Total operating expenses	3,563,987	3,252,474	9.6%

In the first half of 2019, the operating expenses of the Company were RMB3,563,987,000, representing an increase of 9.6% as compared with the same period of the previous year.

In the first half of 2019, the depreciation and amortisation expenses of the Company were RMB685,928,000, representing a decrease of 1.9% as compared with the same period of the previous year, which was mainly because part of the fixed assets had been fully depreciated.



In the first half of 2019, the concession management fees of the Company were RMB597,241,000, representing an increase of 37.2% as compared with the same period of the previous year, which was mainly due to the significant increase in the concession revenues from retailing as a result of the execution of new duty-free business operation contracts, as well as the overall growth of the concession revenues from retailing, advertising and restaurants and food shops as driven by the positive development of these businesses, resulting in the corresponding increase in the concession management fees, which were charged in proportion to the concession revenues.

In the first half of 2019, the repair and maintenance expenses of the Company were RMB478,475,000, representing an increase of 29.4% as compared with the same period of the previous year, which was mainly due to the additional expenses relating to the maintenance and upgrade of certain buildings as well as the maintenance of equipment and systems in an effort to improve the operation efficiency, management standard and level of smart operation of Beijing Capital Airport.

In the first half of 2019, the aviation safety and security guard costs of the Company were RMB383,570,000, representing an increase of 5.7% as compared with the same period of the previous year, which was mainly due to the increase in labor costs, explosion prevention costs and special support costs for important events resulting from the overall national requirements on safety and security.

In the first half of 2019, the staff cost of the Company were RMB355,732,000, representing an increase of 28.0% as compared with the same period of the previous year, which was mainly due to the increase in the provision compared to the corresponding period last year as a result of the adjustments to the Company's performance bonus cycle.

In the first half of 2019, the operating contracted services costs of the Company were RMB300,888,000, representing an increase of 24.1% as compared with the same period of the previous year, which was mainly due to the addition of certain operational services projects and the additional costs resulting from the rectification work and treatment in relation to the runways and surrounding environment.

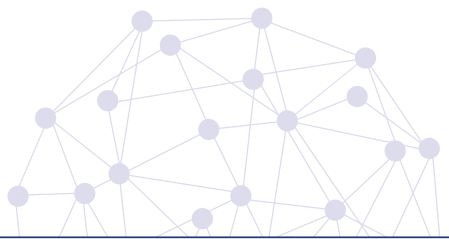


In the first half of 2019, the utilities and power expenses of the Company were RMB291,905,000, representing a decrease of 6.4% as compared with the same period of the previous year, which was mainly due to the reduction of unit price of utilities and power by the government.

In the first half of 2019, the greening and environmental maintenance expenses of the Company were RMB163,853,000, representing an increase of 34.2% as compared with the same period of the previous year. The corresponding increase in greening and environmental maintenance expenses was mainly due to the increase in the price of certain service contracts as a result of the addition of new service projects and the expanded scope of services, as well as the enhanced environmental protection measures and the construction of the Green Airport.

In the first half of 2019, the rental expenses of the Company were RMB24,877,000, representing a decrease of 85.4% as compared with the same period of the previous year, which, on one hand, was due to the completion of the Company's acquisition of the GTC Assets, resulting in the absence of GTC rental expenses during the current period; and on the other hand, with the change of the standards for leasing under the International Accounting Standards in 2019, the Company has recognised the corresponding right-of-use assets, resulting in a decrease in rental expenses.

In the first half of 2019, the general, administrative and other costs of the Company were RMB154,863,000, representing an increase of 16.7% as compared with the same period of the previous year, which was mainly due to the increased management expenses applied to further improve the Company's brand value, operational benefits and management capability.



Other Items in the Statement of Comprehensive Income

For the six months ended 30 June 2019, the Company's liabilities denominated in US dollar generated exchange losses due to the increase in the exchange rate of US dollar against RMB, while the exchange losses were recorded for the same period in 2018. In addition, the average balance of the borrowings in the first half of 2019 was lower than that in the same period of 2018. As such, the net financial costs of the Company after deduction of the financial incomes were RMB80,363,000, representing a decrease of 14.4% as compared with the same period of the previous year.

For the six months ended 30 June 2019, the income tax expense of the Company was RMB431,050,000.

PROSPECT FOR THE SECOND HALF OF THE YEAR

Since the beginning of 2019, the air traffic volumes of Beijing Capital Airport remained under pressure. In the first half year, as affected by the support for important events and the maintenance of runways and the surrounding environment, the aircraft movement recorded a decrease and the passenger throughput also dropped slightly, but the international air traffic volumes, which was the key revenue contributor, continued to maintain steady growth. In the second half year, amid the complex and challenging external environment, the economy will be facing greater downward pressure, which will also bring about certain challenges for the overall development of the aviation industry in the PRC. Meanwhile, under the combined pressure from support for important events and certain diversion effect subsequent to the commencement of operation of Daxing Airport, the air traffic volumes of Beijing Capital Airport will also be facing new challenges.

Daxing Airport will officially commence operation before 30 September 2019. Currently, it is confirmed that domestic airlines such as China Southern Airlines, China Eastern Airlines and Capital Airlines as well as overseas airlines such as Finnair, Polish Airlines and British Airways will start operating at Daxing Airport successively. Among them, China Southern Airlines, China Eastern Airlines (excluding Beijing-Shanghai Express), Capital Airlines and British Airways will all transfer their operations to Daxing Airport, while Finnair and Polish Airlines will operate at both Beijing Capital Airport and Daxing Airport simultaneously. Except mentioned above, other airlines operating at Beijing Capital Airport have not yet officially announced their decisions as to which airport they will carry out the operations in the future.



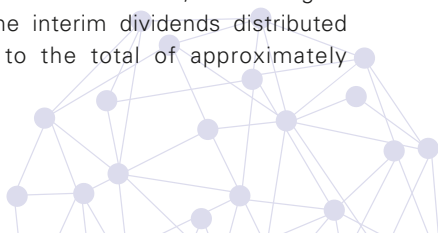
In the second half of 2019, the Company will seize the right timing and opportunity when the air traffic volumes of Beijing Capital Airport will enter its adjustment period, to focus on promoting a series of capital investment projects, so as to continuously improve the infrastructure and the supporting functions of Beijing Capital Airport as a hub. The Company will accelerate the research on and formulation of resources allocation plan, with a view to enhancing the values and utilization efficiency of the resources of Beijing Capital Airport in the future. Meanwhile, it will consolidate the commercial and service resources of the airport and strengthen the application of smart operation, thereby enhancing the commercial value of Beijing Capital Airport.

In the second half of 2019, the Company will continue to promote the construction of the Safe Airport by adopting scientific and effective safety management methods. It will strive to build the Green Airport through deepening collaboration and pushing forward the energy conservation and emission reduction projects. Meanwhile, it will promote the construction of the Smart Airport by leveraging technology as the driving force to facilitate the building of an intelligent platform, and will build the Humanistic Airport by pragmatically ensuring the flight on-time ratio and optimizing its services and practices.

In the second half of 2019, with the completion and commencement of the operation of Daxing Airport, the aviation market in Beijing will embrace a new landscape of "One City, Two Airports", and Beijing Capital Airport and the Company will face new development layout. The Company will actively meet the challenges and pressures by adhering to the principle and approach of high quality development and fostering new momentum for development. Through structural adjustment, improved functions, comprehensive network, and enhancement of quality and efficiency, the Company will solidify the foundation of its own development and promote in full swing the development of Beijing Capital Airport, which is characterised by high quality, high efficiency and high degree of satisfaction.

INTERIM DIVIDENDS

The Board of the Company resolved to distribute the interim dividends of RMB0.0894 per share for the six months ended 30 June 2019, amounting to the total of approximately RMB387,182,000 (the interim dividends distributed for 2018: RMB0.1030 per share, amounting to the total of approximately RMB446,082,000).



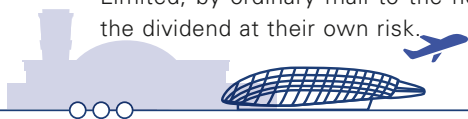
The 2019 interim dividends are expected to be paid to the shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 2 October 2019 (the "Record Date"). The register of members of the Company will be temporarily closed from Friday, 27 September 2019 to Wednesday, 2 October 2019 (both days inclusive), during which period no transfer of shares will be registered. Dividends payable to holders of domestic shares and to holders of H shares who are mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be paid in Renminbi, while dividends payable to holders of H shares (excluding mainland investors investing in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect) will be paid in HK dollar.

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

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

The dividends payable in Hong Kong dollar will be calculated basing on the average middle exchange rate of Hong Kong dollar to Renminbi published by the People's Bank of China over a period of one calendar week prior to the declaration of the dividends. During such period (i.e., from 22 August 2019 to 28 August 2019), the average middle exchange rate of Renminbi to Hong Kong dollar was HK\$1.00 = RMB0.90091. Accordingly, the amount of the interim dividends for each H share of the Company for the six months ended 30 June 2019 is HK\$0.09923.

The interim dividends are expected to be paid by the Receiving Agent on Friday, 29 November 2019, to the related holders of H shares and the dividend warrants will be posted by the H share registrar of the Company, Hong Kong Registrars Limited, by ordinary mail to the holders of H shares who are entitled to receive the dividend at their own risk.



In order to be qualified for the payment of the interim dividend, holders of H shares whose transfers have not been registered are requested to deposit the transfer documents together with the relevant share certificates to the Company's H share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 26 September 2019.

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" and the "Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China", both implemented in 2008, and the "Notice of Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H Shares" (Guo Shui Han [2008] No.897) issued by China's State Administration of Taxation on 6 November 2008, the Company is obliged to withhold and pay enterprise income tax at the rate of 10% when distributing the interim dividend to the non-resident enterprise H share shareholders whose names appear on the register of members for H shares of the Company on the Record Date. For the H Shareholders who are registered in the name of non-natural person registered shareholders (including HKSCC Nominees Limited, other corporate nominees, trustees, or other organisations or groups which shall be treated as "non-resident enterprise" shareholders) on the register of members for H shares of the Company on the Record Date, the Company will distribute the interim dividend, after withholding and paying enterprise income tax at the rate of 10%.

The Company will withhold and pay enterprise income tax on behalf of its non-resident enterprise shareholders strictly in accordance with the relevant laws and regulations of the relevant government departments and the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the aforesaid mechanism of the above withholding and paying enterprise income tax.

Based on the Company's consultations with the relevant PRC tax authorities, for all natural persons whose names are registered on the register of members for H shares of the Company, being a foreign investment enterprise, on the Record Date, no income tax will be required to be withheld and paid by the Company.

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



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

The dividend payable to mainland investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be paid in Renminbi by Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (“CSDC”) as entrusted by the Company. The Company will pay the interim dividend to CSDC on Friday, 29 November 2019 for distribution.

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

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

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



LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Company had total cash and cash equivalents amounting to RMB2,248,821,000, while the cash and cash equivalents of the Company amounted to RMB1,806,125,000 as at 31 December 2018.

As at 30 June 2019, the Company's short-term and long-term borrowings were RMB1,480,000,000; and the loans from the Parent Company were RMB1,845,400,000.

As at 30 June 2019, the current ratio of the Company was 0.52, and that as at 31 December 2018 was 0.44. Such ratios were computed by dividing the total current assets by total current liabilities as at those respective dates.

As at 30 June 2019, the liability-to-asset ratio of the Company was 30.77%, and that as at 31 December 2018 was 32.52%. Such ratios were computed by dividing the total amount of liabilities by the total assets as at those respective dates.

For the first half of 2019, the Company's net cash generated from operating activities amounted to RMB1,821,424,000, while the net cash generated from operating activities amounted to RMB1,724,102,000 in the same period of the previous year.

For the first half of 2019, the Company's net cash generated from investing activities amounted to RMB234,055,000, while the net cash used in investing activities amounted to RMB246,461,000 in the same period of the previous year.

For the first half of 2019, the Company's net cash used in financing activities amounted to RMB1,613,065,000, while the net cash used in financing activities amounted to RMB144,939,000 in the same period of the previous year.

CHARGE ON ASSETS

During the six months ended 30 June 2019, there was no material charge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2019, 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 2019, neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.



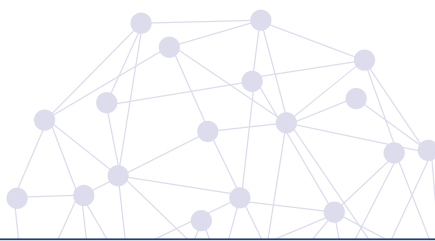
EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

According to the overall plan of the acquisition of the Phase III Assets*, the Company assumed the responsibility for repayment of the US dollar-denominated loans from the European Investment Bank in respect of the Phase III Assets and the interest thereof as at 30 June 2019. Therefore, the fluctuation of RMB exchange rate against the US dollar will affect the financial results of the Company.

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

As at 30 June 2019, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB103,960,000 (as at 31 December 2018: RMB96,728,000), trade and other receivables of approximately RMB219,000 (as at 31 December 2018: RMB224,000), trade and other payables of approximately RMB10,679,000 (as at 31 December 2018: RMB10,661,000), and loans from the Parent Company of approximately RMB1,845,400,000 (as at 31 December 2018: RMB1,926,055,000). For the first half of 2019, the net exchange losses amounted to RMB1,186,000.



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 RMB1,845,400,000, representing the loans from the European Investment Bank which was assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4% and the interest thereof. The total amount of the Company's short-term and long-term borrowings was RMB1,480,000,000 and their interest rates were referenced to the benchmark interest rates or base interest rates announced by the People's Bank of China or National Interbank Funding Centre. As such, any change in LIBOR and adjustment in interest rates of the People's Bank of China and 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 2019, there was no material investment, material investment plan or material financing plan.

CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 30 June 2019.

EMPLOYEES AND EMPLOYEES' WELFARE

1. As at 30 June 2019, 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 2019	As at 30 June 2018
Number of employees	1,579	1,551



The remuneration policy of employees of the Company is determined by the management based on market practice. A position performance-based salary regime is adopted on the basis of position value and centred on performance evaluation. The remuneration system, under dynamic management, is competitive externally and fair internally, and fulfils concurrent growth in the employees' income and the Company's economic development as well as concurrent increase in remuneration of labour and labour productivity.

2. Employees' basic medical insurance and commercial medical insurance

With effect from 1 January 2003, the Company has implemented the requirements of basic medical insurance in accordance with the regulations of the Beijing Municipal Government. According to the regulations, the Company pays the basic medical insurance and mutual insurance for large sum medical expenses for its employees at 9% and 1%, respectively, of the average monthly salaries of its employees for the previous year.

In addition, the Company may on a voluntary basis provide supplemental medical insurance benefits to its employees within 4% of the average monthly salaries of its employees for the previous year. Meanwhile, the Company no longer pays cash medical subsidies or medical compensations to its employees. Therefore, implementation of the above mentioned requirements for basic medical insurance will not cause any material impact on the Company's balance sheet and statement of comprehensive income.

3. Staff retirement scheme

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



MATERIAL LITIGATION OR ARBITRATION

During the six months ended 30 June 2019, the Company was not involved in any material litigation or arbitration.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2019, 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 2019, the total number of issued share capital of the Company was 4,330,890,000 shares, including:

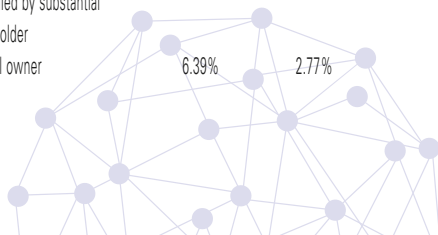
	Number of Shares	Percentage of total issued share capital
Domestic shares	2,451,526,000	56.61%
H shares	1,879,364,000	43.39%

2. Share interests and short position of substantial shareholders and other persons

As at 30 June 2019, the share interests and long positions and short positions held by the following persons, other than directors or supervisors of the Company, as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") were as follows:



Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Percentage of shareholding in the relevant class of share	Percentage of total issued share capital
Capital Airports Holding Company <i>(Note 1)</i>	Domestic shares	2,451,526,000 (L)	Beneficial owner	100%	56.61%
Citigroup Inc.	H shares	193,057,112 (L)	Interest of corporation	10.27%	4.46%
		4,314,200 (S)	controlled by substantial shareholder	0.22%	0.10%
		184,596,123 (P)	shareholder	9.82%	4.26%
BlackRock, Inc.	H shares	129,276,707 (L)	Interest of corporation	6.88%	2.98%
		212,000 (S)	controlled by substantial shareholder	0.01%	0.004%
Cheng Yu Tung Family (Holdings) Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
Cheng Yu Tung Family (Holdings II) Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
Chow Tai Fook Capital Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
Chow Tai Fook (Holding) Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
Chow Tai Fook Enterprises Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
New World Development Company Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
NWS Holdings Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
NWS Ports Management Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Interest of corporation controlled by substantial shareholder	6.39%	2.77%
Fortland Ventures Limited <i>(Note 2)</i>	H shares	120,170,000 (L)	Beneficial owner	6.39%	2.77%



Name of substantial shareholder	Class of shares	Number of shares interested	Capacity	Percentage of shareholding in the relevant class of share	Percentage of total issued share capital
Aberdeen Asset Management PLC and its associates <i>(Note 3)</i>	H shares	114,868,000(L)	Investment manager	6.11%	2.65%
Matthews International Capital Management, LLC <i>(Note 3)</i>	H shares	113,114,000(L)	Investment manager	6.01%	2.61%
Hermes Investment Management Ltd <i>(Note 3)</i>	H shares	112,828,000(L)	Investment manager	6.00%	2.61%
Hermes Investment Funds PLC	H shares	94,613,662(L)	Beneficial owner	5.03%	2.18%
GIC Private Limited <i>(Note 3)</i>	H shares	93,996,914(L)	Investment manager	5.00%	2.17%

(L) = Long Position

(S) = Short Position

(P) = Lending Pool

Note:

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

Mr. Liu Xuesong, the Chairman of the Board and an executive director, is the General Manager and the Deputy Party Secretary of Capital Airports Holding Company.

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

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

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

Mr. Ma Zheng, a non-executive director of the Company, is the General Legal Counsel and Chairman of the Labour Union of Capital Airports Holding Company.



2. Cheng Yu Tung Family (Holdings) Limited holds approximately 48.98% interest in Chow Tai Fook Capital Limited ("CTF Capital") and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Capital.

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

CTF Capital holds approximately 81.03% interest in Chow Tai Fook (Holding) Limited ("CTF Holding") and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Holding.

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

CTF Enterprises, together with its subsidiaries, hold approximately 44.37% interest in New World Development Company Limited ("NWD") and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.

NWD holds approximately 60.86% interest in NWS Holdings Limited ("NWS") and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWS.

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

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

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

3. These shares are held in the capacity of investment manager.
4. The numbers in the above table have been subject to rounding adjustments. Any discrepancies in the number are due to roundings.



MATERIAL CHANGES SINCE THE PUBLICATION OF THE MOST RECENT ANNUAL REPORT

Save as disclosed above, there were no material changes in the business operations of the Company since the publication of the 2018 annual report dated 24 April 2019 to 30 June 2019.

SHORT POSITION IN SHARES

According to the register required to be kept by the Company under Section 336 of the SFO, as at 30 June 2019, there were no other people or substantial shareholders holding any short positions in the shares and underlying shares of the Company, save as disclosed above.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company as at 30 June 2019.

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

As at 30 June 2019, none of the directors or the supervisors or chief executives of the Company had any interests or short positions in any shares, any underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). None of the directors, the supervisors and chief executives of the Company, or their associates had been granted or had exercised any such rights for the six months ended 30 June 2019.



AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

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

The Audit and Risk Management Committee has reviewed the Company’s condensed interim financial information for the six months ended 30 June 2019, 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 code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2019, save for the deviation from the Code provision A.6.7 for reasonable grounds (to be explained below).

In respect of Code provision A.6.7 of the Code, the Company held its 2018 annual general meeting on 27 June 2019. Save as Mr. Liu Xuesong, Ms. Gao Lijia, Mr. Yao Yabo, Mr. Ma Zheng and Mr. Zhang Jiali who were absent from the meeting due to other business commitment, all other members of the Board attended the meeting. Matters considered at the meeting included five regular matters and a special matter and all of such resolutions were successfully passed at the meeting. After the annual general meeting, the Company dispatched the meeting minutes to all members of the Board to keep the absent directors informed about the proposals resolved during the meeting.

COMPLIANCE WITH THE MODEL CODE

The Company has formulated “the Code for Securities Transactions by Directors and Staff” at terms no less exacting than the required standard of the Model Code. For the six months ended 30 June 2019, 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 2019.



NON-PUBLIC ISSUANCE BY WAY OF CAPITALISATION OF CAPITAL RESERVE (EXCLUSIVELY STATE-OWNED)

On 30 April 2019 (after trading hours), the Company entered into a share subscription agreement (the “Subscription Agreement”) with the Parent Company pursuant to which the Company shall allot and issue, and the Parent Company shall subscribe for, through the non-public issuance (“Non-Public Issuance”) by way of capitalisation of capital reserve (exclusively state-owned), 241,766,690 subscription shares (subject to adjustments) at the issue price of RMB6.1784 per subscription share (subject to adjustments). The Subscription Agreement and the transactions contemplated thereunder and the Non-Public Issuance, among others, were approved at an extraordinary general meeting and a H-Share class meeting of the Company convened on 30 July 2019. As at the date of this report, the Non-Public Issuance has not been completed. The Company will make further announcements in respect of the progress of the Non-Public Issuance in accordance with the requirements of the Listing Rules as and when appropriate.

For further details, please refer to the announcements of the Company dated 30 April 2019, 11 June 2019, 14 June 2019 and 30 July 2019 and the circular of the Company dated 20 June 2019.

In view of the payment of the final dividend by the Company on 30 August 2019, the issue price for each subscription share has been adjusted from RMB6.1784 to RMB6.0161 and the number of subscription shares has been adjusted from 241,766,690 subscription shares to 248,288,977 subscription shares. For further details, please refer to the announcement of the Company dated 30 August 2019.

CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

The changes in the information of directors, supervisors and chief executives since the disclosure made in the 2018 annual report of the Company are set out as follows:

Name	Details of Changes
Ms. Gao Lijia, Executive Director	<ul style="list-style-type: none">She resigned as the deputy general manager of the Company with effect from 17 June 2019.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BOARD

The seventh session of the Board was established and elected by the Company's shareholders at the Annual General Meeting on 28 June 2017. Except for the expiration of term of office of a director upon his resignation on 2 February 2018, the term of office of all the remaining directors (including non-executive directors) will end on the date of convening the 2019 Annual General Meeting.

At present, the Board consists of ten directors, including three executive directors, three non-executive directors and four independent non-executive directors. The Board consists of four special committees, including the Nomination Committee, Remuneration and Evaluation Committee, Audit and Risk Management Committee and Strategy Committee.



Members of the Board:

Mr. Liu Xuesong	Executive Director & Chairman of the Board
Mr. Han Zhiliang	Executive Director & General Manager
Ms. Gao Lijia	Executive Director
Mr. Gao Shiqing	Non-executive Director
Mr. Yao Yabo	Non-executive Director
Mr. Ma Zheng	Non-executive Director
Mr. Japhet Sebastian Law	Independent Non-executive Director
Mr. Jiang Ruiming	Independent Non-executive Director
Mr. Liu Guibin	Independent Non-executive Director
Mr. Zhang Jiali	Independent Non-executive Director



INTERIM CONDENSED BALANCE SHEET

AS AT 30 JUNE 2019

	<i>Note</i>	Unaudited As at 30 June 2019 RMB'000	Audited As at 31 December 2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	26,537,748	26,972,627
Right-of-use assets	3(a)	3,873,222	–
Land use rights		–	3,271,974
Intangible assets		68,880	78,276
Deferred income tax assets		197,146	190,187
Other non-current assets		83,159	52,615
		30,760,155	30,565,679
Current assets			
Inventories		138,700	153,589
Trade receivables	8	1,423,007	1,386,376
Prepayment		30,108	12,545
Other financial assets at amortised cost		41,892	515,880
Cash and cash equivalents		2,248,821	1,806,125
Other current assets		138,561	257,915
		4,021,089	4,132,430
Total assets		34,781,244	34,698,109



INTERIM CONDENSED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2019

	<i>Note</i>	Unaudited As at 30 June 2019 RMB'000	Audited As at 31 December 2018 RMB'000
EQUITY			
Shareholder equity			
Share capital	9	4,330,890	4,330,890
Share premium		5,055,425	5,055,425
Capital reserve	10(a)	1,556,243	1,493,731
Other reserve	10(b)	(18,163)	(33,155)
Statutory and discretionary reserves	10(c)	6,201,569	5,627,158
Retained earnings		6,951,977	6,939,142
Total equity		24,077,941	23,413,191
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	480,000	–
Loans from the Parent Company	14	1,677,636	1,758,572
Lease liabilities		574,447	–
Retirement benefit obligations		134,849	158,541
Deferred income		41,341	33,745
		2,908,273	1,950,858

INTERIM CONDENSED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2019

	<i>Note</i>	Unaudited As at 30 June 2019 RMB'000	Audited As at 31 December 2018 RMB'000
Current liabilities			
Short-term borrowings	13	1,000,000	–
Trade and other payables	12	6,430,964	6,083,138
Current income tax liabilities		62,619	95,374
Current portion of long-term borrowings	13	–	2,980,000
Current portion of lease liabilities		125,558	–
Current portion of loans from the Parent Company	14	167,764	167,483
Current portion of retirement benefit obligations		8,125	8,065
		7,795,030	9,334,060
Total liabilities		10,703,303	11,284,918
Total equity and liabilities		34,781,244	34,698,109

The above condensed balance sheet should be read in conjunction with the accompanying notes.



INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Unaudited	
		For the six months ended	
		30 June	
	<i>Note</i>	2019	2018
		RMB'000	<i>RMB'000</i>
Revenues			
Aeronautical	6	2,033,870	2,641,097
Non-aeronautical	6	3,346,499	2,680,999
		5,380,369	5,322,096
Operating expenses			
Depreciation and amortisation		(685,928)	(698,928)
Concession management fees		(597,241)	(435,360)
Repairs and maintenance		(478,475)	(369,798)
Aviation safety and security guard costs		(383,570)	(362,968)
Staff costs		(355,732)	(277,827)
Operating contracted services		(300,888)	(242,522)
Utilities and power		(291,905)	(311,981)
Greening and environmental maintenance		(163,853)	(122,094)
Real estate and other taxes		(126,655)	(127,907)
Rental expenses		(24,877)	(170,372)
Other costs		(154,863)	(132,717)
		(3,563,987)	(3,252,474)
(Impairment losses)/reversal of impairment losses on financial assets		(26,692)	6,379
Other income		10,109	1,617
Other gains		1,763	-
Operating profit		1,801,562	2,077,618

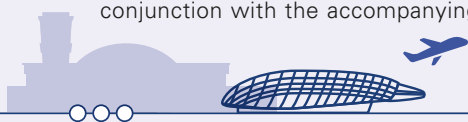


INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	Unaudited For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000
Finance income	15	13,297	12,987
Finance costs	15	(93,660)	(106,876)
		(80,363)	(93,889)
Profit before income tax		1,721,199	1,983,729
Income tax expense	16	(431,050)	(496,936)
Profit for the period		1,290,149	1,486,793
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		14,992	(8,261)
Other comprehensive income/ (loss), net of tax		14,992	(8,261)
Total comprehensive income for the period		1,305,141	1,478,532
Earnings per share, basic and diluted (RMB)	17	0.298	0.343

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Unaudited						
		Share capital	Share premium	Capital reserve	Other reserve	Statutory and discretionary reserves	Retained earnings	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 January 2019	4,330,890	5,055,425	1,493,731	(33,155)	5,627,158	6,939,142	23,413,191
	Total comprehensive income for the period	-	-	-	14,992	-	1,290,149	1,305,141
	2018 final dividend 11	-	-	-	-	-	(702,903)	(702,903)
	Contribution from Parent Company	-	-	62,512	-	-	-	62,512
	Transfer to statutory and discretionary reserves 10(c)	-	-	-	-	574,411	(574,411)	-
	Balance at 30 June 2019	4,330,890	5,055,425	1,556,243	(18,163)	6,201,569	6,951,977	24,077,941
	Balance at 1 January 2018	4,330,890	5,055,425	1,254,344	(32,098)	4,992,579	5,828,675	21,429,815
	Total comprehensive income for the period	-	-	-	(8,261)	-	1,486,793	1,478,532
	2017 final dividend 11	-	-	-	-	-	(660,894)	(660,894)
	Contribution from Parent Company	-	-	39,368	-	-	-	39,368
	Transfer to statutory and discretionary reserves	-	-	-	-	520,092	(520,092)	-
	Balance at 30 June 2018	4,330,890	5,055,425	1,293,712	(40,359)	5,512,671	6,134,482	22,286,821

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.



INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	Unaudited For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000
Net cash from operating activities		1,821,424	1,724,102
Net cash from/(used in) investing activities	20	234,055	(246,461)
Net cash used in financing activities	20	(1,613,065)	(144,939)
Net increase in cash and cash equivalents		442,414	1,332,702
Cash and cash equivalents at 1 January		1,806,125	1,614,649
Effect of exchange rate changes		282	1,183
Cash and cash equivalents at 30 June		2,248,821	2,948,534

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Beijing Capital International Airport Company Limited (the “Company”) was incorporated as a joint stock company with limited liability in the People’s Republic of China (the “PRC”) on 15 October 1999 and has been listed on The Stock Exchange of Hong Kong Limited since 1 February 2000. The Company is majority owned by Capital Airports Holding Company (“CAHC” or the “Parent Company”), a state-owned enterprise established in the PRC under the control of the Civil Aviation Administration of China (“CAAC”).

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

This condensed interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed interim financial information was approved by the Board of Directors for issue on 29 August 2019.

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 2019 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 2018, which have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION (CONTINUED)

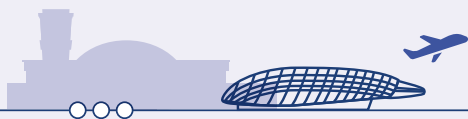
As at 30 June 2019, the current liabilities of the Company exceeded the current assets by RMB3,773,941,000(as at 31 December 2018: RMB5,201,630,000). Given the debt obligations and working capital requirements, management has thoroughly considered the Company's available sources of funds as follow:

- The Company's continuous net cash inflow from operating activities;
- Unutilised long-term banking facilities of RMB3 billion.

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 2019 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 2018, as described in those annual financial statements, except for the adoption of new and amended standards effective for the financial year commencing 1 January 2019.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.19%-5.69%.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company (Continued)

Adjustments recognised on adoption of IFRS 16 (Continued)

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	1,051,972
Discounted using the lessee's incremental borrowing rate of at the date of initial application	738,937
(Less): short-term leases recognised on a straight-line basis as expense	24,132
(Less): low-value leases recognised on a straight-line basis as expense	14
Lease liability recognised as at 1 January 2019	714,791
Of which are:	
Current lease liabilities	157,901
Non-current lease liabilities	556,890
	714,791



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company (Continued)

Adjustments recognised on adoption of IFRS 16 (Continued)

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 RMB'000	1 January 2019 RMB'000
Properties	197,585	212,449
Equipment	13,562	5,058
Land use rights		
– Land use rights from the government	3,230,169	3,271,974
– Land use rights from the Parent Company	431,906	407,285
Total right-of-use assets	3,873,222	3,896,766

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by RMB3,896,766,000
- Land use rights – decrease by RMB3,271,974,000
- Trade and other payables – decrease by RMB89,999,000
- Lease liabilities – increase by RMB714,791,000

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company (Continued)

Adjustments recognised on adoption of IFRS 16 (Continued)

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company (Continued)

The Company's leasing activities and how these are accounted for

The Company leases various lands, offices, warehouses and equipment. Rental contracts are typically made for fixed periods of 2 to 39 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of land use rights from the Parent Company, property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company (Continued)

The Company's leasing activities and how these are accounted for (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Company (Continued)

The Company's leasing activities and how these are accounted for (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The interim condensed financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2018.

There have been no changes in the risk management policies since year end.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk

As at 30 June 2019 and 31 December 2018, the amounts disclosed below are the contractual undiscounted cash flows of the Company's financial liabilities, which are primarily trade and other payables (excluding accrued liabilities for the title change of the GTC Assets payroll and welfare payable, advance from customers and tax payable), borrowings, loans from the Parent Company and lease liabilities.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total contractual cash flows <i>RMB'000</i>	Carrying amount liabilities <i>RMB'000</i>
As at 30 June 2019						
Trade and other payables	3,877,625	–	–	–	3,877,625	3,877,625
Borrowings	1,058,667	20,829	500,544	–	1,580,040	1,480,000
Loans from the Parent Company	218,823	218,323	623,856	1,107,701	2,168,703	1,845,400
Lease liabilities (<i>Note 3(a)</i>)	109,385	110,787	223,494	594,497	1,038,163	700,005
	5,264,500	349,939	1,347,894	1,702,198	8,664,531	7,903,030
As at 31 December 2018						
Trade and other payables	3,500,815	–	–	–	3,500,815	3,500,815
Long-term borrowings	3,027,058	–	–	–	3,027,058	2,980,000
Loans from the Parent Company	226,055	223,585	637,914	1,213,842	2,301,396	1,926,055
	6,753,928	223,585	637,914	1,213,842	8,829,269	8,406,870

The carrying amounts of the Company's financial assets, including cash and cash equivalents, trade receivables, other financial assets at amortised costs and financial liabilities, including trade and other payables, borrowings and loans from the Parent Company, approximate their fair values, as the impact of discounting is not significant.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

6. 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	
	2019 RMB'000	2018 RMB'000
Aeronautical		
Aircraft movement fees and related charges	1,040,087	1,017,393
Passenger charges	993,783	993,170
Airport fee (note a)	–	630,534
	2,033,870	2,641,097
Non-aeronautical		
Concessions	2,597,254	1,937,153
Rentals	657,449	650,782
Car parking fees	80,904	87,882
Others	10,892	5,182
	3,346,499	2,680,999
	5,380,369	5,322,096



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (a) Pursuant to the “Notice of the Ministry of Finance regarding the Abolition of the Policy of Recognition of Refunds from the Civil Aviation Development Fund to Three Listed Airports Including the Capital Airport as Revenues* (財政部關於取消民航發展基金用於首都機場等三家上市機場返還作企業收入處理政策的通知)”, the policy of refunds from the Civil Aviation Development Fund was abolished in November 2018.

As the Company is domiciled in the PRC from where all of its revenue from external customers for the six months ended 30 June 2019 and 2018 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.

7. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Opening net book value as at 1 January	26,972,627	26,050,982
Additions	149,404	2,598
Depreciation	(584,283)	(669,212)
Disposals	–	(42)
Closing net book value as at 30 June	26,537,748	25,384,326

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 June 2019, buildings with net book value of RMB114,033,000 (as at 31 December 2018: RMB116,131,000) were situated on parcels of allocated land owned by the Parent Company. Parts of these parcels of land were occupied by the Company at nil consideration. As at 30 June 2019, buildings and terminal with a net book value of RMB7,603,430,000 (as at 31 December 2018: RMB7,724,677,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the Phase III Assets*. As at 30 June 2019, buildings and terminal with a net book value of RMB902,083,000 (as at 31 December 2018: RMB916,621,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the building D of Terminal Three and Ancillary Assets (the "T3D Assets"). As at 30 June 2019, buildings with net book value of RMB1,485,653,000 (as at 31 December 2018: RMB1,509,748,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the GTC Assets**. As at the date of approval of the condensed interim financial information, the Company is in the process of applying for the building ownership certificates of these buildings and related assets. As the date of approval of the condensed interim financial information, the Parent Company is in the process of applying and obtaining the land use right certificates from the Beijing Municipal Bureau of Land and Resource related to the land acquired by the Company as part of the acquisition of the Phase III Assets, the T3D Assets and the GTC Assets.

As at 30 June 2019, taxiways and structures with net book value of RMB613,715,000 (as at 31 December 2018: RMB623,989,000) were situated on parcels of allocated land owned by the Parent Company and another party. These parcels of land were occupied by the Company at nil consideration.

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

** 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.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

8. TRADE RECEIVABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables		
– CAHC's subsidiaries (Note 21(a))	412,590	416,280
– third parties	1,278,758	1,211,745
	1,691,348	1,628,025
Less: provision for impairment	(268,341)	(241,649)
	1,423,007	1,386,376

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

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Less than 3 months	1,092,944	1,103,106
4 – 6 months	98,454	65,206
7 – 12 months	135,229	116,067
1 – 2 years	153,071	136,191
2 – 3 years	47,843	72,901
Over 3 years	163,807	134,554
	1,691,348	1,628,025

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

9. SHARE CAPITAL

	Number of ordinary shares (thousands)	H-Shares of RMB1.00 each RMB'000	Domestic Shares of RMB1.00 each RMB'000	Total RMB'000
Registered, issued and fully paid:				
As at 30 June 2019 and 31 December 2018	4,330,890	1,879,364	2,451,526	4,330,890

The Domestic shares rank pari passu, in all material respects, with H shares except that parts of dividends in respect of H shares are declared in RMB and paid in HK dollar. In addition, the transfer of Domestic shares is subject to certain restrictions imposed by the PRC law.

10. RESERVES

(a) Capital reserve

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



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

10. RESERVES (CONTINUED)

(b) Other reserve

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

(c) Statutory and discretionary reserves

In accordance with the relevant laws and regulations of the PRC and the Articles of Association of the Company, when distributing the net profit of each year, the Company shall set aside 10% of its profit after taxation (based on the Company's local statutory financial statements) for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the Company's registered capital), and, at the discretion of the Board of Directors and the approval by the Annual General Meeting, to the discretionary surplus reserve fund. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

Pursuant to the shareholders' resolution in the Annual General Meeting on 27 June 2019, the profit appropriation of RMB574,411,000 to the discretionary surplus reserve fund for the year ended 31 December 2018 proposed by the Board of Directors was recorded in this condensed interim financial information for the six months ended 30 June 2019.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

11. DIVIDENDS

	For the six months ended	
	30 June	2018
	2019	
Dividend proposed		
Interim dividend (RMB'000)	387,182	446,082
Interim dividend per share (RMB)	0.0894	0.1030

A dividend of RMB702,903,000 that relates to the year ended 31 December 2018 (for the year ended 31 December 2017: RMB660,894,000) was approved in the Annual General Meeting on 27 June 2019.

The interim dividend for the six months ended 30 June 2019 was proposed in the Board of Directors meeting held on 29 August 2019. This proposed dividend is not reflected as a dividends payable in the condensed interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2019.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade payables		
Amounts due to related parties		
– CAHC (<i>Note 21(a)</i>)	164,419	264,885
– CAHC's subsidiaries (<i>Note 21(a)</i>)	963,492	1,148,910
	1,127,911	1,413,795
Repairs and maintenance charges payable	497,472	454,328
Sub-contracting charges payable	153,058	94,552
Greening and environmental maintenance charges payable	105,634	51,799
Accounts payable for purchases	30,884	101,221
Other	225,982	220,725
	2,140,941	2,336,420

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. TRADE AND OTHER PAYABLES (CONTINUED)

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Advance and other payables		
Amounts due to related parties		
– CAHC (Note 21(a))	461,705	81,498
– CAHC's subsidiaries (Note 21(a))	58,457	57,998
	520,162	139,496
Accrued liabilities for the title change of the GTC Assets	1,508,693	1,508,693
Construction payable	578,778	682,090
Deed taxes in respect of the acquisition of the Phase III Assets, T3D Assets and the GTC Assets	465,948	465,948
Payroll and welfare payable	422,588	404,791
Dividends payable	305,021	–
Deposits received	216,544	183,585
Advance from customers	140,345	187,588
Receipts on behalf of concession operators	93,849	138,804
Other tax payable	13,615	13,549
Other	24,480	22,174
	4,290,023	3,746,718
	6,430,964	6,083,138



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. TRADE AND OTHER PAYABLES (CONTINUED)

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

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Less than 3 months	945,604	1,620,881
4 – 6 months	434,963	289,192
7 – 12 months	426,442	96,222
Over 12 months	333,932	330,125
	2,140,941	2,336,420

13. BORROWINGS

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Short-term	1,000,000	–
Long-term		
– current portion	–	2,980,000
– non-current portion	480,000	–
	1,480,000	2,980,000

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

13. BORROWINGS (CONTINUED)

The movement in borrowings is analysed as follows:

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
Opening amount as at 1 January	2,980,000	2,990,000
Proceeds of new borrowings	1,980,000	–
Repayments of borrowings	(3,480,000)	(5,000)
Closing amount as at 30 June	1,480,000	2,985,000

The loans are denominated in RMB and unsecured.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

14. LOANS FROM THE PARENT COMPANY

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

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Loans from the Parent Company	1,845,400	1,926,055
Less: current portion	(167,764)	(167,483)
	1,677,636	1,758,572

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Opening amount as at 1 January	1,926,055	2,008,888
Repayments of borrowings	(81,935)	(92,987)
Currency translation differences	1,280	21,682
Closing amount as at 30 June	1,845,400	1,937,583

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.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

15. FINANCE INCOME/(COSTS)

	For the six months ended	
	2019	2018
	RMB'000	RMB'000
Finance income		
Interest income	13,297	12,987
Finance costs		
Interest for borrowings	(46,323)	(62,820)
Interest for loans from the Parent Company	(28,907)	(22,522)
Interest for lease liabilities	(16,453)	–
Exchange losses, net	(1,186)	(20,712)
Bank charges	(791)	(822)
	(93,660)	(106,876)
Net finance costs	(80,363)	(93,889)



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

16. INCOME TAX EXPENSE

The Company is subject to corporate income tax at a rate of 25% (2018: 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	
	2019 RMB'000	2018 RMB'000
Current income tax	443,006	487,578
Deferred income tax	(11,956)	9,358
	431,050	496,936

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of 4,330,890,000 ordinary shares in issue during the six-month periods.

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

	For the six months ended 30 June	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	1,290,149	1,486,793
Basic earnings per share (RMB per share)	0.298	0.343

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

18. CONTINGENCIES

The Directors of the Company understand that certain residents living in the vicinity of Beijing Capital Airport have made complaints to the Beijing Municipal Government of the aircraft engine noise created by approaching and departing aircrafts, and requested relocation and/or compensation. The Directors of the Company also understand that the relevant government authorities have been involved in resolving these complaints.

As at 30 June 2019, the outcome was still pending. Any potential financial impact to the Company, if any, will depend on the final resolution of these complaints with the parties involved. Based on advice of legal counsel, the Directors are of the opinion that the final amounts (if any) will be insignificant to the Company; therefore, no provision has been made in this condensed interim financial information.

19. CAPITAL COMMITMENTS

Capital commitments primarily relate to the construction of the equipment to be installed at the airport terminal and other airport facilities upgrading projects.

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Property, plant and equipment	679,453	115,831
Intangible assets	142,193	52,446
	821,646	168,277



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

20. SUPPLEMENTARY INFORMATION TO INTERIM CONDENSED STATEMENT OF CASH FLOWS

Cash flows from investing and financing activities included the following:

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Investing activities		
Proceeds from investment in wealth management products	501,763	–
Interest received	6,597	5,790
Dividends received	–	10,715
Government subsidy for equipment received	–	9,251
Net proceeds from fixed assets disposal	–	42
Purchase of property, plant and equipment	(269,469)	(258,843)
Purchase of intangible assets	(4,836)	(13,416)
	234,055	(246,461)
Financing activities		
Repayment of borrowings	(3,480,000)	(5,000)
Repayment of loans from the Parent Company	(81,935)	(92,987)
Interest paid	(78,381)	(86,320)
Lease payments	(15,261)	–
Proceeds from borrowings	1,980,000	–
Distribution from the Parent Company	62,512	39,368
	(1,613,065)	(144,939)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS

The Company is controlled by CAHC. The Directors of the Company consider CAHC, which is a PRC state-owned enterprise under the control of CAAC, to be the ultimate holding company.

CAHC itself is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24, "Related Party Disclosure", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are also defined as related parties of the Company. On that basis, related parties include CAHC and its subsidiaries (other than the Company), other government-related entities and their subsidiaries, other entities and corporations in which those government-related entities are able to control or exercise significant influence and key management personnel of the Company and CAHC as well as their close family members.

The Company is part of a larger group of companies under CAHC and has extensive transactions and relationships with members of the CAHC group. The Directors of the Company consider that the transactions between the Company and the members of the CAHC group are activities in the ordinary course of business.

A significant portion of the Company's business activities are conducted with state-owned enterprises. Sale of services to these state-owned enterprises are at state-prescribed prices which are similar to prices to other customers. The Company considers that these sales are activities in the ordinary course of business. In this connection, the Company has significant trading balances with state-owned enterprises in the ordinary course of business which have similar terms of repayments as balances with third parties.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition, a large portion of the Company's bank deposits/bank borrowings were held at/borrowed from state-owned financial institutions in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties concerned at prevailing market terms and rates.

For the purpose of the related party transaction disclosures, the Directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

Other than the transactions as disclosed in the respective notes, the following is a summary of significant transactions carried out with related parties in the ordinary course of business.

(a) Balance with related parties

As at 30 June 2019, balances with related parties comprised of:

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables from CAHC's subsidiaries (Note 8 and i)	412,590	416,280
Prepayment to CAHC	49,810	49,810
Prepayment to subsidiaries of CAHC	5,100	–

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Balance with related parties (Continued)

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Other financial assets at amortised costs from CAHC's subsidiaries (note i)	24,328	8,843
Deposit placed with a subsidiary of CAHC (note ii)	703,730	812,536
Trade and other payables to CAHC (Note 12 and i)	626,124	346,383
Trade and other payables to CAHC's subsidiaries (Note 12 and i)	1,021,949	1,206,908
Loans from the Parent Company (Note 14)	1,845,400	1,926,055

(i) The amounts due from and to CAHC and its subsidiaries are unsecured, interest free and repayable within the next twelve months.

(ii) The deposits are entered into in accordance with the terms as set out in the respective agreements. The interest rates are set at prevailing market rates.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

	For the six months ended	
	2019	2018
	RMB'000	RMB'000
Transactions with CAHC and its subsidiaries		
Revenues:		
Concessions	68,849	62,243
Rentals	186,629	133,694
Waste water treatment	5,660	–
Finance income:		
Interest income	6,525	5,775
Expenses:		
Provision of concession management services	597,241	435,360
Provision of aviation safety and security guard services and maintenance of security equipments	363,008	351,587
Provision of utilities and power	292,096	311,159
Provision of terminal maintenance and operating services	230,709	–
Provision of certain sanitary services, baggage cart, car park operation management services, property management services, greening and environmental maintenance services	119,184	102,711
Provision of accessorial power and energy services	97,002	93,423

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Use of trademark license	53,147	45,163
Provision of airport guidance services	24,212	22,984
Provision of on-site joint inspection services	12,076	6,024
Provision of baggage storage, lost and found services	3,905	3,906
Rental expenses	3,063	155,025
Provision of canteen management services	2,910	2,016
Provision of beverage services	2,455	1,631
Provision of contingency shuttle bus service during Automated People Mover ("APM") failure	801	–
Provision of advertisement services	129	–
Interest charges on loans from the Parent Company (Note 15)	28,907	22,522
Other:		
Recognition of right-of-use assets on leased assets owned by related parties	675,029	–
Provision of construction services	22,622	1,487
Transactions with a joint venture of the Company		
Revenue from concessions	–	529
Provision of terminal maintenance and operating services	–	205,526

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

These transactions of revenues, finance income, expenses and construction services are conducted based on terms as set out in the underlying agreements, be referenced to statutory rates or market prices, or as mutually agreed between the Company and the parties in concern.

(c) Key management compensation

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
Salaries, allowances and other benefits	2,479	1,697

22. EVENTS AFTER THE REPORTING PERIOD

On 30 April 2019 (after trading hours), the Company entered into a share subscription agreement (the "Subscription Agreement") with the Parent Company pursuant to which the Company shall allot and issue, and the Parent Company shall subscribe for, through the non-public issuance ("Non-Public Issuance") by way of capitalisation of capital reserve (exclusively state-owned), 241,766,690 subscription shares (subject to adjustments) at the issue price of RMB6.1784 per subscription share (subject to adjustments). The Subscription Agreement and the transactions contemplated thereunder and the Non-Public Issuance, among others, were approved at an extraordinary general meeting and a H-Share class meeting of the Company convened on 30 July 2019. As at the date of approval of the condensed interim financial information, the Non-Public Issuance has not been completed.

GENERAL INFORMATION OF THE COMPANY

BOARD

Executive Directors

Liu Xuesong (*Chairman*)

Han Zhiliang (*General Manager*)

Gao Lijia

Note: Ms. Gao Lijia resigned as Vice General Manager of the Company with effect from 17 June 2019.

Non-executive Directors

Gao Shiqing

Yao Yabo

Ma Zheng

Independent Non-executive Directors

Japhet Sebastian Law

Jiang Ruiming

Liu Guibin

Zhang Jiali



GENERAL INFORMATION OF THE COMPANY (CONTINUED)

BOARD (CONTINUED)

Audit and Risk Management Committee

Liu Guibin (*Chairman*)
Japhet Sebastian Law
Jiang Ruiming
Zhang Jiali

Remuneration and Evaluation Committee

Japhet Sebastian Law (*Chairman*)
Jiang Ruiming
Liu Guibin
Zhang Jiali
Gao Shiqing
Gao Lijia

Nomination Committee

Jiang Ruiming (*Chairman*)
Japhet Sebastian Law
Liu Guibin
Zhang Jiali
Liu Xuesong
Han Zhiliang
Gao Lijia

Strategy Committee

Liu Xuesong (*Chairman*)
Han Zhiliang
Gao Lijia
Zhang Jiali



GENERAL INFORMATION OF THE COMPANY (CONTINUED)

LEGAL REPRESENTATIVE

Mr. Liu Xuesong

JOINT COMPANY SECRETARY

Mr. Meng Xianwei and Mr. Mok Chung Kwan, Stephen

AUDITOR

PricewaterhouseCoopers

REGISTERED ADDRESS

Capital Airport, Beijing, the PRC

PRINCIPAL ADDRESS OF BUSINESS IN HONG KONG

37/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

INVESTORS RELATION DEPARTMENT

Secretariat to the Board

E-mail address: ir@bcia.com.cn

Fax number: 8610 6450 7700

Website: www.bcia.com.cn

SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited

1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong



GENERAL INFORMATION OF THE COMPANY (CONTINUED)

SHARE INFORMATION

Name of H shares: Beijing Airport

Stock code: 00694

PRICE AND TURNOVER HISTORY OF SHARES

Year	Price per share		Turnover of share (in millions)
	High (HK\$)	Low (HK\$)	
2019			
January	8.36	6.13	300.3
February	7.89	7.23	156.7
March	8.02	7.26	143.6
April	7.54	6.82	133.5
May	7.17	6.38	141.6
June	6.99	6.47	105.9
2018			
July	9.25	7.39	273.9
August	9.58	8.25	263.2
September	9.52	8.02	147.7
October	9.60	7.92	110.4
November	8.99	8.41	94.3
December	9.32	7.96	105.0

