



# Beijing Capital International Airport Company Limited

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

Stock Code: 00694







# CONTENTS

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3	Financial Summary
4	Company Profile
6	Chairman's Statement
13	Report of the Board
59	Management Discussion and Analysis
68	Corporate Governance Report
91	Report of the Supervisory Committee
93	ESG Report
169	Independent Auditor's Report
175	Balance Sheet
177	Statement of Comprehensive Income
179	Statement of Changes in Equity
180	Statement of Cash Flows
181	Notes to the Financial Statements
262	Company Information
264	Price and Turnover History

# FINANCIAL SUMMARY



## FINANCIAL SUMMARY (CONTINUED)

(All amounts are expressed in thousands of Renminbi, except (losses)/earnings per share data)

	2023	2022	2021	2020	2019
<b>Operating Results</b>					
Revenue	<b>4,558,524</b>	2,230,948	3,344,709	3,587,136	10,810,484
(LBITDA)/EBITDA	<b>135,845</b>	(2,203,223)	(1,027,944)	(1,107,898)	4,789,354
(Loss)/Profit before tax	<b>(1,718,685)</b>	(4,002,135)	(2,820,414)	(2,710,120)	3,229,333
Tax	<b>21,897</b>	475,500	703,877	675,469	(809,960)
(Loss)/Profit after tax	<b>(1,696,788)</b>	(3,526,635)	(2,116,537)	(2,034,651)	2,419,373
Attributable to:					
Equity holders of the Company	<b>(1,696,788)</b>	(3,526,635)	(2,116,537)	(2,034,651)	2,419,373
Non-controlling interests	-	-	-	-	-
(Losses)/Earnings per share					
- basic and diluted (RMB)	<b>(0.37)</b>	(0.77)	(0.46)	(0.44)	0.55
Return on Equity	<b>-11.40%</b>	-21.24%	-10.49%	-9.15%	9.69%
<b>Financial Position</b>					
<b>Assets</b>					
Non-current assets	<b>29,573,683</b>	30,715,998	31,527,881	31,727,442	31,361,320
Current assets	<b>3,015,656</b>	2,767,402	3,619,455	3,695,474	3,383,099
Total	<b>32,589,339</b>	33,483,400	35,147,336	35,422,916	34,744,419
<b>Equity and liabilities</b>					
<b>Shareholders' equity</b>					
Non-controlling interests	-	-	-	-	-
Non-current liabilities	<b>4,206,084</b>	2,088,940	6,065,881	3,587,927	2,733,264
Current liabilities	<b>13,495,452</b>	14,789,540	8,906,647	9,596,755	7,050,257
Total	<b>32,589,339</b>	33,483,400	35,147,336	35,422,916	34,744,419

## COMPANY PROFILE

Beijing Capital International Airport Company Limited (the "Company") was incorporated as a joint stock company with limited liability in Beijing, the People's Republic of China (the "PRC") on 15 October 1999 to own and manage the aeronautical operations and certain ancillary commercial businesses at the capital international airport in Beijing, the PRC (the "Beijing Capital Airport"). On 27 January 2000, 1,346,150,000 H shares of the Company with a nominal value of RMB1.00 each were issued to the public at HK\$1.87 per share and such shares were listed and traded on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 1 February 2000. Upon completion of such issue, the total share capital of the Company increased from 2,500,000,000 shares to 3,846,150,000 shares, among which, Capital Airports Holdings Co., Ltd. (formerly known as Capital Airports Holding Company) (the "Parent Company") held 2,500,000,000 domestic shares, representing 65% of the total share capital; the public investors held 1,346,150,000 H shares, representing approximately 35% of the total share capital. On 18 May 2001, as approved by the Ministry of Foreign Trade and Economic Cooperation of the PRC (the former entity of the Ministry of Commerce of the PRC), the Company became a foreign invested joint stock limited company.

The Company completed the placing of H shares to institutional or professional investors in Hong Kong market on 4 October 2006 and 10 June 2008, respectively. Upon completion of the above two placements of H shares, the total share capital of the Company increased to 4,330,890,000 shares, among which, the Parent Company held 2,451,526,000 domestic shares, representing approximately 56.61% of the total share capital; the public investors held 1,879,364,000 H shares, representing approximately 43.39% of the total share capital.

On 7 November 2019, the Company completed the non-public issuance by way of capitalisation of capital reserve (exclusively State-owned), details of which were disclosed in the circular of the Company dated 20 June 2019 and the announcement of the Company dated 7 November 2019. Upon completion, the number of ordinary shares of the Company increased from 4,330,890,000 prior to such issuance to 4,579,178,977. The number of domestic shares held by the Parent Company increased from 2,451,526,000 (representing approximately 56.61% of the total issued share capital of the Company) to 2,699,814,977 (representing approximately 58.96% of the total issued share capital of the Company following such issuance).



## COMPANY PROFILE (CONTINUED)

At present, the Company is primarily engaged in operating and managing aeronautical and non-aeronautical businesses at Beijing Capital Airport.

The Company's aeronautical business includes provision of aircraft landings and take-offs and passenger service facilities, ground support services and firefighting services for domestic and foreign air transportation enterprises.

As at the end of 2023, there were 82 airliners operating fixed commercial flights at Beijing Capital Airport, including 25 domestic airliners (including Hong Kong, Macau and Taiwan) and 57 airliners from foreign countries.

As at the end of 2023, there were 221 flight points from 49 countries and regions linking with Beijing Capital Airport, including 138 domestic flight points (including Hong Kong, Macau and Taiwan) and 85 international flight points.

The Company's non-aeronautical business mainly includes licensing other parties for concession-based operations of: (1) ground handling agent services supplied for domestic and foreign airliners; (2) in-flight catering services; (3) duty free and other retail shops in the terminals; (4) restaurants and other catering businesses in the terminals; (5) VIP services inside and outside the terminals; and (6) leasing of advertising spaces inside and outside the terminals and other businesses at Beijing Capital Airport.

The Company's non-aeronautical business also includes the self-operation of: (1) leasing of properties in the terminals; (2) provision of car parking services; (3) the provision of ground handling facilities for ground handling agent companies; and (4) income from the use of terminal-related resources.



## CHAIRMAN'S STATEMENT



**Mr. Wang Changyi**  
Chairman

The Company will precisely take advantage of the development trend, maintain its strategic focus and solidly promote the coordination of various tasks in a steady and sustainable manner, making every effort to promote the high-quality development of Beijing Capital Airport to a new level.

### TO SHAREHOLDERS:

In 2023, China's civil aviation sector, in the face of a complex environment and severe challenges, adhered to making progress while maintaining stability, efficiently coordinating safe operations, restoring development and pandemic prevention and control, taking steady strides towards high-quality development of the civil aviation.

With a high sense of political responsibility, Beijing Capital Airport has satisfactorily accomplished various missions of providing crucial support, ensured safe and smooth production and operations, sustained improvement in service quality, accumulated strength for hub development, and made steady progress in creating cost-effectiveness for operations so as to solidly promote the robust recovery of corporate benefits.

I hereby present the report on the operations and financial conditions of the Company for 2023 and the prospects for 2024 to all shareholders.



## CHAIRMAN'S STATEMENT (CONTINUED)

### AVIATION TRANSPORTATION SECTOR CONTINUED ITS RECOVERY WITH SAFE AND SMOOTH PRODUCTION AND OPERATIONS

In 2023, the Company continued to improve the dual prevention mechanism for potential risks and hazards, conducted specific checks and rectifications for, among others, potential safety hazards and fire safety, and comprehensively fostered an atmosphere of safety culture to build up a solid bottom line of safety. In addition, the Company organised airlines to optimise flight plans and improve transit processes, promoted the establishment of the Committee of Coordination of Beijing-Tianjin-Hebei Regional Operation, and set up a flight monitoring and coordination mechanism, which effectively enhanced the frontal bay rate and regularity rate of flights and improved operational efficiency. Focusing on the concerns of passengers and enhancing their travel experience, we have improved the all-chain service management standards of Beijing Capital Airport and refined the quality of services at the gateway of the country.

In 2023, as the civil aviation industry continued to recover, the aviation business volume of Beijing Capital Airport has resumed growth. The cumulative aircraft movements at Beijing Capital Airport reached 379,710 sorties, representing an increase of approximately 140.9% as compared with the previous year. The cumulative passenger throughput reached 52,879,156 person-times, representing an increase of approximately 316.3% as compared with the previous year. The cumulative cargo and mail throughput reached 1,115,908 tonnes, representing an increase of approximately 12.9% as compared with the previous year.

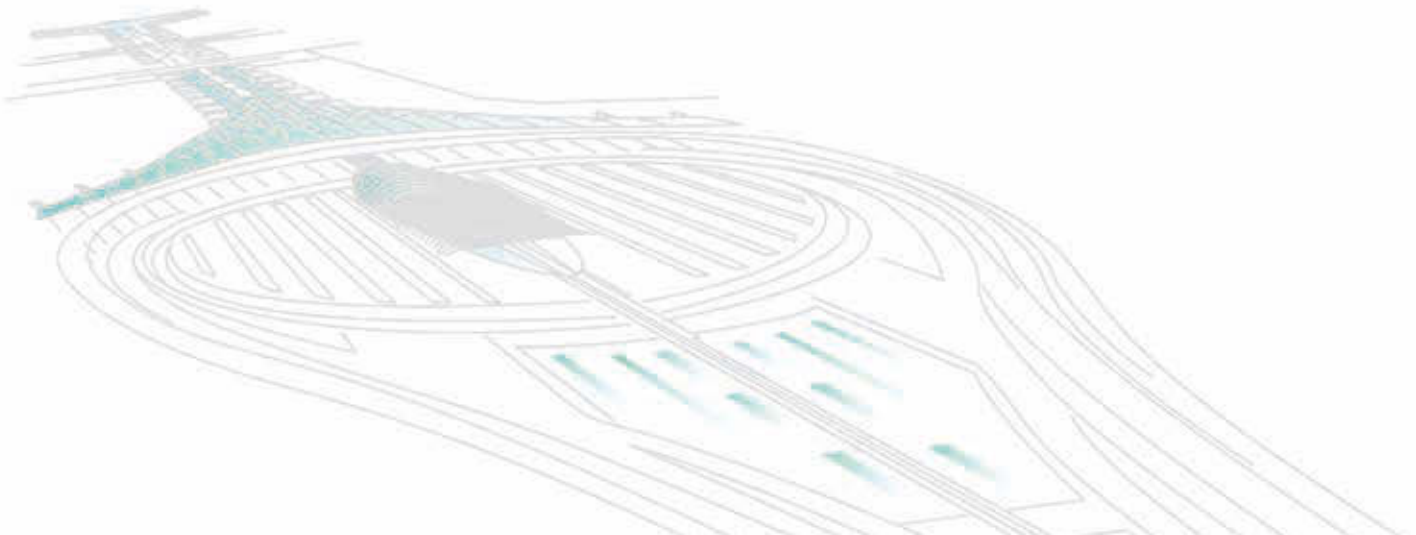


## CHAIRMAN'S STATEMENT (CONTINUED)

### **FORGING AHEAD OF THE PRODUCTION AND OPERATIONS WITH INCREASED EFFORTS IN BOTH EXPANDING REVENUE AND CURBING EXPENSES**

In 2023, the Company persisted in reducing cost and improving efficiency, improving the system of cost control, optimising various business models, reducing contractual costs, rationalising the annual financing plan, effectively saving interest expenses, enhancing the management of accounts receivable and accelerating their recovery. By actively developing the idle resources, we expedited the boosting of commercial value. Adhering to the value- and objective-oriented principle, we flexibly optimised the allocation of commercial resources, and boosted the utilisation efficiency as well as the overall value of commercial resources. Besides, we improved the financial assessment system, implemented double incentives to increase revenues and reduce expenses, thereby promoting the steady recovery of economic benefits.

In 2023, the revenues from principal operations of the Company were RMB4,558,524,000, representing an increase of approximately 104.3% as compared with the previous year. In particular, for the aeronautical business, benefiting from the significant year-on-year growth in the aircraft movements and passenger throughput, the aeronautical revenues for the year amounted to RMB2,096,878,000, representing an increase of approximately 195.0% year-on-year. Regarding non-aeronautical business, benefiting from the gradual recovery of both passenger throughput and commercial resources, the non-aeronautical revenues were RMB2,461,646,000, representing a year-on-year increase of approximately 61.9%.



## CHAIRMAN'S STATEMENT (CONTINUED)

### FOCUSED ON DEVELOPING THE AVIATION MARKET WHILE BUILDING UP THE POTENTIALS FOR HUB DEVELOPMENT

In 2023, the Company continued to enrich its route network by increasing the flight frequency with an addition of more than 50 international routes and resuming 43 international passenger flight destinations, bringing the total number of destinations to 208, which was restored to 83% of the 2019 level. The slot allocation has been increased, easing the bottleneck of slot resources over the years. We continued to enrich our express and transit products, and optimise the ticket change and transfer services launched between airlines to facilitate convenient travel in favor of passengers. We enhanced cooperation with local governments, airlines and OTA platforms to launch aviation marketing and comprehensively publicise the aviation products of Beijing Capital Airport. Furthermore, we have established a regular communication mechanism with IATA and resumed the joint promotion and marketing activities with sister airports to further enhance the international influence of Beijing Capital Airport.

We have actively pushed forward the implementation of various specific quality and efficiency enhancement measures, and optimised the operational support processes such as the airport shuffle bus, taxiway and east zone airfield. We continued to promote the research on the key technologies of the hub airport's efficient operating organisation system and intelligence-based development, and accelerate the commercialisation of its technological achievements, so as to steadily promote the hub construction and expand the space for future development.



## CHAIRMAN'S STATEMENT (CONTINUED)

### FUTURE PROSPECTS

In 2024, as favorable conditions for China's development will outweigh the unfavorable factors, the basic trend of economic recovery and positive long-term outlook will remain unchanged. China's civil aviation sector will also enter a new cycle of sustained rapid and healthy development. Against the background of the release of benefits of the national policies, continuous growth of market demand and expected increase of slot capacity, Beijing Capital Airport will maintain a generally positive trend and grasp the opportunities for recovery and development to further boost our confidence in moving towards high-quality development.

Meanwhile, based on the current objective and actual situation of Beijing Capital Airport, the external safety and security environment remains challenging, and the quality of its own operations and hub function have room for improvement, coupled with the fact that the recovery of revenue lags behind that of overall traffic volume due to the relatively slow pace of recovery of international business, therefore the operations and business performance of the Company will still face pressures and challenges. In this regard, the Company will accurately identify the focus of conflicts, set out a clear direction for development, and take proactive actions to promote steady improvement in the operational efficiency of Beijing Capital Airport.



## CHAIRMAN'S STATEMENT (CONTINUED)

As shown by preliminary statistics, for the first three months of 2024, as compared with the corresponding period of the previous year, Beijing Capital Airport's aircraft movements have increased by approximately 33.0%, of which domestic routes (including Hong Kong, Macau and Taiwan) have grown by approximately 20.2%. In terms of international routes, aircraft movements have increased by approximately 262.1% as compared with the corresponding period of the previous year. As compared with the corresponding period of the previous year, passenger throughput increased by approximately 61.2%, of which domestic routes (including Hong Kong, Macau and Taiwan) increased by approximately 40.2%, and international routes increased by approximately 574.9%.

In 2024, the Company will lay a solid foundation for safety work and enhance operating service quality by adhering to the principle of lean management. The Company will vigorously promote the development of a safety culture and carry out assessment in accordance with the network safety responsibility system to enforce strict accountability for safe production. In addition to its efforts in fully exploring the synergy among various operations, it will further enhance the frontal bay rate of flights and improve the ground operation efficiency of aircraft on a continuous basis. At the same time, the Company will carry out benchmarking study for its services and analyse the service condition regularly with a view to enhancing the standard of its services and products, improving its service shortcomings, and promoting the upgrade of its service quality in a practical manner.

In 2024, the Company will continue to enhance its competitiveness as an international hub with the support of its quality and efficiency enhancement measures. The Company will accelerate the implementation of key development projects, supplement and upgrade hardware facilities, so as to promote the hub construction and development of Beijing Capital Airport by harnessing its technological innovation and management approaches. Besides, it will strive to stimulate the momentum of the international aviation market and press ahead with the recovery of the aviation market in full force by deepening the strategic synergy with local governments and main base airlines, tracking the market performance of express route products on a regular basis, and constantly enriching the "via PEK to the world" international transit products. The Company will also improve the data management standards and system and establish a mechanism for the commercialisation of its technological achievements, thereby empowering the development of a smart airport with the application of data value and technological innovation.



## CHAIRMAN'S STATEMENT (CONTINUED)

In 2024, with performance enhancement as its goal, the Company will focus on strengthening the momentum for innovation of its business operations. It will continue to promote cost reduction and efficiency improvement, at the same time adopting strict review procedures for new cost items and strengthening its comprehensive budget management, striving to continuously reduce the level of the Company's capital cost, and deeply exploring the potential of cost reduction. The Company will also innovate its commercial business model, dynamically adjust the layout of resources, and carry out joint marketing activities to drive commercial vibrancy and tap potential revenue, which will in turn boost the utilisation efficiency as well as the overall value of commercial resources, strengthen its operational capabilities and accelerate the efficiency enhancement of the enterprise.

In 2024, the Company will continuously adhere to the new development philosophy on all fronts, with an aim of promoting its sustainable development. By strengthening its top-level design and consolidating the cornerstone of sound governance, the Company will focus on enhancing its governance and constantly increasing its competitiveness as a green and low-carbon enterprise, while promoting technological innovation so as to fulfil its social responsibility. In addition, the Company will also incorporate its ESG philosophy into every aspect of its corporate strategic planning and operational management, and make concerted efforts with its stakeholders to safeguard and create long-term values for the Company.

Looking back to 2023, Beijing Capital Airport made great efforts in fostering its post-pandemic recovery and development. The aviation transportation sector was generally on a recovery trend. However, with the domestic business recovering at a faster pace than the international business, the operating efficiency continued to be under pressure. The Company would like to express its heartfelt gratitude to all shareholders for their understanding and trust all along, and extend its sincere appreciation to various governmental departments, airlines and partners at Beijing Capital Airport for their tremendous support to us, as well as to all of our employees for their diligent contribution throughout the year! In the face of the new circumstances and new phase, the Company will uphold the concept of safe development and accelerate the launch of its quality and efficiency enhancement measures, making every effort to promote the high-quality development of Beijing Capital Airport to a new level.



**Wang Changyi**  
*Chairman*

27 March 2024



# REPORT OF THE BOARD

The board of directors of the Company (the “Board”) present to all shareholders of the Company (the “Shareholders”) the annual report and the audited financial statements of the Company for the financial year ended 31 December 2023 (the “Financial Statements”).

## BUSINESS MODEL AND STRATEGIC OBJECTIVES

With the operations and management of Beijing Capital Airport as its principal businesses, the Company endeavours to provide safe, convenient and pleasant arrival and departure services for passengers and promote the development of its aeronautical and non-aeronautical businesses. The Company will continue to take safe development as a prerequisite, focus on improving development quality and adjusting business structure, and enhance the operational and service quality, to promote the construction of Beijing Capital Airport as a large world-class international hub which is “safe, green, smart and humanistic”.

## OPERATING RESULTS AND FINANCIAL POSITION

The Company’s operating results for the year ended 31 December 2023 and its financial position as at 31 December 2023 prepared based on IFRS Accounting Standards (“IFRS”) are set out on pages 175 to 261 of this annual report.

## FINANCIAL SUMMARY

A summary of the results and the financial position of the Company for the past five financial years is set out on page 3 of this annual report.

## BUSINESS REVIEW

A fair review of the business of the Company for the year ended 31 December 2023 is provided in the section headed “Management Discussion and Analysis” on pages 59 to 67 of this annual report.

Description of other principal risks and uncertainties facing the Company can be found in the paragraphs headed “Exposure to Fluctuations in Exchange Rates” and “Exposure to Fluctuations in Interest Rates” on pages 64 to 65 of this annual report.

The likely future business development of the Company is discussed in the paragraph headed “Future Prospects” on pages 10 to 12 of this annual report.

## ENVIRONMENTAL PROTECTION

The Company strictly complies with the relevant national and local laws and regulations on environmental protection, conscientiously fulfils environmental protection obligations, proactively responds to national energy-saving and emission reduction initiatives, and adopts certain measures including prioritising the use of clean energy, improving the energy management system and protecting ecological diversity, so as to effectively manage the carbon quota at Beijing Capital Airport, create a “Green Gateway Airport”, and endeavour to promote the construction of a green airport featured by “energy-saving, environmentally friendly, hi-tech and user-friendly”.

In addition to the above, for other discussions on the Company’s environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Company, and the relationships with key stakeholders (including employees, suppliers and customers and others), please refer to the paragraphs headed “Compliance with Laws and Regulations” and “Relationship with Employees, Suppliers and Customers” on page 14 of this Report of the Board and the section headed “ESG Report” of this annual report.

## REPORT OF THE BOARD (CONTINUED)

### COMPLIANCE WITH LAWS AND REGULATIONS

The Company stringently adheres to relevant national and local laws and regulations which have a significant impact on the Company and establishes sound and stringent systems of risk management and internal control to avoid the occurrence of events which will violate relevant laws and regulations and may materially influence the reputation of the Company.

During the year ended 31 December 2023 and up to the date of this Report of the Board, the Company has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

### TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings in the shares of the Company.

### RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Company and employees: The Company is resolutely committed to shouldering responsibility as “the Gateway of the Country”. Together with its partners, the Company serves peripheral regions and promotes the Beijing–Tianjin–Hebei coordinated development, strengthens technological innovation, and expands international competitiveness and influence. The Company integrates “Sincere Service” into every detail of the daily work of Beijing Capital Airport, optimises service procedures, adopts advanced facilities and equipment, and continuously improves staff quality. The Company upholds the concept of talent management of “people-oriented, people-merited, people-talented and development-shared” to create a healthy and safe working environment and an open and diversified communication platform and strives to achieve the joint development of enterprise and employees.

The Company and suppliers: The Company regards its suppliers as an essential link of Beijing Capital Airport’s value chain and requires them to comply with mutually agreed principles in order to build a close and long-term cooperative relationship. At the same time, the Company also focuses on improving our suppliers’ capability for sustainable development. Together with its suppliers, the Company aims to contribute to the sustainable development of the environment and society. In line with state laws and regulations, as well as the actual conditions of Beijing Capital Airport, the Company formulated and continuously amended its Procurement Management Regulation to standardise specific procurement procedures and steps for various procurement methods. The Company has established a supplier management method with a focus on “strict access, quantitative assessment, and dynamic management”.

The Company and customers: The major customers of the Company are airlines. During the year ended 31 December 2023, the Company formed a strategic cooperation team with Air China Limited, through which the Company aims to build up synergy by optimising infrastructure and providing consistent services. By optimising passenger transport procedures at the terminals and improving ground service quality, the Company has formed service products that are mutually beneficial to airlines and Beijing Capital Airport.

### DONATIONS

During the year ended 31 December 2023, the total amount of charitable and other donations made by the Company was RMB1.0 million.

### PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Company as at 31 December 2023 and their changes for the year ended 31 December 2023 are set out in Note 7 to the Financial Statements.



## REPORT OF THE BOARD (CONTINUED)

### INVESTMENT PROPERTIES

The following table sets out the principal properties of the Company held for investment purposes:

Location	Lot number	Existing use	Category of lease
No.2 car parking building and No.3 car parking building, Beijing Capital Airport	_(Note)	Commercial and office	Long-term lease (Note)

Note: As at the date of this Report of the Board, (i) the Company had acquired the No.2 car parking building and No.3 car parking building from the Parent Company, but the procedures for change of title of No.3 car parking building were not yet completed; (ii) the land use rights certificate for the No.2 car parking building had been obtained and the relevant lot number is not stated in such certificate; and (iii) the Parent Company held the land use rights to the underlying parcel of land on which the No.3 car parking building is situated, and the Parent Company was in the process of applying for and obtaining the corresponding land use rights certificates of the No.3 car parking building from the Beijing Municipal Bureau of Land and Resources in order to transfer such land use rights certificates to the Company.

For further details relating to the investment properties, please refer to Note 6 to the Financial Statements.

### RESERVES

Changes in reserves of the Company for the year ended 31 December 2023 are set out in Note 20 to the Financial Statements.

### ACCUMULATED LOSSES/DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no distributable reserves available for distribution as dividends, while the accumulated losses of the Company amounted to RMB2,990,599,000.

### ISSUED SHARE CAPITAL

The Company did not issue any share capital during the year ended 31 December 2023. The disclosure of issued share capital of the Company as at 31 December 2023 is set out on pages 40 to 41 of this annual report.

## REPORT OF THE BOARD (CONTINUED)

### TAXATION

The details of taxation of the Company for the year ended 31 December 2023 are set out in Note 31 to the Financial Statements.

### EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the year ended 31 December 2023 or subsisted as at 31 December 2023.

### ENTRUSTED LOANS AND OVERDUE FIXED DEPOSITS

As at 31 December 2023, the Company had no entrusted loans or any fixed deposits matured but not yet withdrawn placed in financial institutions or other entities.

### DIVIDEND

As disclosed on page 64 of this annual report, the Board did not propose to distribute final dividend for the year ended 31 December 2023.

### MAJOR CUSTOMERS AND SUPPLIERS

The sales to our largest customer, Air China Limited, and the five largest customers of the Company accounted for approximately 32.62% and 56.17%, respectively, of the total revenues of the Company for the year ended 31 December 2023.

The purchases from our largest supplier, Capital Airport Aviation Security Co., Ltd. ("CAAS") and the five largest suppliers of the Company accounted for approximately 14.50% and 38.73%, respectively, of the total operating expenses of the Company for the year ended 31 December 2023.

To the knowledge of the directors of the Company, none of the Company's directors or their respective close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) or Shareholders holding more than 5% of the Company's issued share capital (excluding the Parent Company) owned any interests in the Company's five largest customers or five largest suppliers at any time during the year ended 31 December 2023. As at 31 December 2023, the Parent Company held the equity interests of the five largest suppliers of the Company as follows: it held 100% equity interest of CAAS; it held 100% equity interest of Capital Airports Power and Energy Co., Ltd. ("CAPE"); it held 60% equity interest of Beijing Bowei Airport Support Co., Ltd. ("Bowe"); it held 100% equity interest of Beijing Capital Airport Property Management Co., Ltd. ("BAPM"); and it held 100% equity interest of Capital Airport Group Media Co., Ltd. (formerly known as Beijing Capital Airport Advertising Company Limited, "CAGM").

## REPORT OF THE BOARD (CONTINUED)

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

On 23 September 2021, the Company, Inner Mongolia Autonomous Region Civil Aviation Airport Group Company Limited (內蒙古自治區民航機場集團有限責任公司) ("Inner Mongolia Airport Group"), Capital Airport Group Equipment Operation and Maintenance Management Company Limited (首都機場集團設備運維管理有限公司) ("Equipment Operation and Maintenance Company") and China Civil Aviation Xin'gang Guarantee Co., Ltd. (中航鑫港擔保有限公司) ("Guarantee Company") established Beijing Chuanglian Civil Aviation Technology Company Limited (北京創聯民航技術有限公司) ("Chuanglian"). Initially, the Company, the Inner Mongolia Airport Group, the Equipment Operation and Maintenance Company and the Guarantee Company hold 31%, 31%, 31% and 7% interests in Chuanglian, respectively. The registration of Chuanglian was completed on 11 October 2021, with a registered capital of RMB130,687,700. In March 2023, the Equipment Operation and Maintenance Company and the Guarantee Company transferred an aggregate of 38% equity interest held by them in Chuanglian to Beijing Airport Group Technology Management Company Limited (the "Technology Company"). As at the date of this report, the Company, the Inner Mongolia Airport Group and the Technology Company completed the relevant capital contributions. In particular, the Company paid RMB40,513,200, accounting for 31% of the total registered capital of Chuanglian. Chuanglian is accounted for as the Company's associate. For details, please refer to the announcements of the Company dated 23 September 2021, 30 June 2023 and 21 July 2023.

Save as disclosed above, the Company had no subsidiaries, joint ventures or associates as at 31 December 2023.

### EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the period from 1 January 2024 to 27 March 2024 (i.e. the date of this Report of the Board), save as disclosed in the profit warning announcement of the Company dated 1 March 2024 and the announcement dated 27 March 2024 regarding the proposed change of auditors of the Company, there was no material event or transaction affecting the Company and which is required to be disclosed by the Company to its shareholders in accordance with the Listing Rules.

### TRADE RECEIVABLES

As at 31 December 2023, the Company's trade receivables were RMB1,266,242,000, representing an increase of 89.9% as compared with the same period of the previous year. The details of the Company's trade receivables are set out in Note 12 to the Financial Statements.

The policies relating to the trade receivables and the impairment are set out in Note 12 to the Financial Statements.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, the Company did not purchase, sell or redeem any of its listed securities.

### PRE-EMPTIVE RIGHTS

Under the articles of association of the Company and the laws of the PRC (being the jurisdiction in which the Company is incorporated), no pre-emptive rights exist which require the Company to offer new shares to its existing shareholders in proportion to their shareholding.

## REPORT OF THE BOARD (CONTINUED)

## CONNECTED TRANSACTIONS

## Continuing Connected Transactions

According to the requirements under Chapter 14A of the Listing Rules, the continuing connected transactions, which are subject to the annual review requirements, for the year ended 31 December 2023 are set out as follows:

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023	Annual cap for 2023
		<i>RMB'000</i>	<i>RMB'000</i>
<p>1 The Company and Beijing Capital Airport Commercial &amp; Trading Co., Ltd. ("BACT") entered into the Domestic Retail Resources Usage Agreement on 28 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which BACT was permitted by the Company to use the retail resources situated in the domestic isolated area and the public area in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport. The execution of this agreement was expected to enable more effective operation of the retail resources designated by Beijing Capital Airport, which in turn would enhance commercial satisfaction and service quality of Beijing Capital Airport and increase the revenue of the Company as a whole. This agreement was supplemented by the Flexible Retail and F&amp;B Resources Usage Agreement executed on 13 August 2021, details of which are included in item 12 below. On 28 September 2022, a supplemental agreement to the Domestic Retail Resources Usage Agreement was signed by the Company and BACT. For details of the relevant transactions, please refer to the Company's announcements dated 28 December 2020, 13 August 2021 and 28 September 2022, and the circular dated 8 October 2021. As disclosed in the Company's announcement dated 6 November 2023 and the circular dated 11 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of BACT.</p>	123,027	125,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 RMB'000	Annual cap for 2023 RMB'000
<p>2 The Company and Capital Airport VIP Services Management Co., Ltd. ("CAVIP") entered into the Traveller Services Resources Usage Agreement on 28 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which the Company agreed to permit CAVIP to use certain areas and resources in the terminals of Beijing Capital Airport for the provision of various VIP traveller' services to the VIP travellers of Beijing Capital Airport. The execution of this agreement can enhance the efficiency of the traveller service resources usage in the terminals and improve the service quality of Beijing Capital Airport. On 1 August 2022, in order to align with the development of the frequent traveller's paid membership business of Beijing Capital Airport and consolidate resources for such business with the business related to the VIP travellers' services, the Company and CAVIP entered into the 2022 Supplemental Traveller Services Resources Usage Agreement, pursuant to which the existing business related to the VIP travellers' services and relevant resources at Beijing Capital Airport shall be excluded from the Traveller Services Resources Usage Agreement and the guaranteed annual resources usage fee payable by CAVIP to the Company thereunder shall be reduced accordingly. Supplemental agreements to the Traveller Services Resources Usage Agreement were signed by the Company and CAVIP on 29 December 2021 and 1 August 2022, respectively. For details of the relevant transactions, please refer to the Company's announcements dated 28 December 2020, 29 December 2021 and 1 August 2022. As disclosed in the Company's announcement dated 27 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of CAVIP.</p>	<p>26,928</p>	<p>50,000</p>

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>3 The Company entered into the BGS Premises Leasing Framework Agreement with Beijing Aviation Ground Services Co., Ltd. ("BGS") on 29 December 2022, for a term of three years commencing from 1 January 2023 to 31 December 2025, pursuant to which the Company agreed to lease certain premises (including office and storage premises, lounges and check-in counters) of Terminal Two and Terminal Three of Beijing Capital Airport to BGS for daily office work or operations. The execution of this agreement is conducive to increasing the non-aviation revenues of the Company. For details of the relevant transactions, please refer to the Company's announcements dated 29 December 2022 and 28 December 2023.</p>	<p>The Parent Company holds 51% equity interest of BGS.</p>	52,673	80,000
<p>4 The Company and Capital Business Jet Co., Ltd. ("CACL") entered into the Business Jet Apron Leasing Agreement and the Business Jet Ground Services Cooperation Agreement on 30 September 2021 for a term of three years commencing from 1 October 2021 to 30 September 2024, pursuant to which the Company agreed to permit CACL to conduct ground services and relevant businesses for the take-off and landing of business jets at Beijing Capital Airport. The execution of these agreements enables the Company to advance the utilisation efficiency of the ground services resources for business jets in Beijing Capital Airport, enhance overall costs control, services quality, management efficiency and market competitiveness. Meanwhile, the cooperation with CACL can also increase the revenue of the Company. For details of the relevant transactions, please refer to the Company's announcement dated 30 September 2021.</p>	<p>The Parent Company indirectly holds 60.00% equity interest of CACL.</p>	20,293	31,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>5 The Company and Beijing Capital Airport Food Management Co., Ltd. ("BAFM") entered into the Food and Beverage Resources Usage Agreement on 29 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which the Company agreed that BAFM may use the designated food and beverage resources in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport. The execution of this agreement is expected to enable more effective operations of the food and beverage premises in Beijing Capital Airport, which in turn will enhance food and beverage satisfaction and service quality of Beijing Capital Airport and increase the revenue of the Company as a whole. This agreement was supplemented by the Flexible Retail and F&amp;B Resources Usage Agreement executed on 13 August 2021, details of which are included in item 12 below. A supplemental agreement in relation to the Food and Beverage Resources Usage Agreement was entered into by the Company and BAFM on 28 September 2022. For details of the relevant transactions, please refer to the Company's announcements dated 29 December 2020, 13 August 2021, 29 December 2021 and 28 September 2022. As disclosed in the Company's announcement dated 22 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of BAFM.</p>	<p>15,984</p>	<p>40,000</p>

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>6 The Company and the Parent Company entered into the Entrusted Assets Management Agreement on 27 September 2023 for a term of three years commencing from 1 October 2023 to 30 September 2026, pursuant to which the Parent Company agreed to entrust the Company to provide management services in respect of certain assets used for the security of operation for large-scale conferences and events and the emergency transportation of Beijing Capital Airport (the "Assets"), including but not limited to daily repair and maintenance, security and property management of the Assets, operation of the Assets and the related property management and maintenance work. The execution of this agreement is expected to allow the Company to coordinate and optimise resources allocation, and enhance its overall security capability and coordinated operation efficiency, thereby maximising the value of its resources. Meanwhile, it can continue to enhance the brand value of Beijing Capital Airport, as well as increase the recognition, favorability and confidence of travellers and the society in the Company and Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 27 September 2023.</p>	<p>The Parent Company holds 58.96% equity interest of the Company.</p>	7,750	8,500



## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
7 The Company and Beijing Capital Airport Tourism Business Co., Ltd. ("BATB") entered into the Tourism Business Resources Usage Agreement on 28 December 2021 for a term of three years commencing from 1 January 2022 to 31 December 2024, pursuant to which the Company allowed BATB to occupy and use the designated premises and resources at Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport, so as to provide hotel consultation and reservation services, tourism consultation services and related services (including photocopying, printing and facsimile services) to the passengers. The execution of this agreement is expected to provide professional and quality services to passengers, and continue to promote the development of the tourism business resources at Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 28 December 2021.	The Parent Company holds 100% equity interest of BATB.	4,090	6,000
8 The Company and BAFM entered into the BAFM Premises Leasing Agreement on 29 December 2022 for a term of three years commencing from 1 January 2023 to 31 December 2025, pursuant to which the Company agreed to lease certain office and storage premises of Terminal Two and Terminal Three of Beijing Capital Airport to BAFM for daily office or operation use. The execution of this agreement is expected to increase the Company's non-aeronautical revenue. For details of the relevant transactions, please refer to the Company's announcement dated 29 December 2022.	The Parent Company holds 100% equity interest of BAFM.	3,004	5,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>9 The Company and BGS entered into the Supplemental De-icing Services Cooperation Framework Agreement on 9 June 2023 to amend the pricing terms of the Former De-icing Services Cooperation Framework Agreement in respect of the de-icing cooperation period between 15 November 2019 to 31 October 2021 and the income split model based on such terms. The execution of this agreement is expected to enhance the capacity of Beijing Capital Airport during snowy weather in winter and in special circumstances, and increase the relevant revenue of the Company. For details of the relevant transactions, please refer to the Company's announcement dated 9 June 2023.</p>	<p>The Parent Company holds 51% equity interest of BGS.</p>	<p>2,662 (2020) 2,117 (2021)</p>	<p>45,000 (cap for 2020) 40,500 (cap for 2021)</p>
<p>10 The Company and BGS entered into the De-icing Services Cooperation Agreement on 19 January 2023 for a term commencing from 19 January 2023 to 31 December 2023, pursuant to which the Company agreed to lease part of the de-icing vehicles and protection vehicles to BGS and entrust BGS to operate the station de-icing business in the western area of Beijing Capital Airport. The execution of this agreement is expected to enhance the capacity of Beijing Capital Airport during snowy weather in winter and in special circumstances, and increase the relevant revenue of the Company, which is therefore beneficial to the development of the Company. This agreement was terminated with effect from 17 November 2023, following the execution of the new De-icing Services Cooperation Agreement, details of which are included in item 11 below. For details of the relevant transactions, please refer to the Company's announcement dated 19 January 2023.</p>	<p>The Parent Company holds 51% equity interest of BGS.</p>	<p>–</p>	<p>10,000</p>

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
11 The Company and BGS entered into the De-icing Services Cooperation Agreement on 17 November 2023 for a term of three years commencing from 17 November 2023 to 16 November 2026, pursuant to which the Company agreed to lease part of the de-icing vehicles and protection vehicles to BGS and entrust BGS to operate the station de-icing business in the western area of Beijing Capital Airport. The execution of this agreement is expected to enhance the capacity of Beijing Capital Airport during snowy weather in winter and in special circumstances, and increase the relevant revenue of the Company, which is therefore beneficial to the development of the Company. For details of the relevant transactions, please refer to the Company's announcement dated 17 November 2023.	The Parent Company holds 51% equity interest of BGS.	–	3,000
12 The Company, BACT and BAFM entered into the Flexible Retail and F&B Resources Usage Agreement on 13 August 2021 with effect from the approval of independent shareholders to 31 December 2023, to provide flexibility relating to the allocation of resources under the Domestic Retail Resources Usage Agreement and the Food and Beverage Resources Usage Agreement. The execution of this agreement is conducive to improving the overall business performances of the Company and to enhancing the efficiency of resources usage. For details of the relevant transactions, please refer to the Company's announcement dated 13 August 2021 and the circular dated 8 October 2021.	The Parent Company holds 100% equity interests of BACT and BAFM.	7,517	30,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>13 The Company and BACT entered into the International Retail Management Agreement on 3 November 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which BACT agreed to provide to the Company with operation and management services of designated retail resources in the international isolated area and the international arrival area in Terminal Two and Terminal Three of Beijing Capital Airport. Given that BACT is familiar with the international retail business within Beijing Capital Airport and has rich resources of international retail customers and strong management capacity on retail investment invitation and operation, the execution of this agreement is expected to enhance the value of commercial and retail resources of Beijing Capital Airport, thus promoting the image and management efficiency of Beijing Capital Airport and helping cost control of the Company as a whole. For details of the relevant transactions, please refer to the Company's announcements dated 3 November 2020 and 5 November 2020, and the circular dated 4 December 2020. As disclosed in the Company's announcement dated 7 November 2023 and the circular dated 11 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of BACT.</p>	<p>103,210</p>	<p>812,000</p>

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>14 The Company and CAAS entered into the Supply of Aviation Safety and Security Guard Services Agreement on 20 October 2022 for a term of three years commencing from 1 January 2023 to 31 December 2025, pursuant to which CAAS agreed to provide aviation safety and security guard services to Beijing Capital Airport. Since CAAS has the expertise and experience in the provision of aviation safety and security guard services in Beijing Capital Airport, it is able to provide an integrated and complete range of aviation security services to the Company. As such, the engagement of CAAS for the provision of aviation safety and security guard services will enable the Company to focus on operating and developing its core businesses in Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 20 October 2022 and the circular dated 6 December 2022.</p>	<p>The Parent Company holds 100% equity interest of CAAS.</p>	857,619	924,480
<p>15 The Company and CAPE entered into the Supply of Power and Energy Agreement on 3 November 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which CAPE agreed to provide water, electricity, steam power, natural gas, air conditioning and heating services to the Company in the terminals and other areas of Beijing Capital Airport. The execution of this agreement is expected to provide stable supply of water, electricity, steam power, natural gas, air conditioning and heating to the Company, and CAPE is the sole service provider of water, electricity, steam power, natural gas, air conditioning and heating for the Beijing Capital Airport area with abundant experience in the provision of such services for the Company. For details of the relevant transactions, please refer to the Company's announcements dated 3 November 2020 and 5 November 2020, and the circular dated 4 December 2020.</p>	<p>The Parent Company holds 100% equity interest of CAPE.</p>	500,174	793,100

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>16 The Company and Bowei entered into the Operation and Maintenance Services Framework Agreement on 20 October 2022, for a term of three years commencing from 1 January 2023 to 31 December 2025, pursuant to which Bowei agreed to provide the Company with operation and maintenance services at terminals, airfield, public area and other designated areas of Beijing Capital Airport. The execution of this agreement is conducive to ensuring the stability of the daily operation and service quality of Beijing Capital Airport, while ensuring the rapid responsiveness and the specialty and high efficiency required for the operation of the isolated area of Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 20 October 2022 and the circular dated 6 December 2022.</p>	<p>The Parent Company directly and indirectly holds 100% equity interest of Bowei.</p>	383,133	446,000
<p>17 The Company and BAPM entered into the Supply of Miscellaneous Property Services Agreement on 31 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which BAPM agreed to provide miscellaneous property services at Terminal One, Terminal Two, Terminal Three, the public area, airfield area and other designated areas at Beijing Capital Airport. The execution of this agreement is expected to help the Company control overall costs and enhance service quality in the relevant areas. For details of the relevant transactions, please refer to the Company's announcement dated 31 December 2020. As disclosed in the Company's announcement dated 6 November 2023 and the circular dated 11 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of BAPM.</p>	204,595	390,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>18 The Company and CAPE entered into the Supply of Operation and Maintenance Services of Power and Energy Facilities Agreement on 30 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which CAPE agreed to provide the operation and maintenance services for power and energy facilities to the Company at Beijing Capital Airport. The execution of this agreement is expected to provide operation and maintenance services in respect of energy facilities, warm water facilities, air-conditioning facilities and electricity and lighting facilities at the area where terminals of Beijing Capital Airport are located and their surrounding areas, and in respect of electricity and water facilities in the office buildings, as well as the provision of operation and maintenance services for purification stations and garbage incineration stations and other relevant services as requested by the Company. For details of the relevant transactions, please refer to the Company's announcement dated 30 December 2020. As disclosed in the Company's announcement dated 6 November 2023 and the circular dated 11 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of CAPE.</p>	181,116	235,000
<p>19 The Company and CAGM entered into the Advertising Management Agreement on 30 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which CAGM agreed to operate and manage the designated advertising resources within or in the vicinity of Beijing Capital Airport. Given that CAGM is familiar with the advertising business within Beijing Capital Airport and has ample client resources and strong capability of initiating tender invitation and management for advertising business, the execution of this agreement is expected to enhance the value of advertising resources of Beijing Capital Airport, thus promoting the image and management efficiency of Beijing Capital Airport and helping cost control of the Company as a whole. For details of the relevant transactions, please refer to the Company's announcement dated 30 December 2020. As disclosed in the Company's announcement dated 7 November 2023 and the circular dated 11 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of CAGM.</p>	169,118	270,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>20 The Company and BAFM entered into the Food and Beverage Management Agreement on 29 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which BAFM agreed to provide operation and management services to the Company in respect of the designated food and beverage resources in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport. Given that BAFM is familiar with the food and beverage business within Beijing Capital Airport and has ample client resources and strong management capacity on food and beverage tender invitation and operation, the execution of this agreement is expected to enhance the quality of food and beverage services and value of food and beverage resources of Beijing Capital Airport, thus promoting the image and management efficiency of Beijing Capital Airport and helping cost control of the Company as a whole. For details of the relevant transactions, please refer to the Company's announcement dated 29 December 2020. As disclosed in the Company's announcement dated 7 November 2023 and the circular dated 11 December 2023, this agreement was renewed for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company holds 100% equity interest of BAFM.</p>	<p>45,457</p>	<p>100,000</p>



## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>21 The Company and Beijing Capital Airport Aviation Services Company Limited ("Aviation Services Company") entered into the Purchase of Services Framework Agreement on 29 January 2021 for a term of three years commencing from 1 February 2021 to 31 January 2024, pursuant to which the Aviation Services Company agreed to provide joint inspection services staff to the Company to provide a range of services such as joint inspection, handling of enquiries, maintenance of order among on-site travellers, guidance, temperature check and other relevant services in the arrival and departure halls of Terminal Two and Terminal Three and the designated area of the international arrival area at Zone D of Terminal Three of Beijing Capital Airport. The execution of this agreement can ensure the normal daily operations of the terminals of Beijing Capital Airport and further optimise the traffic order to improve the service experience of travellers. For details of the relevant transactions, please refer to the Company's announcement dated 29 January 2021. As disclosed in the Company's announcement dated 22 December 2023, this agreement was terminated with effect from 22 December 2023. On 22 December 2023, the Company and the Aviation Services Company entered into a renewal agreement for a term of three years commencing from 1 January 2024 to 31 December 2026.</p>	<p>The Parent Company indirectly holds 100% equity interest of the Aviation Services Company.</p>	<p>56,793</p>	<p>84,000</p>

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>22 The Company and CAVIP entered into the Purchase of Services for Travellers Agreement on 31 December 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which the Company engaged travellers' service staff from CAVIP to provide traveller services for ordinary travellers arriving and departing the terminals of Beijing Capital Airport. The execution of this agreement can enhance the utilisation efficiency of the traveller service resources in the terminals and improve the quality of traveller services in Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 31 December 2020. As disclosed in the Company's announcement dated 29 December 2023, this agreement was renewed for a term of two years commencing from 1 January 2024 to 31 December 2025.</p>	<p>The Parent Company holds 100% equity interest of CAVIP.</p>	35,081	49,500
<p>23 The Company and Beijing Civil Aviation Airport Bus Co., Ltd. (the "Bus Company") entered into the Landside Shuttle Bus Services Agreement on 13 December 2021, for a term of three years commencing from 15 December 2021 to 14 December 2024, pursuant to which the Company agreed to engage the Bus Company to provide passengers in the eastern and western terminal areas of Beijing Capital Airport with complimentary landside transit shuttle bus services. The execution of this agreement is expected to support the compatibility and continuity of the landside shuttle bus services and to facilitate the rapid transfers of passengers between terminals at Beijing Capital Airport in order to ensure a more convenient and smooth flight transfer and improve passenger satisfaction. For details of the relevant transactions, please refer to the Company's announcements dated 13 December 2021 and 15 December 2021.</p>	<p>The Parent Company holds 51% equity interest of Bus Company.</p>	20,801	21,300

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>24 The Company entered into the Construction Projects Framework Agreement with China Airport Construction Group Company Limited ("CACG") and some of its subsidiaries on 28 December 2020, for a term of three years commencing from 1 January 2021 to 31 December 2023, pursuant to which the Company agreed to engage CACG and its subsidiaries to provide a range of construction project services to the Company. The execution of this agreement is conducive to ensuring the quality and progress of construction projects as well as controlling the construction fee so that it would not exceed the construction investment amount. For details of the relevant transactions, please refer to the Company's announcement dated 28 December 2020.</p>	<p>The Parent Company holds 31.48% equity interest of CACG.</p>	2,530	54,000
<p>25 The Company entered into the Frequent Traveller Paid Membership Management Agreement with CAVIP on 1 August 2022, for a term of three years commencing from 1 August 2022 to 31 July 2025, pursuant to which the Company agreed to permit CAVIP to operate and manage the frequent traveller's paid membership business, the existing business related to the VIP travellers' services and the respective relevant resources in Beijing Capital Airport. The execution of this agreement with CAVIP can enhance the quality of commercial development and is in favour of the better operation and development of the frequent traveller's paid membership business of Beijing Capital Airport. A supplemental agreement to the Frequent Traveller Paid Membership Management Agreement was entered into by the Company and CAVIP on 3 November 2023. For details of the relevant transactions, please refer to the Company's announcements dated 1 August 2022 and 3 November 2023.</p>	<p>The Parent Company holds 100% equity interest of CAVIP.</p>	20,363	25,000

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
<p>26 The Company entered into the Purchase of Temporary Storage and Lost and Found Services Agreement with BATB on 30 December 2022, for a term of one year commencing from 1 January 2023 to 31 December 2023, pursuant to which BATB agreed to provide passengers at Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport with temporary storage of belongings for security inspection (excluding collection of passengers' temporarily stored belongings at the security inspection site) and lost and found services. The execution of this agreement with BATB is expected to enhance the continuity and operational efficiency of such services and ensure that the implementation of projects will better meet the actual needs of the Company. For details of the relevant transactions, please refer to the Company's announcement dated 30 December 2022.</p>	<p>The Parent Company holds 100% equity interest of BATB.</p>	7,789	9,000
<p>27 The Company entered into the Service Building Staff Restaurant Services Management Agreement with Beijing Jingrui Hotel Management Co., Ltd. ("Beijing Jingrui") on 30 November 2022, for a term of three years commencing from 1 December 2022 to 30 November 2025, pursuant to which Beijing Jingrui agreed to operate the staff restaurants located at the service office building of the Company, the fire and rescue management center or other staff restaurants as required by the Company, and to provide catering services, emergency meal support, banquet service support and delivery service support to the Company in accordance with the service standards stipulated by the Company. The execution of this agreement with Beijing Jingrui is conducive to ensuring the dining safety of the employees, as well as supporting the daily operations of Beijing Capital Airport and the continuous stability of its service quality. For details of the relevant transactions, please refer to the Company's announcement dated 30 November 2022.</p>	<p>The Parent Company indirectly holds 100% equity interest of Beijing Jingrui.</p>	4,212	6,500

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 RMB'000	Annual cap for 2023 RMB'000
<p>28 The Company entered into the Terminals Drinking Water Facility Management Services Agreement with Beijing Zhongpeng Drinking Water Co., Ltd. ("Beijing Zhongpeng") on 30 December 2022, for a term of three years commencing from 1 January 2023 to 31 December 2025, pursuant to which Beijing Zhongpeng agreed to provide the Company with services of surveillance and maintenance, sanitisation and disinfection, supply of bottled water for emergency, and water quality assessment to the drinking water facility in the Terminals. The execution of this agreement with Beijing Zhongpeng is conducive to supporting the daily operations of Beijing Capital Airport and improving the service quality and efficiency to passengers. For details of the relevant transactions, please refer to the Company's announcement dated 30 December 2022.</p>	<p>The Parent Company indirectly holds 100% equity interest of Beijing Zhongpeng.</p>	4,285	5,800
<p>29 The Company entered into the Entrusted Project Management Framework Agreement with the Parent Company on 23 February 2023, for a term commencing from 23 February 2023 to 31 December 2023, pursuant to which the Company agreed to entrust the Parent Company (as the project manager) to manage the construction projects of the Company with an investment amount of RMB5,000,000 or above. The execution of this agreement with the Parent Company is conducive to further strengthening the control of the entire process of construction project management, facilitating the uniform planning and construction of the infrastructure development projects situated within the area of Beijing Capital Airport, increasing the Company's efficiency of construction management of its infrastructure projects, and reducing the cost of project management. For details of the relevant transactions, please refer to the Company's announcement dated 23 February 2023.</p>	<p>The Parent Company holds 58.96% equity interest of the Company.</p>	3,991	8,500

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 <i>RMB'000</i>	Annual cap for 2023 <i>RMB'000</i>
30 The Company entered into the General Technology Services Agreement with Technology Company on 1 December 2023, for a term of three years commencing from 1 December 2023 to 30 November 2026, pursuant to which the Technology Company agreed to provide services to the Company in relation to maintenance of the production operations and operations management systems of the Company. The execution of this agreement with the Technology Company is conducive to the sharing of operation and maintenance resources of the Company, thereby further reducing related costs. For details of the relevant transactions, please refer to the Company's announcement dated 1 December 2023.	The Parent Company holds 100% equity interest of the Technology Company.	254	938
31 The Company and the Parent Company entered into the Airfield Land Lease Agreement on 26 October 2006, for the lease of the Airfield Land by the Company from the Parent Company, with the term of 20 years from the date on which the approval from the Beijing Bureau of Land and Resources on the transactions contemplated under the Airfield Land Lease Agreement is obtained, subject to renewal for 20 years on same terms and conditions upon request by the Company in accordance with the applicable PRC laws at the time, and subject to further renewal for 10 years on same terms and conditions in accordance with the applicable PRC laws at the time. The execution of this agreement is expected to ensure the long-term use of the aforesaid airfield areas and to save a substantial amount of capital expenditure in acquiring the land use rights to the Airfield Land. On 31 January 2008, the Company and the Parent Company entered into a supplemental agreement for adjustment of rental. For details of the relevant transactions, please refer to the Company's announcements dated 26 October 2006 and 31 January 2008.	The Parent Company holds 58.96% equity interest of the Company.	28,000	28,000 <i>Note 1</i>

## REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties as at the execution date of the agreement	Total transaction amounts for the year ended 31 December 2023 RMB'000	Annual cap for 2023 RMB'000
32 The Company and the Parent Company entered into the Lease Agreement on 16 November 1999, for the lease of the land use rights to the runways, aprons and parking lands from the Parent Company. The term of the lease of the land use rights to the runways and aprons is 50 years, while the term of the lease of the land use rights to the parking lands is 40 years. For details of the relevant transactions, please refer to the Company's prospectus.	The Parent Company holds 58.96% equity interest of the Company.	10,932	10,932 Note 2
33 The Company and Beijing Capital Airport Group Finance Company Limited ("BAGF") entered into the Financial Services Agreement on 23 November 2020 with effect from 1 January 2021 to 31 December 2023, pursuant to which BAGF agreed to provide the Company with deposit services, loan and guarantee services, and other financial services. The execution of this agreement is conducive to a more expedient and efficient financial service for the Company. For details of the relevant transactions, please refer to the Company's announcement dated 23 November 2020. As disclosed in the Company's announcement dated 28 December 2023, this agreement was renewed for a term of one year commencing from 1 January 2024 to 31 December 2024.	The Parent Company directly and indirectly holds 100% equity interest of BAGF.	234,913	Cap of deposit services: 500,000 for maximum daily deposit balance Note 3

- Notes:**
- 1 The Airfield Land Lease Agreement and the related supplemental agreement, including the rented areas and rental, are in the process of obtaining approval from the land administration authorities.
  - 2 Since 1999, the cap may increase by no more than 10% every three years; the cap for the year of 2021, 2022 and 2023 may increase by no more than 94.87% over the cap of the year 1999.
  - 3 The pricing policies for the Financial Services Agreement are as follows:
    - (1) The interest rate payable for the Company's deposits with BAGF shall not be lower than the benchmark interest rate payable by the People's Bank of China for comparable deposits;
    - (2) The interest rate to be charged for the loans to be provided by BAGF to the Company shall not be higher than the rate charged by ordinary commercial banks in the PRC for comparable loans;
    - (3) The service fees to be charged for the settlement services, bill acceptance and discounting services, financial and financing advisory services to be provided by BAGF shall not be higher than the service fees charged by ordinary commercial banks in the PRC for comparable services.

The management of the Company confirmed that the aforesaid transactions: (1) were entered into in the ordinary course of business of the Company, and carried out under effective regulatory and internal control system; (2) were on normal commercial terms or better; (3) were on terms that are fair and reasonable; and (4) in which the total annual interest from deposit services was RMB218,002.83 as at 31 December 2023.

## REPORT OF THE BOARD (CONTINUED)

The Company has followed the pricing policies and guidelines, as stated in the relevant announcements and circulars of the Company, when determining the prices and terms of the above continuing connected transactions that were conducted during the year ended 31 December 2023:

### **Confirmation of Independent Non-executive Directors in relation to the Continuing Connected Transactions**

Pursuant to Rule 14A.55 of the Listing Rules, the above continuing connected transactions were reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the above continuing connected transactions had been entered into:

1. in the ordinary and usual course of business of the Company;
2. either (i) on normal commercial terms or better; or (ii) on terms no less favourable to the Company than the terms available to or from independent third parties (if applicable); and
3. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### **Report from the Auditor of the Company in relation to the Continuing Connected Transactions**

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged PricewaterhouseCoopers, the Company's auditor, to report on the Company's continuing connected transactions during the year ended 31 December 2023 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a report (the "Report") dated 27 March 2024 in respect of the continuing connected transactions disclosed by the Company as above in accordance with Rule 14A.56 of the Listing Rules, confirming that:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;
- b. for transactions involving the provision of goods or services by the Company, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions, except in respect of the leasing fee of the land on which the airfield and related areas of phase III assets are situated (the "Airfield Land"). It was noted that the relevant lease agreement stipulated that, the lease will commence from the date of approval by the Beijing Bureau of Land and Resources on the relevant transaction and the leasing fee is based on its appraised value performed by an independent professional valuer. As at the date of the Report, the Company has not yet obtained the approval. However, the Airfield Land is currently used by the Company and the Company is required to pay Capital Airports Holdings Co., Ltd. for the use of the Airfield Land. Accordingly, the leasing fee for the year was accounted for in the financial statements of the Company for the year ended 31 December 2023 based on the lease agreement as if the relevant approval has been obtained; and
- d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.



## REPORT OF THE BOARD (CONTINUED)

### Connected Transactions

According to the requirements under Chapter 14A of the Listing Rules, the connected transactions, which are subject to the annual reporting requirements, for the year ended 31 December 2023 are set out as follows:

Description of the transaction and date of the relevant announcements	Relationship between contracting parties as at the execution date of the agreement	Consideration of the connected transaction <i>RMB'000</i>
<p>1 The Company and the Property Management Company entered into the Property Leasing Agreement on 30 December 2022 for a term of two years commencing from 1 January 2023 to 31 December 2024, pursuant to which the Company agreed to lease the Service Building Property, the Operation Control Centre Office Property, and the Identification Document Management Hall Office Property from the Property Management Company. Pursuant to IFRS 16, the leased properties under the Property Leasing Agreement were recognised by the Company as right-of-use assets, and the total value of such right-of-use assets was estimated to be not more than RMB115,400,000. The execution of this agreement is conducive to the administration and daily operation of Beijing Capital Airport and thus maintains its overall steady operation. For details of the relevant transaction, please refer to the Company's announcement dated 30 December 2022.</p>	<p>The Parent Company holds 100% equity interest of the Property Management Company.</p>	<p>99,747 (with the maximum consideration not exceeding 115,400)</p>
<p>2 The Company and the Parent Company entered into the Assets Transfer Agreement on 14 September 2023, pursuant to which the Parent Company agreed to transfer the Landside Surveillance Project Assets to the Company. The execution of this agreement is conducive to further delineate the ownership of the Company's assets, integrate its production and operation resources, improve the overall operation capability and coordination efficiency of Beijing Capital Airport, and ensure the smooth, orderly and efficient daily operation of Beijing Capital Airport. For details of the relevant transaction, please refer to the Company's announcements dated 14 September 2023 and 18 October 2023.</p>	<p>The Parent Company holds 58.96% equity interest of the Company.</p>	<p>Maximum consideration not exceeding 26,133</p>
<p>3 The Company and Inner Mongolia Airport Group, Equipment Operation and Maintenance Company, Guarantee Company and the Technology Company entered into the Supplemental Agreement to the Capital Contribution Agreement on 30 June 2023 to amend the details of capital contribution for Chuanglian by the parties, pursuant to which, the parties agreed that the total capital contribution of all shareholders and the capital contribution of the Company and Inner Mongolia Airport Group remained unchanged and the Technology Company would bear the aggregate amount of capital contribution that would have been made by the Equipment Operation and Maintenance Company and the Guarantee Company under the former Capital Contribution Agreement. As at the date of this report, all of these parties had completed their capital contribution. For details of the relevant transaction, please refer to the Company's announcements dated 23 September 2021, 30 June 2023 and 21 July 2023.</p>	<p>The Parent Company holds 100% equity interest of the Equipment Operation and Maintenance Company, holds 100% equity interest of the Guarantee Company and holds 100% equity interest of the Technology Company.</p>	<p>40,513</p>

## REPORT OF THE BOARD (CONTINUED)

Pursuant to the requirements under Chapter 14A of the Listing Rules, save as disclosed above, there are no other connected transactions that are subject to the annual reporting requirements during the year ended 31 December 2023.

### Related Party Transactions

Details of the significant related party transactions of the Company carried out in the ordinary course of business during the year ended 31 December 2023 are set out in Note 35 to the Financial Statements. Save for the continuing connected transactions and connected transactions as disclosed above, none of those related party transactions constitute connected or continuing connected transactions that are subject to reporting, annual review, announcement and/or independent shareholders' requirements under Chapter 14A of the Listing Rules. The Company confirms that in respect of the transactions which are both (i) related party transactions; and (ii) connected or continuing connected transactions, it has complied with the relevant requirements in accordance with Chapter 14A of the Listing Rules and has followed the pricing policies and guidelines when determining the prices and terms of such transactions, the details of which are set out in their respective announcements and/or circulars as mentioned above.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the total issued share capital of the Company was 4,579,178,977 shares, comprising 1,879,364,000 H shares and 2,699,814,977 domestic shares.

As at 31 December 2023, the interests and short positions held by the following persons, other than the directors, supervisors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") were as follows:

Name of substantial shareholder	Class of shares	Number of shares	Capacity/nature of interest	Approximate percentage of shareholding to the relevant class of shares	Approximate percentage of shareholding to the total issued shares
Capital Airports Holdings Co., Ltd. (Note 1)	Domestic shares	2,699,814,977(L)	Beneficial owner	100%	58.96%
Mitsubishi UFJ Financial Group, Inc.	H shares	133,052,000(L)	Interest of corporation controlled by substantial shareholder	7.07%	2.91%
Aberdeen Asset Management plc and its associates (Note 2)	H shares	114,868,000(L)	Investment manager	6.11%	2.51%
Mr. Jiang Jinzhi (Note 3)	H shares	105,602,000(L)	Interest of corporation controlled by substantial shareholder	5.62%	2.31%
Causeway Capital Management LLC (Note 2)	H shares	105,506,700(L)	Investment manager	5.61%	2.30%
Invesco Asset Management Limited (Note 2)	H shares	99,325,400(L)	Investment manager	5.28%	2.17%
Hermes Investment Funds PLC	H shares	94,613,662(L)	Beneficial owner	5.03%	2.07%

(L) = Long Position  
(S) = Short Position  
(P) = Lending Pool

## REPORT OF THE BOARD (CONTINUED)

### Notes:

- Capital Airports Holdings Co., Ltd. was incorporated in the PRC, and is the controlling shareholder of the Company. Mr. Wang Changyi, the chairman of the Board and an executive director, is a director, the chairman of the board and the secretary of the Party committee of Capital Airports Holdings Co., Ltd. Mr. Han Zhiliang, an executive director and the general manager of the Company, is the deputy general manager of Capital Airports Holdings Co., Ltd. Mr. Jia Jianqing, a non-executive director of the Company, is the deputy general manager of Capital Airports Holdings Co., Ltd. Mr. Song Kun, a non-executive director of the Company, is the deputy general manager of Capital Airports Holdings Co., Ltd. Mr. Du Qiang, a non-executive director of the Company, is the deputy general manager of Capital Airports Holdings Co., Ltd.
- These shares are held in the capacity of investment manager.
- Based on the disclosure form dated 26 February 2021 of Mr. Jiang Jinzhi (being the latest disclosure form filed up to 31 December 2023), as at 24 February 2021, among his interests in the shares of the Company, (i) 90,476,000 shares in total were held by Greenwoods China Alpha Master Fund and by Golden China Master Fund; and (ii) 15,126,000 shares were held by Shanghai Greenwoods Asset Management Company Limited. Each of Greenwoods China Alpha Master Fund and Golden China Master Fund was indirectly wholly-owned by Invest Partner Group Limited through Greenwoods Asset Management Hong Kong Limited. Invest Partner Group Limited was directly held as to 84.5% by Mr. Jiang Jinzhi. Shanghai Greenwoods Asset Management Company Limited was wholly-owned by Xizang Jingning Corporate Management Company Limited, which was in turn indirectly held as to 84.5% by Mr. Jiang Jinzhi.
- The numbers in the above table have been subject to rounding adjustments. Any discrepancies in the number are due to roundings.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE

As at 31 December 2023, none of the directors, supervisors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) recorded in the register of the Company required to be kept by the Company under section 352 of the SFO; or (b) notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Listing Rules (the "Model Code"). During the year ended 31 December 2023, none of the directors, supervisors or the chief executive of the Company, or their associates, had been granted the right to subscribe for any shares or debentures of the Company, nor had any of them exercised such rights during the same period.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

During the year ended 31 December 2023, none of the directors or supervisors of the Company (or those entities connected with them) directly or indirectly had any material interests in any transaction, arrangement or contract of significance (as defined in Appendix D2 to the Listing Rules) (other than service contracts or appointment letters) to which the Company was a party.

### DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2023, the Company, its holding company or any of its subsidiaries or fellow subsidiaries was not a party to any arrangement to enable the directors or supervisors of the Company, or their respective spouses or children under 18 years of age, to acquire benefits by means of acquisition of any shares in, or debentures of, the Company or any other body corporate.

## REPORT OF THE BOARD (CONTINUED)

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As disclosed in Note 1 under the section headed "Interests and Short Positions of Substantial Shareholders" in this Report of the Board, five of the directors of the Company hold the position of director, the chairman of the board, secretary of the Party Committee and/or deputy general manager concurrently in the Parent Company, i.e. the controlling shareholder of the Company. As such, they shall be deemed to have interests in the Parent Company pursuant to the relevant requirements under Rule 8.10 of the Listing Rules.

In view of the huge capital investment in the construction of Beijing Daxing International Airport ("Daxing Airport") by the Parent Company and the relatively large operating pressure and financial pressure that will be subsequently faced by Daxing Airport continually, and pursuant to the relevant requirements under the deed of non-competition dated 26 October 1999 entered into between the Company and the Parent Company (the "Deed of Noncompetition"), on 28 June 2018, the Board considered and passed the following after careful consideration: (i) approved in writing for the Parent Company to engage in aeronautical and non-aeronautical businesses of Daxing Airport; (ii) the Company retained the option to purchase the assets of the Daxing Airport. For details, please refer to the inside information announcement of the Company dated 28 June 2018.

In 2019, following the official commencement of operations of Daxing Airport on 25 September, the general landscape of "one city, two airports" in Beijing's aviation market and the "dual-hub" model, which allows the strengths of both Beijing Capital Airport and Daxing Airport to complement each other, were preliminarily formed. The Parent Company also started engaging in the aeronautical and non-aeronautical businesses of Daxing Airport. As the Company is engaged in the operations of aeronautical and non-aeronautical businesses of Beijing Capital Airport, certain businesses of the Parent Company are competing with the business of the Company.

As disclosed in the inside information announcement of the Company dated 28 June 2018, the Parent Company has obtained prior written consent from the Company, which was approved by the Board (namely the independent non-executive directors, as other directors of the Company who also serve as directors or senior management of the Parent Company have abstained from voting), in accordance with the requirements under the Deed of Non-competition before engaging in the above-mentioned competing businesses. The Company has also retained the option to purchase the assets of Daxing Airport. In addition, the directors of the Company are fully aware of, and have been discharging, their fiduciary duties to the Company. Based on the above, it is expected that the interests of the Company in the relevant businesses will be adequately protected and the Company is capable of operating its aeronautical and non-aeronautical businesses independently of the Parent Company. Therefore, the Company is of the view that the Company is capable of carrying on the above businesses independently of, and at arm's length from, the businesses of the Parent Company.

Save as disclosed above, during the year ended 31 December 2023 and up to the date of this Report of the Board, none of the directors of the Company or their respective associate(s) (as defined under the Listing Rules) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

### CONTRACTS OF SIGNIFICANCE

In November and December 2023, the Company and certain subsidiaries of its controlling shareholder entered into certain new agreements in respect of continuing connected transactions with their term commencing from 1 January 2024 in relation to the provision of power and energy services, the provision of energy management and conservation services, and the leasing of premises at Beijing Capital Airport. For details, please refer to the announcements of the Company dated 3 November 2023, 6 November 2023 and 28 December 2023 and the circular of the Company dated 11 December 2023.

## REPORT OF THE BOARD (CONTINUED)

Save for those transactions disclosed in the above, the note headed “Related Party Transactions” in the Note 35 to the Financial Statements and the sections headed “Connected Transactions” and “Continuing Connected Transactions” in this Report of the Board, there was no contract of significance (as defined in Appendix D2 to the Listing Rules) during the year ended 31 December 2023:

- (a) between the Company and its controlling shareholder (or any of its subsidiaries); or
- (b) for the provision of services to the Company by its controlling shareholder (or any of its subsidiaries).

### MANAGEMENT CONTRACTS

During the year ended 31 December 2023, no contracts concerning the management and administration of the whole or any substantial part of any business of the Company (other than service contracts with any directors) were entered into or subsisted.

### PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors of the Company is currently in force and was in force throughout the financial year. The Company has taken out and maintained directors and officers liability insurance which provides appropriate coverage for, among others, third party liability which may be incurred by the directors and officers of the Company.

### EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The details of emoluments of directors, supervisors and the five highest paid individuals for the year ended 31 December 2023 are set out in Notes 28 and 36 to the Financial Statements.

### MATERIAL LITIGATION OR ARBITRATION

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2023.

### PUBLIC FLOAT

The Board confirmed that, as at 27 March 2024, the date of this Report of the Board, 1,879,364,000 H shares, representing 41.04% of the entire issued shares of the Company, are held by the public, which is in compliance with the minimum requirement of public float under Rule 8.08 of the Listing Rules.

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Code for Securities Transactions by Directors and Staff (the “Code”) to regulate the securities transactions by directors and staff. The standard of the Code is no less exacting than the required standard of the Model Code.

Following specific enquiries made with the directors of the Company, the Company has confirmed that each of its directors has complied with the Model Code and the required standard set out in the Code of the Company.

### AUDITORS

For the three years ended 31 December 2020, 2021 and 2022, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were the Company’s auditors.

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were approved by way of a resolution passed at the 2022 annual general meeting (“2022 AGM”) of the Company held on 20 June 2023, to act as the Company’s auditors for the year ended 31 December 2023.

## REPORT OF THE BOARD (CONTINUED)

### DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

At the 2022 AGM convened on 20 June 2023, the election of Mr. Wang Changyi, Mr. Han Zhiliang, Mr. Jia Jianqing, Mr. Song Kun, Mr. Du Qiang, Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung, Mr. Wang Huacheng and Ms. Duan Donghui as members of the ninth session of the Board was considered and approved. The term of office of the ninth session of the Board commences from the date of conclusion of the 2022 AGM and ends on the date of convening the 2025 AGM.

At the 2022 AGM convened on 20 June 2023, the election of Mr. Liu Chunchen, Mr. Japhet Sebastian Law and Mr. Jiang Ruiming as members of the ninth session of the supervisory committee of the Company (the "Supervisory Committee") was considered and approved. The other members of the ninth session of the Supervisory Committee comprise Mr. Liu Jiliang and Ms. Wu Xiaoli, who are supervisors representing employees of the Company. The term of office of the ninth session of the Supervisory Committee commences from the date of conclusion of the 2022 AGM and ends on the date of convening the 2025 AGM.

On 20 June 2023, the ninth session of the Board appointed Mr. Han Zhiliang as the general manager of the Company, Mr. Deng Xianshan, Mr. Wang Weiyu, Ms. Li Chun and Ms. Zhao Ying as the deputy general managers of the Company, Mr. Li Zhiyong as the chief financial officer of the Company, and Mr. Meng Xianwei as the secretary to the Board.

On 27 September 2023, Mr. Meng Xianwei resigned as the secretary to the Board of the Company due to job re-assignment. On the same day, Ms. Li Bo was appointed as the secretary to the Board of the Company.

On 28 December 2023, Mr. Meng Xianwei resigned as the company secretary of the Company due to further adjustment of work. On the same day, Ms. Li Bo and Ms. Liu Jiong were appointed as the joint company secretaries of the Company.

On 1 February 2024, Mr. Wang Weiyu retired as the deputy general manager of the Company as he had attained the retirement age.

All executive directors of the Company have entered into director's service contracts with the Company with a term expiring on the date of the 2025 AGM of the Company. All non-executive directors and supervisors of the Company have entered into letters of undertaking to perform the obligations of non-executive directors and supervisors, respectively, in accordance with the Articles of Association of the Company. Save as mentioned above, none of the directors or supervisors of the Company has entered or proposed to enter into a service contract with the Company. None of the directors or supervisors of the Company has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The profiles of the directors, supervisors and senior management of the Company are as follows:

## REPORT OF THE BOARD (CONTINUED)

### Executive Directors

**Mr. Wang Changyi**, aged 59, was re-appointed as an executive director of the Company and elected as the chairman of the Board on 20 June 2023. Mr. Wang graduated from Tianjin University with a Bachelor's degree in infrastructure management and engineering, and holds a Master's degree in public management from Peking University. From August 1987 to January 1998, Mr. Wang successively served as a cadre and a principal officer of the Infrastructure Management Division, as well as a principal officer and the deputy director of the Standards and Technology Division of the Airport Management Department for Infrastructure Projects, of the Civil Aviation Administration of China ("CAAC"). From January 1998 to August 2003, he successively served as the deputy director, the deputy director (at director level) and the director of the Director General Office under the General Office of CAAC. From August 2003 to August 2011, he successively served as the deputy director of the General Office, the vice director-general (at deputy department director level) of the Comprehensive Department and the vice director-general of the Airport Department of CAAC. He was the secretary of the Party committee of the Civil Aviation Medical Center of CAAC (Civil Aviation General Hospital) from August 2011 to December 2013. From December 2013 to October 2018, he served as the director-general (at department director level) of the Development and Planning Department of CAAC. He served as the director-general, and a member of the standing committee and the deputy secretary of the Party committee of the CAAC Northwest Regional Administration from October 2018 to April 2021. He has been a director, the chairman of the board, and a member and the secretary of the Party committee of the Capital Airports Holdings Limited (首都機場集團有限公司) (the "Parent Company") since April 2021.

**Mr. Han Zhiliang**, aged 59, a senior economist, was re-appointed as an executive director of the Company on 20 June 2023. He obtained a Bachelor's degree in History from Inner Mongolia University (內蒙古大學), and a Master's degree in Management Science and Engineering from Chinese Academy of Agricultural Sciences (中國農業科學院) and an Executive Master of Business Administration (majoring in Aviation Management) from Tsinghua University (清華大學). From July 1986 to December 2003, Mr. Han successively served as officer of Political Division, deputy director of Political Division, deputy chief of Personnel and Labour Division and chief of Personnel and Labour Division of Inner Mongolia Bureau under Civil Aviation Administration of China; from December 2003 to March 2004, he served as the chief of Human Resources and Education Division of Inner Mongolia Airports Group Company Limited. He served as the vice general manager and a member of the Party committee of Inner Mongolia Airport Group Company Limited from March 2004 to February 2006, and then as a director, the general manager and deputy Party secretary of the same company, and subsequently as the general manager and deputy Party secretary of the same company from February 2006 to July 2009. From July 2009 to April 2015, he served as the general manager, a member of the Party committee and the deputy secretary of the Party committee of Hubei Airports Holdings Company (from June 2014 to April 2015, he concurrently held such positions). He has been the vice general manager and a member of the Party committee of the Parent Company since June 2014; he has been the general manager and deputy secretary of the Party committee of the Company since March 2016.

## REPORT OF THE BOARD (CONTINUED)

**Mr. Zhang Guoliang**, aged 61, was appointed as an executive director of the Company on 23 June 2020 and retired as an executive director of the Company on 20 June 2023. Mr. Zhang graduated from Air Force Engineering University (中國人民解放軍空軍工程大學), majoring in management science and engineering, and obtained a master's degree in management. Mr. Zhang joined the People's Liberation Army of China in December 1979 and he successively served as a military academy cadet, an officer of the political department in a division of the Air Force, as well as a staff officer and a deputy director of the operations directorate at the command of a military base; an office secretary and a deputy head (at regiment commander level) of the military affairs department of the Air Force command in the Lanzhou Military Region from October 1996 to April 1999; a secretary of the office (at regiment commander level) of the Air Force command from April 1999 to March 2000; a director of the military communications and transportation directorate of the Air Force logistics department from March 2000 to April 2005; a tactical researcher (with the title of a senior colonel in the Air Force) at deputy division commander level of the Air Force from April 2005 to October 2008; a Party committee member of the public security bureau of CAAC and then the general captain (at deputy department director level and police commissioner class II) of the Aircop Corps of CAAC from October 2008 to April 2014; and the director and a deputy Party committee secretary of the government service bureau under CAAC from April 2014 to May 2019. Mr. Zhang was elected as a Party committee member of CAAC in January 2017. Mr. Zhang has been a Party committee member of the Parent Company and the Party committee secretary of the Company since May 2019, and was the deputy general manager of the Company from June 2019 to November 2022.

### Non-executive Directors

**Mr. Gao Shiqing**, aged 62, was appointed as a non-executive director of the Company on 28 June 2017 and retired as a non-executive director of the Company on 20 June 2023. Mr. Gao graduated from BUAA with a master's degree in aviation engineering. From August 1983 to September 1992, Mr. Gao successively served as the assistant of the Comprehensive Division of the Planning Department, deputy chief of the Investment Planning Division and the section chief of the Investment Planning Division in CAAC; the deputy director general of the Investment Planning Division in CAAC from September 1992 to July 1994; the deputy director general of the Investment Division of the Planning and Technology Department in CAAC from July 1994 to July 1996; the section chief of the Investment Division of the Planning and Technology Reform Department in CAAC from July 1996 to July 1998; the section chief of the Investment Division of the Planning and Technology Department in CAAC from July 1998 to January 2000; the deputy director of the Planning and Technology Division in CAAC from January 2000 to March 2003; the deputy chief of the Finance Division of the Planning & Department in CAAC from March 2003 to July 2004. From July 2004 to July 2005, he was the assistant of general manager of the Parent Company, and the deputy general manager of the Parent Company from July 2005 to February 2022. Mr. Gao was a non-executive director of the Company from June 2005 to June 2014.



## REPORT OF THE BOARD (CONTINUED)

**Mr. Jia Jianqing**, aged 58, is a senior accountant and was appointed as a non-executive director of the Company on 23 June 2020 and was re-appointed as a non-executive director of the Company on 20 June 2023. Mr. Jia graduated from Inner Mongolia School of Finance majoring in supply finance. He holds a Master's degree in Management Science and Agricultural Marketing in Professional Engineering from Chinese Academy of Agricultural Sciences (中國農業科學院). From October 1992 to January 1998, Mr. Jia served as the head of finance department of the Inner Mongolia Branch of CAAC; from January 1998 to January 2001, he served as the head of planning department and finance department of the Inner Mongolia Branch of CAAC; from January 2001 to December 2003, he served as the deputy director of the Inner Mongolia Branch of CAAC; from December 2003 to April 2004, he served as the deputy general manager and a member of Standing Committee of the Communist Party Committee of Inner Mongolia Autonomous Region Civil Airports Group Co., Ltd.; from April 2004 to October 2004, he served as the executive deputy general manager and a member of Standing Committee of the Communist Party Committee of Inner Mongolia Autonomous Region Civil Airports Group Co., Ltd.; from October 2004 to January 2005, he served as the deputy general manager of Jinfei Civil Aviation Economic Development Company; from January 2005 to October 2005, he served as the deputy general manager and a member of the Communist Party Committee of Jinfei Civil Aviation Economic Development Company; from October 2005 to January 2006, he served as the deputy general manager and a member of the Communist Party Committee of Capital Airport Guarantee Co., Ltd.; from January 2006 to January 2009, he served as the director, chief financial officer and a member of the Communist Party Committee of China Airport Construction Corporation; from January 2009 to March 2010, he served as the general manager and deputy secretary of the Communist Party Committee of China Civil Aviation Xin'gang Guarantee Co., Ltd.; from March 2010 to May 2015, he served as the chairman, general manager and deputy secretary of the Communist Party Committee of China Civil Aviation Xin'gang Guarantee Co., Ltd.; from May 2015 to January 2019, he served as the chief accountant of the Parent Company; since January 2019, he has served as the deputy general manager and a member of the Communist Party Committee of the Parent Company. From March 2016 to April 2020, Mr. Jia concurrently served as the chairman of Beijing Capital Airport Group Finance Co., Ltd.

**Mr. Song Kun**, aged 52, a senior engineer, was appointed as a non-executive director of the Company on 23 June 2020 and was re-appointed as a non-executive director of the Company on 20 June 2023. Mr. Song graduated from Department of Road and Traffic Engineering of Tongji University (同濟大學), majoring in highway and urban road and obtained a Bachelor's degree of Engineering, and he holds a Master's degree of Engineering in transportation engineering from Civil Aviation University of China (中國民航大學). From July 1995 to March 2005, Mr. Song started his career and successively served as an assistant engineer, engineer and secretary of the Youth League Committee of China Airport Construction Corporation; from March 2005 to April 2006, he served as the head of engineering department of airfield at the chief quality supervision station for professional engineering of civil aviation; from April 2006 to March 2009, he served as the general manager at the general manger office of China Airport Construction Corporation; from March 2009 to December 2010, he served as the director of the office of the Parent Company; from December 2010 to July 2011, he served as assistant to chief commander and a member of the Communist Party Committee of Beijing New Airport Construction Headquarters and the director of office of the Parent Company; from July 2011 to May 2012, he served as assistant to chief commander and a member of the Communist Party Committee of Beijing New Airport Construction Headquarters; from May 2012 to June 2016, he served as the general manager of the airport construction department of the Parent Company; from June 2016 to September 2018, he served as the secretary of the Communist Party Committee and deputy general manager of Jilin Civil Airports Group Company; from September 2018 to January 2020, he served as the general manager and deputy secretary of the Communist Party Committee of Jilin Civil Airports Group Company; since January 2020, he has served as the deputy general manager and a member of the Communist Party Committee of the Parent Company. In January 2018, Mr. Song was elected a deputy to the thirteenth People's Congress of Jilin Province and served as a member of Personnel Election Committee; in January 2019, he was appointed as an invited supervisor of the first session of Supervision Committee of Jilin Province.

## REPORT OF THE BOARD (CONTINUED)

**Mr. Du Qiang**, aged 55, a senior economist, was appointed as a non-executive director of the Company on 20 June 2023. Mr. Du graduated from the School of Economics and Management of Inner Mongolia University (內蒙古大學) majoring in economics, and holds the master's degree from the University of International Business and Economics (對外經濟貿易大學). He served as assistant at the deputy chief level of the Transportation Services Department of the Inner Mongolia Bureau of CAAC; chief of the Transportation Section; assistant, deputy secretary, vice manager and manager of the Transportation Services Department, and chief of the Marketing Section; and vice general manager and a member of the party committee of Inner Mongolia Airports Group Company. From January 2009 to July 2011, Mr. Du served as director, general manager and deputy party secretary of Beijing Aviation Ground Services Company Limited. From July 2011 to April 2015, he served as director of operations and a member of the Party committee of the Company and concurrently as general manager, Party secretary and deputy Party secretary of Capital Airport Aviation Security Co., Ltd.. He has served as the deputy general manager and a member of Party committee of the Company from April 2015 to November 2021. He has been a deputy general manager and a member of the Party committee of the Parent Company since November 2021.

### Independent Non-executive Directors

**Mr. Jiang Ruiming**, aged 58, was appointed as an independent non-executive director of the Company on 15 June 2011 and retired as an independent non-executive director of the Company on 20 June 2023. He graduated from Department of Law of Peking University (北京大學) with a Bachelor's degree. He obtained a MBA degree from Tsinghua University School of Economics and Management. Mr. Jiang had been executive chief editor of China Food Industry Magazine, partner of Beijing Guofang Law Firm, executive partner of Beijing Grandway Law Offices, the director of Beijing Grandway (Shanghai) Law Offices and a member of 10th and 11th Issuance Examination Commission of CSRC. Since February 2022, he has been a founding partner of Merits & Tree Law Offices (北京植德律師事務所). In May 2018, he was appointed as an arbitrator of the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) and reappointed for a term of five years from August 2021.

## REPORT OF THE BOARD (CONTINUED)

**Mr. Zhang Jiali**, aged 69, a senior economist, was appointed as an independent non-executive director of the Company on 28 June 2017 and was re-appointed as an independent non-executive director of the Company on 20 June 2023. Mr. Zhang graduated from Heilongjiang University (黑龍江大學) majoring in English and also participated in the courses for the diploma of advanced study of modern management held by Hong Kong Professional Management Association. Mr. Zhang worked as a clerk in Research Institute of Qingdao Port Authority from February 1980 to November 1984; as a business analyst, deputy director, director, deputy general manager of Research Department of China Merchants Group Limited from November 1984 to August 1991; as a deputy general manager of Hong Kong Ming Wah Shipping Company Limited from August 1991 to March 1993; as a director and deputy manager of China Merchants International Consultancy Company from March 1993 to July 1996; as a deputy general manager of Oversea Affairs Department of China Merchants Group from August 1996 to June 1997; as a deputy general manager of Department of Planning and Statistics of China Merchants Group from June 1997 to November 1998; as a deputy head of Preparation Unit of China Merchants Group Shanghai Company from November 1998 to October 1999; as the business supervisor of Asia of the USA-based Global Insight Inc. from February 2000 to March 2005; as the project supervisor of China Merchants Holdings (International) Company Limited from April 2005 to June 2005 and as the vice president of Shanghai International Port (Group) Co., Ltd. from July 2005 to January 2014.

**Mr. Stanley Hui Hon-chung**, aged 73, holds a Bachelor's degree of Science from the Chinese University of Hong Kong (香港中文大學). He was appointed as an independent non-executive director of the Company on 23 June 2020 and was re-appointed as an independent non-executive director of the Company on 20 June 2023. Mr. Hui joined Cathay

Pacific in 1975 and held a range of management positions in Hong Kong and overseas. From 1990 to 1992, he served as the general manager for Planning and International Affairs of Cathay Dragon. He was appointed as the chief representative of Swire (China) in Beijing in 1992. From 1994 to 1997, he assumed the position of chief operating officer of AHK Air Hong Kong Limited. From 1997 to 2006, he joined Hong Kong Dragon Airlines Limited as its chief executive officer. From February 2007 to July 2014, he served as the chief executive officer of Hong Kong Airport Authority. Mr. Hui was appointed as a member of the Greater Pearl River Delta Business Council twice by the Chief Executive of the HKSAR, and held civic duties including member of the Commission on Strategic Development of the HKSAR Government, member of the HKSAR Government's Aviation Development Advisory Committee and member of the Hong Kong Tourism Board. In July 2006, Mr. Hui was appointed as a Justice of the Peace by the Chief Executive of the HKSAR. Mr. Hui was a member of the 12th and 13th session of Chinese People's Political Consultative Conference and the General Committee of the Hong Kong General Chamber of Commerce. Mr. Hui has been serving as an independent non-executive director of Guangzhou Baiyun International Airport Co., Ltd. (listed on the Shanghai Stock Exchange), a director of Hong Kong Greater Bay Airlines Co., Ltd, as well as Hong Kong Citybus and New World First Bus, and an independent non-executive director of China Power International Development Limited since December 2016, December 2020 and April 2021, respectively. From September 2015 to October 2017, Mr. Hui was an executive director and the deputy chief executive officer of NWS Holdings Limited (listed on the Hong Kong Stock Exchange). From May 2015 to February 2022, he served as an independent non-executive director of Air China Limited (listed on the Hong Kong Stock Exchange).

## REPORT OF THE BOARD (CONTINUED)

**Mr. Wang Huacheng**, aged 61, holds a doctorate and is a professor of the Department of Finance of the Business School of Renmin University of China. He was appointed as an independent non-executive director of the Company on 24 August 2022 and was re-appointed as an independent non-executive director of the Company on 20 June 2023. Mr. Wang successively served as a teaching assistant, lecturer, associate professor and professor of the Department of Accounting of Renmin University of China from July 1988 to May 2001; and he has served as a professor of the Business School of Renmin University of China since June 2001. Currently, Mr. Wang also serves as an independent director of Tsinghua Tongfang Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 600100), Wanhua Chemical Group Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 600309) and China CITIC Bank Corporation Limited (listed on the Main Board of the Stock Exchange (Stock Code: 00998) and listed on the Shanghai Stock Exchange (Stock Code: 601998)). He previously served as a deputy director of the Department of Accounting and a deputy dean of the Business School of Renmin University of China, an independent director or an external director of various companies, such as Huatai Securities Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 601688), E Fund, China Railway Construction Corporation Limited (listed on the Main Board of the Stock Exchange (Stock Code: 1186) and listed on the Shanghai Stock Exchange (Stock Code: 601186)), BOE Technology Group Co., Ltd. (listed on the Shenzhen Stock Exchange, Stock Codes: 000725 and 200725), Huaxia Bank Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 600015), China Great Wall Securities Co., Ltd. (listed on the Shenzhen Stock Exchange, Stock Code: 002939), Sinotrans & CSC Holdings Co. Ltd. and China Salt Group Corporation Limited. Mr. Wang graduated from Renmin University of China with a Ph.D. in management, majoring in accounting. He has abundant research achievements and extensive experience in financial and accounting fields.

**Ms. Duan Donghui**, aged 53, was appointed as a non-executive director of the Company on 20 June 2023. Ms. Duan holds a doctorate of the School of Law of Wuhan University (武漢大學). She is now a partner of Gao Lin Capital Management Co., Ltd. and concurrently an arbitrator of the China International Economic and Trade Arbitration Commission, an arbitrator of the Beijing Arbitration Commission/Beijing International Arbitration Center and a member of China Society of Private International Law. Ms. Duan had served as a senior economist of the headquarter office of China Construction Bank Corporation, associate professor and master's tutor at China University of Political Science and Law (中國政法大學), and also served as a member of the Letter of Credit Expert Panel and Letter of Guarantee Expert Panel of the International Chamber of Commerce China National Committee (ICCCCHINA (國際商會中國國家委員會)). Ms. Duan successively served as the director of the board office of Taikang Life Insurance Co., Ltd. from June 2005 to May 2013, secretary of the board of directors of Taikang Asset Management Co., Ltd. from June 2006 to July 2020, secretary of the board of directors of Taikang Pension Insurance Co., Ltd. from June 2007 to July 2020, an independent director of Genimous Technology Co., Ltd. (listed on the Shenzhen Stock Exchange, Stock Code: 000676) from February 2015 to February 2021, an independent director of Bode Energy Equipment Co., Ltd. of Xi'an from May 2020 to January 2022 and an independent director of Top Resource Conservation & Environment Corp. (listed on the Shenzhen Stock Exchange, Stock Code: 300332) from April 2020 to April 2023. Ms. Duan had served as a senior visiting scholar engaging in legal research at International Institute for the Unification of Private Law (UNIDROIT (國際統一私法學會)) in Rome, Italy and accredited with the title of "2001 National Young Professionals Engaging in Financial System" (二零零一年度全國金融系統青年崗位能手).

## REPORT OF THE BOARD (CONTINUED)

### Members of the Supervisory Committee

**Mr. Liu Chunchen**, aged 58, a senior engineer, was appointed as a supervisor of the Company on 16 December 2021, and re-appointed as a supervisor of the Company and elected as the chairman of the Supervisory Committee on 20 June 2023. Mr. Liu graduated from Tongji University, majoring in highway and urban road, and obtained postgraduate qualifications. From August 1988 to June 1995, Mr. Liu successively served as an officer of the Construction Department of the CAAC Shenyang Administration, an officer and a deputy director officer of the Airport Management Department for Infrastructure of the CAAC Northeastern Administration. He served as the deputy director-general of the Airport Management Department for Infrastructure of the CAAC Northeastern Administration from June 1995 to July 2001, during which he served as the section chief (at deputy chief level) of the Engineering Section of Yuning Building Project Construction Headquarters from March 1996 to April 1998 and studied economic management at the Party School of the Liaoning Provincial Party Committee from March 1996 to July 1998. From July 2001 to November 2003, he served as the section chief of the Planning Section of the CAAC Northeastern Administration. From November 2003 to September 2006, he served as the director (at director-level) and the secretary of the Party committee of the CAAC Jilin Safety Supervision and Management Office. From September 2006 to March 2009, he served as the director (at deputy department director level) and the secretary of the Party committee of the CAAC Jilin Safety Supervision and Management Office. From March 2009 to September 2011, he served as the director-general and the secretary of the Party committee of the CAAC Jilin Safety Supervision Administration. From September 2011 to March 2018, he served as the deputy director-general and a member of the standing committee of the Party committee of the CAAC Northeastern Regional Administration. From March 2018 to August 2019, he served as the director-general of the Airport Department of CAAC. He served as the commissioner of safety supervision of civil aviation of CAAC and the director-general of the Airport Department of CAAC concurrently from August 2019 to April 2021. He has been a director, the general manager and the deputy secretary of the Party committee of the Parent Company since April 2021.

**Mr. Liu Jiliang**, aged 56, was appointed as a supervisor of the Company on 13 December 2021. Mr. Liu is a lawyer, graduated from the People's Public Security University of China majoring in public security management, and obtained a bachelor's degree in law. Mr. Liu served as a staff member in the Beijing Capital Airport Public Security Sub-bureau from July 1991 to December 1993; a staff member in the Office of the Public Security Bureau of Civil Aviation Administration of China ("CAAC") from December 1993 to December 1994; and successively served as a staff member and the deputy chief of the Secretariat under the General Office of CAAC from December 1994 to August 1996. He served as the deputy chief of the Director's Office of the General Office of CAAC from August 1996 to August 1998; the chief of the Secretariat under the General Office of CAAC from August 1998 to September 1998; the chief of the Administration and Management, Reception, Complaints and Proposals Office under the General Office of CAAC from September 1998 to July 2002; the deputy director of the Administration and Management, Reception, Complaints and Proposals Office under the General Office of CAAC from July 2002 to August 2003. He served as the deputy director of the Secretariat under the General Office of CAAC from August 2003 to September 2008, during which he participated in the 21st Civil Aviation Management Cadre Training Class for Young and Middle-Aged Management Cadres from September 2006 to January 2007. He served as the director of the Secretariat under the General Office of CAAC from September 2008 to July 2009; the director of the Secretariat under the Department of General Affairs of CAAC from July 2009 to July 2012; the Party secretary and deputy general manager of Beijing Capital Airport Food Management Co., Ltd. from July 2012 to April 2015; the Party secretary and deputy general manager of Capital Airport Aviation Security Co., Ltd. from April 2015 to April 2018; the director and chairman of Beijing Aviation Ground Services Co., Ltd. from April 2018 to November 2021; the director and chairman of Beijing CAH SATS Aviation Services Co., Ltd. from February 2019 to August 2022; and has been the deputy secretary of the Party committee and the secretary of the Discipline Inspection Commission of the Company since September 2021. He has also served as the chairman of the Labour Union of the Company since December 2021.

## REPORT OF THE BOARD (CONTINUED)

**Mr. Wang Xiaolong**, aged 68, was appointed as a supervisor of the Company on 28 June 2017 and retired as a supervisor of the Company on 20 June 2023. He graduated from School of Economics of Peking University (北京大學) with Ph.D. degree. From December 1985 to April 1990, Mr. Wang served as the office director and department director of the Research Institute of China's Economic Reforms in the National Committee of China's Economic Reforms. From April 1990 to March 1994, Mr. Wang served as the deputy director and standing deputy director of Beijing New Technology Industrial Development Zone. From April 1994 to 1997, Mr. Wang served as a director and the deputy general manager of Hong Kong Jing Tai Industrial Corporation. From May 1997 to June 1998, Mr. Wang served as an executive director and vice-president of Hong Kong Beijing Holding Ltd. From June 1998 to December 2015, Mr. Wang served as the deputy chairman of the board and general manager of Beijing International Trust and Investment Co., Ltd.. Mr. Wang was an independent non-executive director of the Company from 30 June 2014 to 28 June 2017.

**Mr. Japhet Sebastian Law**, aged 72, was appointed as a supervisor of the Company on 23 June 2020 and was re-appointed as a supervisor of the Company on 20 June 2023. Mr. Law graduated from the University of Texas at Austin (德克薩斯大學奧斯汀分校) with Ph.D. in Mechanical/Industrial Engineering in 1976. Mr. Law was a Professor in the Department of Decision Sciences and Managerial Economics of the Chinese University of Hong Kong from 1986 until 2012. He was the Associate Dean and subsequently the Dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 until 2002. Prior to returning to Hong Kong, Mr. Law was the Director of Operations Research at the Cullen

College of Engineering and Director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Mr. Law has acted as consultant with various corporations in Hong Kong and overseas. He is also active in public services, having served as Member of the Provisional Regional Council of the Hong Kong SAR Government and various other committees, and is also active on the boards of profit, non-profit, and charitable organizations in Hong Kong and overseas. Since 1 May 2006, he has served as an independent non-executive director of Tianjin Port Development Holdings Limited. Since 1 September 2008, Mr. Law has served as an independent nonexecutive director of Global Digital Creations Holdings Limited. Since 23 March 2009, he has also served as an independent non – executive director of BinHai Investment Company Limited (formerly “Wah Sang Gas Holdings Limited”). Since 18 June 2012, he has served as an independent non-executive director of Regal Hotels International Holdings Limited (listed on the Hong Kong Stock Exchange). Since 13 August 2012, he has also served as an independent non-executive director of Tianjin Binhai Teda Logistics (Group) Corporation Limited (listed on the Hong Kong Stock Exchange). From 11 August 2013 to July 2016, he was an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (listed on the Hong Kong Stock Exchange). Since 1 September 2013, he has served as an independent non-executive director of Shougang Fushan Resources Group Limited (listed on the Hong Kong Stock Exchange). Since 10 April 2024, he has been an independent non-executive director of Gome Finance Technology Co., Ltd. (listed on Hong Kong Stock Exchange). Mr. Law served as an independent non-executive director of the Company from June 2008 to June 2020, and has been an independent supervisor of the Company since June 2020.

## REPORT OF THE BOARD (CONTINUED)

**Mr. Jiang Ruiming**, aged 58, was appointed as a supervisor of the Company on 20 June 2023. Mr. Jiang graduated from Department of Law of Peking University (北京大學) with a Bachelor's degree. He obtained a MBA degree from Tsinghua University School of Economics and Management. Mr. Jiang had been executive chief editor of China Food Industry Magazine, partner of Beijing Guofang Law Firm, executive partner of Beijing Grandway Law Offices, the director of Beijing Grandway (Shanghai) Law Offices and a member of 10th and 11th Issuance Examination Commission of CSRC. Since February 2022, he has been a founding partner of Merits & Tree Law Offices (北京植德律師事務所). In May 2018, he was appointed as an arbitrator of the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) and reappointed for a term of five years from August 2021. From June 2011 to June 2023, Mr. Jiang was an independent non-executive director of the Company.

**Ms. Wu Xiaoli**, aged 39, was appointed as a supervisor of the Company on 13 December 2021. Ms. Wu is a journalist and a political work specialist, graduated from the School of Liberal Arts, Renmin University of China majoring in linguistics and applied linguistics, and obtained a master's degree in arts. Ms. Wu started her career in July 2007 and successively served as an assistant journalist and a journalist in CAAC News from October 2007 to March 2011. Ms. Wu joined the Company in March 2011, and successively served as the publicity and education manager of the Party-mass Work Department and the Party building manager of the Party-mass Work Department of the Company from August 2011 to July 2018; the vice general manager of the Public Area Management Department of the Company from July 2018 to November 2019; and has been the deputy head of the Party-mass Work Department of the Company since November 2019.

Save and except for the relationships as stated above, none of the directors or the supervisors of the Company has any relationship with other directors, senior management, substantial shareholders or controlling shareholder of the Company that is required to be disclosed under the Listing Rules, nor has any interest or short position in the shares of the Company within the meaning of Part XV of the SFO.

## REPORT OF THE BOARD (CONTINUED)

### Other Senior Management

**Mr. Deng Xianshan**, aged 58, graduated from the Department of History of Xiangtan University and School of Marxism of Beijing Normal University, and was awarded an EMBA from Cheung Kong Graduate School of Business. He was re-appointed as a deputy general manager of the Company on 20 June 2023. Mr. Deng served as a lecturer for School of Textile Science and Technology of Beijing Union University from June 1990 to December 1994; an officer of the Publicity Department of Beijing Capital International Airport from January 1995 to November 1995; the director of the Party Office of Beijing Airport Inflight Kitchen Ltd. from November 1995 to May 1998; the deputy director of the Publicity Department of Beijing Capital International Airport from May 1998 to November 1999; the manager of the Administrative Management Division of the Company from November 1999 to November 2000; the general manager, the deputy party secretary and the director of Beijing Airport Inflight Kitchen Ltd. from December 2001 to January 2009; the deputy general manager and the deputy party secretary of Jiangxi Airports Group Company from January 2009 to March 2012; the deputy party secretary and the secretary of the Discipline Inspection Commission of the Company from March 2012 to October 2018; the chairman of the Labour Union of the Company from June 2012 to December 2018; and a member of Party committee of the Company since September 2020. Mr. Deng served as the supervisor of the Company from June 2012 to November 2018; and the deputy general manager of the Company from November 2018 to September 2020.

**Mr. Wang Weiyu**, aged 60, was re-appointed as the deputy general manager of the Company on 20 June 2023 and resigned as the deputy general manager of the Company on 1 February 2024. Mr. Wang obtained a bachelor's degree in political education from Beijing Normal University (北京師範大學) and an EMBA degree from the City University of Hong Kong. Mr. Wang taught at the high school affiliated to Beijing Normal University (北京師範大學) from July 1985 to April 1996 and worked at the Expansion Headquarters of the Capital Airport from April 1996 to May 2000. He successively served as the office director, assistant to office manager, manager of Quality & Security Department and the Party secretary of aviation safety and security department of the Company from May 2000 to January 2006; as the general manager, chairman and Party secretary of Capital Airport Aviation Security Co., Ltd. from January 2006 to March 2008; as president of the School of Management of Capital Airport from March 2008 to June 2009; as the deputy general manager and a member of Party committee of Heilongjiang Airports Management Group Co., Ltd. from June 2009 to June 2010; as the deputy general manager and deputy Party secretary of Heilongjiang Airports Management Group Co., Ltd. from June 2010 to April 2012; and as the Party secretary and deputy general manager of Heilongjiang Airports Management Group Co., Ltd. from April 2012 to April 2015. He has been the deputy general manager and a member of Party committee of the Company from April 2015 to February 2024.



## REPORT OF THE BOARD (CONTINUED)

**Ms. Li Chun**, aged 50, is a senior economist and corporate legal adviser. She was re-appointed as a deputy general manager of the Company on 20 June 2023. Ms. Li graduated from the Department of Law of Peking University, majoring in Economic Law/Law. She attended an on-the job Master's degree programme in aviation management (airport management) jointly organised by Tsinghua University and École Nationale de l'Aviation Civil from November 2016 to October 2018 and obtained a Master's degree. From October 1995 to October 1997, Ms. Li was a staff member of Beijing Metals & Minerals Import & Export Corporation (北京五金礦產進出口公司). She served as an assistant in the regulations office of the Planning and Operation Department of Beijing Capital International Airport from October 1997 to October 1999; an assistant of the Planning and Development Division, subsequently the assistant to the director and the manager of legal affairs of the Company from November 1999 to June 2005; the assistant to the manager of the Quality and Safety Division and the assistant to the manager of the Aviation Business Division of the Company from June 2005 to March 2007; the manager of the Technical Procurement Division of the Company from March 2007 to January 2008; the manager of the Quality and Safety Division of the Company from January 2008 to March 2009; the general manager of the Legal Affairs Department of the Parent Company from March 2009 to March 2016; the general manager and the deputy party secretary of Capital Airports Group Asset Management Co., Ltd. (首都機場集團資產管理有限公司) from March 2016 to October 2016; the general manager, the deputy party secretary and the executive director of Capital Airports Group Asset Management Co., Ltd. from October 2016 to June 2018; and the general manager, the deputy party secretary and the executive director of Capital Airports Group Asset Management Co., Ltd. (asset management center) from June 2018 to September 2022.

**Mr. Li Zhiyong**, aged 50, a senior accountant, was appointed as the Chief Financial Officer of the Company on 20 May 2020 and was re-appointed as the Chief Financial Officer of the Company on 20 June 2023. Mr. Li graduated from the Management School of Wuhan University of Science and Technology (武漢科技大學), majoring in project management, and holds a master's degree in engineering. From December 1997 to February 2004, Mr. Li served as the head of the financial office of Wuhan Tianhe Airport Co., Ltd. From February 2004 to February 2006, he served as the head of the finance department of Hubei Airports Holding Company. From March 2006 to May 2009, he served as the chief financial officer of Inner Mongolia Autonomous Region Civil Airports Group Co., Ltd. From May 2009 to December 2010, he served as the vice general manager of the financial management department of the Parent Company. From December 2010 to February 2013, he served as the chief financial officer and a member of the Communist Party Committee of the Beijing New Airport Construction Headquarters, and concurrently served as the deputy general manager of the financial management department of the Parent Company. From February 2013 to May 2020, he served as the chief financial officer and a member of the Communist Party Committee of the Beijing New Airport Construction Headquarters. From July 2018 to May 2020, he served as the chief financial officer and a member of the Communist Party Committee of Beijing Daxing International Airport. Mr. Li has been the chief financial officer of the Company since May 2020.

## REPORT OF THE BOARD (CONTINUED)

**Ms. Zhao Ying**, aged 49, was re-appointed as the deputy general manager of the Company on 20 June 2023. Ms. Zhao is a senior engineer and political work specialist. She graduated from Beijing Union University (北京聯合大學) with a major in Radio Technology of the School of Electronic Engineering. Ms. Zhao started her career and worked at the expansion project headquarters of Beijing Capital International Airport in July 1997, and she served as a system administrator and an office director of the IT department of the Company from October 1999 to May 2005. From May 2005 to August 2008, she was an assistant to the director of working group of the party of the Company. From August 2008 to May 2011, she served as the deputy secretary and deputy manager, party secretary and secretary of discipline committee of the public area management department of the Company. She served as the manager and deputy party secretary of the terminal building west area management department of the Company from May 2011 to July 2012, and served as the deputy head (presiding over work) and the head of working group of the party of the Company from July 2012 to July 2013. She served as the deputy general manager (department general manager level), general manager and deputy party secretary at the operation control center of the Company from July 2013 to September 2018. Since September 2018, she has been the deputy general manager and a member of the Party committee of the Company.

**Mr. Meng Xianwei**, aged 48, was re-appointed as the secretary to the Board of the Company on 20 June 2023 and retired as the secretary to the Board of the Company on 27 September 2023. He was the company secretary of the Company since 28 June 2021 and resigned as the company secretary of the Company on 28 December 2023. Mr. Meng is a senior economist, senior accountant and PRC certified public accountant. Mr. Meng graduated from Renmin University of China (中國人民大學) with a Ph.D. in technological economics and management. Mr. Meng joined the Company in August 2006. He successively served as an assistant for provision of advertising facilitation service in the Marketing Division of the Company; an assistant for strategic management, business manager of strategic management and business manager of operation and management of the Planning & Development Division, the deputy manager of the Planning & Development Division, and vice general manager of the Planning & Development Division of the Company from August 2006 to June 2015. Mr. Meng served as the general manager of the Aviation Business Division of the Company from June 2015 to March 2018 and was in charge of the International Affairs Division of the Company from October 2016 to March 2018. Mr. Meng was appointed as the secretary to the Board in March 2018, the joint company secretary of the Company in June 2018 and the company secretary of the Company in June 2021. From March 2019 to March 2021, he has been the general manager of the Aviation Business Division and the general manager of the International Affairs Division of the Company.

## REPORT OF THE BOARD (CONTINUED)

**Ms. Li Bo**, aged 46, a senior economist and tenderer, was appointed as the secretary to the Board of the Company on 27 September 2023. Ms. Li graduated from Civil Aviation University of China (formerly known as Civil Aviation College of China) majoring in business administration, and holds a master's degree in business administration majoring in business administration of Guanghua School of Management of Peking University with ample experience in aspects such as business operation, international affairs, terminal management, procurement management and airport operation. Ms. Li started her career in August 2001 and successively served as an assistant of the Operation Management Department and an assistant for strategic planning of the Planning & Development Department of the Company from August 2002 to June 2004. She served as a project manager of the Business Department in Civil Airport Management Limited\* (民航機場管理有限責任公司) from June 2004 to November 2007, during which she studied at Guanghua School of Management of Peking University and obtained a master's degree in business administration from September 2004 to July 2007. She was employed by the Parent Company from November 2007 to August 2009 and served as a business manager for overseas market development in the Overseas Affairs Department of the Parent Company during the period from March 2008 to August 2009. She then worked as a deputy manager of the Operation Monitoring & Command Center/Operation Control Center of the Company from September 2009 to May 2012, and a deputy manager of the Technical Procurement Department of the Company from May 2012 to March 2014. She successively served as an assistant to the general manager and a deputy general manager of the Terminal Management Department of the Company from March 2014 to June 2015. From June 2015 to November 2016, she served as a general manager of the International Affairs Department of the Company and has been serving as the general manager of the Commercial Development Department of the Company since November 2016. Since 28 December 2023, she has been a joint company secretary of the Company.

### Joint Company Secretaries

The profile of the joint company secretary of the Company, Ms. Li Bo, is set out in the section headed "Other Senior Management".

**Ms. Liu Jiong** was appointed as a joint company secretary of the Company on 28 December 2023. Ms. Liu is a solicitor as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) and is currently an of counsel of corporate team of Eversheds Sutherland, a global multi-national law practice. Ms. Liu is a solicitor practising in Hong Kong, and has extensive experience in handling equity capital market and general corporate matters. In particular, she is proficient in advising clients on initial public offerings ("IPO") in Hong Kong, post-IPO compliance issues, and mergers and acquisitions.

## REPORT OF THE BOARD (CONTINUED)

### Changes in the Information of the Directors, Supervisors and Chief Executive

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors, supervisors and chief executive from the date of the Company's 2023 interim report and up to the date of this annual report are set out below:

Name	Details of Changes
Mr. Japhet Sebastian Law (Supervisor)	He was appointed as an independent non-executive director of Gome Finance Technology Co., Ltd. (listed on Hong Kong Stock Exchange; stock code: 628) with effect from 10 April 2024.

Save as disclosed above, as at the date of this annual report, there was no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The details of emoluments of directors and supervisors of the Company are set out in Note 36 to the Financial Statements. During the year ended 31 December 2023, the Company paid the annual emoluments of the above senior management (including those who also serve as directors), among which 5 members were each paid in an amount less than HKD1,000,000 (equivalent to approximately RMB910,000), and 5 members were each paid in an amount between HKD1,000,001 and HKD1,500,000 (equivalent to approximately RMB1,365,000).

By order of the Board

**Wang Changyi**

*Chairman*

Beijing, the PRC, 27 March 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

In 2023, the Company's business operation remained under pressure. As for revenues, the revenues from principal operations were RMB4,558,524,000, representing an increase of approximately 104.3% as compared with the previous year. In particular, as the civil aviation industry continued to recover, the aviation business volume of Beijing Capital Airport has resumed growth. The aeronautical revenues amounted to RMB2,096,878,000, representing an increase of approximately 195.0% as compared with the previous year. Benefiting from the gradual recovery of both passenger throughput and commercial resources, the non-aeronautical revenues amounted to RMB2,461,646,000, representing an increase of approximately 61.9% as compared with the previous year. As for costs, due to the combined effects of factors such as the increase in non-aeronautical concession revenue, which led to a corresponding increase in the concession management fees, and the cost reduction and efficiency improvement measures implemented by the Company, the operating expenses of the Company in 2023 were RMB5,913,009,000, representing an increase of approximately 2.1% as compared with the previous year.

## Overview of Aeronautical Business

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

In 2023, the cumulative aircraft movements at Beijing Capital Airport reached 379,710 sorties, representing an increase of approximately 140.9% as compared with the previous year. The cumulative passenger throughput reached 52,879,156 person-times, representing an increase of approximately 316.3% as compared with the previous year. The cumulative cargo and mail throughput reached 1,115,908 tonnes, representing an increase of approximately 12.9% as compared with the previous year. Detailed information is set out in the table below:

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

	2023	2022	Change
<b>Aircraft Movements</b> (unit: sorties)	<b>379,710</b>	157,630	140.9%
Domestic	<b>338,137</b>	136,725	147.3%
Including: Hong Kong, Macau & Taiwan	<b>10,451</b>	4,978	109.9%
International	<b>41,573</b>	20,905	98.9%
<b>Passenger Throughput</b> (unit: person-times)	<b>52,879,156</b>	12,703,342	316.3%
Domestic	<b>46,697,129</b>	12,451,999	275.0%
Including: Hong Kong, Macau & Taiwan	<b>1,499,634</b>	204,363	633.8%
International	<b>6,182,027</b>	251,343	2,359.6%
<b>Cargo and Mail Throughput</b> (unit: tonnes)	<b>1,115,908</b>	988,675	12.9%
Domestic	<b>654,260</b>	510,193	28.2%
Including: Hong Kong, Macau & Taiwan	<b>72,776</b>	66,987	8.6%
International	<b>461,648</b>	478,482	-3.5%

**Aeronautical Revenues**

	2023 RMB'000	2022 RMB'000	Change
Aircraft movement fees and related income	<b>1,155,603</b>	499,443	131.4%
Passenger service income	<b>941,275</b>	211,285	345.5%
<b>Total aeronautical revenues</b>	<b>2,096,878</b>	710,728	195.0%

In 2023, the total aeronautical revenues of the Company were RMB2,096,878,000, representing an increase of approximately 195.0% as compared with the previous year. In particular, revenues from aircraft movement fees and related income were RMB1,155,603,000, representing an increase of approximately 131.4% as compared with the previous year, which was mainly attributable to the rebound of aircraft movements of Beijing Capital Airport during the current period. However, pursuant to the Notice on Issues Concerning Airport Charges Related to International Passenger Flights (Min Hang Han [2023] No. 297) (《關於國際客運航班機場收費有關問題的通告》(民航函[2023]297號)), the implementation of the 10% upward adjustment policy on charging standards of movement fees for international passenger flights of domestic and foreign airlines at Category I and Category II airports has been suspended from 1 May 2023 to 31 December 2023. As a result of this policy, the extent of increase in revenues from aircraft movement fees and related income of the Company was slightly lower than the extent of increase in aircraft movements. Revenues from passenger service were RMB941,275,000, representing an increase of approximately 345.5% as compared with the previous year, which was mainly attributable to the increase in international passenger throughput along with the gradual recovery of international routes, and the passenger service income of international flights was relatively higher than that of domestic flights, resulting in a higher growth in passenger service income than that in passenger throughput.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

**Non-Aeronautical Revenues**

	<b>2023</b>	2022	<b>Change</b>
	<b>RMB'000</b>	RMB'000	
Concession revenues	<b>1,399,417</b>	675,551	107.2%
Including: Advertising	<b>663,572</b>	480,378	38.1%
Retailing	<b>465,069</b>	81,229	472.5%
Restaurants and food shops	<b>96,889</b>	42,908	125.8%
VIP services	<b>85,292</b>	18,322	365.5%
Car parking services	<b>59,178</b>	22,141	167.3%
Other concessions	<b>29,417</b>	30,573	-3.8%
Rental income	<b>860,352</b>	741,233	16.1%
Resources usage income	<b>181,875</b>	85,010	113.9%
Others	<b>20,002</b>	18,426	8.6%
<b>Non-aeronautical revenues</b>	<b>2,461,646</b>	1,520,220	61.9%

In 2023, the non-aeronautical revenues of the Company were RMB2,461,646,000, representing an increase of approximately 61.9% as compared with the previous year. In 2023, the concession revenues of the Company were RMB1,399,417,000, representing an increase of approximately 107.2% as compared with the previous year. Among these, the revenues from advertising were RMB663,572,000, representing an increase of approximately 38.1% as compared with the previous year, which was attributable to the increase in revenues as a result of the growth in passenger throughput on the one hand, and a smaller base figure for the same period of the previous year as a result of the operating fees waiver policy for advertising business on the other hand. The revenues from retailing were RMB465,069,000, representing an increase of approximately 472.5% as compared with the previous year, which was mainly due to the smaller base figure of revenues from retailing for the same period of the previous year, coupled with a rebound in the international passenger throughput during the current period, resulting in a corresponding increase in the revenues from retailing for the current period. The revenues from restaurants and food shops were RMB96,889,000, representing an increase of approximately 125.8% as compared with the previous year, which was mainly attributable to the higher revenues from restaurants and food shops resulted from an increase in passenger throughput, coupled with a smaller base figure for the same period of the previous year as a result of the waiver policy. The revenues from VIP services amounted to RMB85,292,000, representing an increase of approximately 365.5% as compared with the previous year, which was mainly due to the fact that the domestic passenger throughput failed to meet the agreed standards under the contract of the Company's newly added frequent travellers' paid membership business since August 2022, which led to a reduction in the operating revenue in that year, while a full-year revenue was recognised according to such contract as a result of the recovery of the domestic passenger throughput in 2023. The concession revenues from car parking services were RMB59,178,000, representing an increase of approximately 167.3% as compared with the previous year, which was mainly due to the increase in passenger throughput, leading to a corresponding increase in revenues from car parking services. The revenues from other concessions were RMB29,417,000, representing a decrease of approximately 3.8% as compared with the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2023, the rental income of the Company was RMB860,352,000, representing an increase of approximately 16.1% as compared with the previous year, which mainly benefited from the increase in Beijing Capital Airport's aircraft movements during the current period, leading to a corresponding increase in rental income.

In 2023, the resources usage income of the Company was RMB181,875,000, representing an increase of approximately 113.9% as compared with the previous year, which was mainly caused by a higher opening rate and larger shop areas of the retail stores and restaurants as Beijing Capital Airport's passenger throughput gradually recovered, resulting in an increase in resources usage income.

In 2023, other revenues of the Company were RMB20,002,000, representing an increase of approximately 8.6% as compared with the previous year.

### Operating Expenses

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>	<b>Change</b>
Depreciation and amortisation	<b>1,549,544</b>	1,553,463	-0.3%
Repair and maintenance	<b>923,303</b>	894,261	3.2%
Aviation safety and security guard costs	<b>905,762</b>	919,371	-1.5%
Staff costs	<b>561,296</b>	530,520	5.8%
Utilities and power	<b>484,271</b>	506,526	-4.4%
Operating contracted services costs	<b>441,216</b>	426,778	3.4%
Concession management fees	<b>337,850</b>	133,743	152.6%
Greening and environmental maintenance costs	<b>259,729</b>	284,981	-8.9%
Real estate tax and other taxes	<b>227,196</b>	236,435	-3.9%
General, administrative and other costs	<b>222,842</b>	302,666	-26.4%
<b>Operating expenses</b>	<b>5,913,009</b>	5,788,744	2.1%

In 2023, the operating expenses of the Company were RMB5,913,009,000, representing an increase of approximately 2.1% as compared with the previous year.

In 2023, the depreciation and amortisation expenses of the Company were RMB1,549,544,000, representing a decrease of approximately 0.3% as compared with the previous year.

In 2023, the repair and maintenance expenses of the Company were RMB923,303,000, representing an increase of approximately 3.2% as compared with the previous year, which was mainly due to the increase in the frequency of using certain equipment for production and operations as a result of the increase in business volume, leading to an increase in costs of spare parts for equipment.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2023, the aviation safety and security guard costs of the Company were RMB905,762,000, representing a decrease of approximately 1.5% as compared with the previous year, which was mainly attributable to the lifting of pandemic prevention measures such as the policy of “centralised working areas and living areas for the relevant workers” and quarantine measures, and the implementation of cost reduction and efficiency improvement measures by the Company, which resulted in a decrease in aviation safety and security related fees.

In 2023, the staff costs of the Company were RMB561,296,000, representing an increase of approximately 5.8% as compared with the previous year, which was mainly attributable to the restorative growth in labor costs resulting from the improvement in the Company’s operating conditions.

In 2023, the utilities and power expenses of the Company were RMB484,271,000, representing a decrease of approximately 4.4% as compared with the previous year, which was mainly due to refined management and the adjustment to the fee standards, which resulted in the corresponding decline in the relevant expenses.

In 2023, the operating contracted services costs of the Company were RMB441,216,000, representing an increase of approximately 3.4% as compared with the previous year, which was mainly due to the recovery in the number of flights and passenger throughput, resulting in the increase in demand for related operating contracted services in Beijing Capital Airport, and hence the increase in operating contracted services costs.

In 2023, the concession management fees of the Company were RMB337,850,000, representing an increase of approximately 152.6% as compared with the previous year, which was mainly due to the rebound of passenger throughput and hence a corresponding increase in concession revenues from businesses such as advertising, retailing and restaurants and food shops, resulting in the corresponding increase in the concession management fees that were charged in proportion to the concession revenues.

In 2023, the greening and environmental maintenance costs of the Company were RMB259,729,000, representing a decrease of approximately 8.9% as compared with the previous year, mainly because the Company has adopted a series of cost control measures based on the actual demands while ensuring the operation and service quality, leading to the corresponding decrease in the greening and environmental maintenance costs.

In 2023, the real estate tax and other taxes of the Company were RMB227,196,000, representing a decrease of approximately 3.9% as compared with the previous year, mainly because the real estate tax was calculated based on the rentals from commercial properties as well as restaurants and food shops of the previous year, and the rentals from commercial properties as well as restaurants and food shops of the Company in 2022 were lower than that in 2021.

In 2023, the general, administrative and other costs of the Company were RMB222,842,000, representing a decrease of approximately 26.4% as compared with the previous year, which was mainly due to the significant decrease in costs relating to pandemic prevention and control.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

In 2023, the other income of the Company was RMB4,201,000, representing a decrease of approximately 26.1% as compared with the previous year.

In 2023, the net financial costs of the Company after deduction of the financial income were RMB311,333,000, as compared to the net financial costs of RMB344,559,000 in 2022. On the one hand, there were certain new borrowings during the year, leading to an increase in interest expenses; on the other hand, the rise in exchange rate of US dollar against RMB slowed down in 2023, which has led to a reduction in exchange losses for the borrowings from European Investment Bank denominated in US dollar. After taking into account the fact that the costs of RMB debts were lower than the interest rates of USD loans, the adverse impact of continuous fluctuations in exchange rates on the Company and other factors, the Company has completed the early repayment of all the outstanding borrowings from European Investment Bank on 15 June 2023.

In 2023, the income tax credit of the Company was RMB21,897,000, representing a decrease of approximately 95.4% as compared with the previous year, because no deferred income tax assets had been recognised in respect of deductible tax losses during the year.

### LOSS FOR THE YEAR

For the financial year ended 31 December 2023, the net loss for the year of the Company amounted to RMB1,696,788,000, representing a decrease of approximately 51.9% as compared with the net loss for the previous year of the Company.

### DIVIDEND

In 2023, as the international routes have not yet been fully recovered, coupled with the impact of transfer and diversion of flights to Beijing Daxing International Airport, the operations of the Company continued to record a loss. The Board did not propose to distribute any final dividend for the year ended 31 December 2023.

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Company's businesses are principally denominated in RMB, except for payment of part of the deposits and repayment of the loans from the Parent Company, which were paid in US dollars.

As at 31 December 2023, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB19,030,000 (2022: RMB20,449,000), and trade and other payables of approximately RMB9,096,000 (2022: RMB8,944,000). In 2023, the Company recorded net exchange losses of RMB25,780,000.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 31 December 2023, the principal amount of the Company's short-term borrowings at floating rate was RMB6,260,000,000 and the total principal amounts of its long-term borrowings were RMB1,998,200,000. The interest rates of the above borrowings were referenced to the benchmark interest rates of the National Interbank Funding Centre of China.

### CONTINGENT LIABILITIES

As at 31 December 2023, the Company had no significant contingent liabilities.

### LIQUIDITY AND FINANCIAL RESOURCES

In 2023, the Company's net cash used in operating activities amounted to RMB575,863,000, representing a decrease of RMB925,458,000 as compared with RMB1,501,321,000 for the year of 2022. In 2023, the Company's net cash outflow from investing activities amounted to RMB318,637,000. In 2023, the Company's net cash generated from financing activities amounted to RMB585,562,000.

As at 31 December 2023, the Company had cash and cash equivalents amounting to the total sum of RMB1,281,806,000, while the cash and cash equivalents of the Company amounted to RMB1,590,413,000 as at 31 December 2022.

As at 31 December 2023, the principal amount of the Company's short-term and long-term borrowings was RMB8,558,200,000 and the principal amount of the bonds payable was RMB1,498,600,000.

As at 31 December 2023, the current ratio of the Company was 0.22, while the current ratio of the Company was 0.19 as at 31 December 2022. Such ratios were computed by dividing the amount of the total current assets by the amount of the total current liabilities as at those respective dates.

As at 31 December 2023, the gearing ratio of the Company was 54.32%, while the gearing ratio of the Company was 50.41% as at 31 December 2022. Such ratios were computed by dividing the total amount of liabilities by the amount of total assets as at those respective dates.

As at 31 December 2023, the capital and reserves of the Company were RMB14,887,803,000, while the capital and reserves of the Company were RMB16,604,920,000 as at 31 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

**EMPLOYEES AND EMPLOYEE WELFARE**

- 1. The number of employees of the Company as at 31 December 2023 is set out as follows, together with a comparison with that in the previous year:**

	2023	2022
Total number of employees	1,542	1,542

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

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

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

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

- 3. Staff retirement scheme**

In 2011, the Company implemented the corporate pension scheme according to the relevant national policies. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CHARGE ON ASSETS

During the year ended 31 December 2023, there was no charge or pledge on the assets of the Company.

### MERGER, ACQUISITION AND DISPOSAL

During the year ended 31 December 2023, the Company did not conduct any material merger, acquisition or disposal.

### SIGNIFICANT INVESTMENTS

During the year ended 31 December 2023, there were no significant investments held by the Company (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2023).

### FUTURE PLANS FOR MATERIAL INVESTMENTS, CAPITAL ASSETS AND MATERIAL FINANCING

The shareholders of the Company approved a financing plan at the extraordinary general meeting convened on 22 December 2022, pursuant to which, among others, the Company's registration and issuance (as and when appropriate) of medium-term notes and super short-term debentures in the PRC, each in an aggregate amount of not more than RMB4 billion, was approved. The financing plan was proposed to, among other things, broaden the funding channels, build a diversified financing platform, and lower the financing cost of the Company. The Company has made a formal application for the registration and issuance of medium-term notes and super short-term debentures to the National Association of Financial Market Institutional Investors ("NAFMII") on 16 August 2023. The approval for the relevant application has been granted by NAFMII on 31 August 2023. The Company has issued the first tranche of the medium-term notes in an aggregate amount of RMB1.5 billion (the "2023 First Tranche Medium-term Notes") between 6 September 2023 and 7 September 2023. For details of the registration and proposed issuance of medium-term notes and super short-term debentures as well as the issuance of the 2023 First Tranche Medium-term Notes, please refer to the supplemental circular of the Company dated 8 December 2022 and the announcements of the Company dated 22 December 2022, 16 August 2023, 31 August 2023 and 11 September 2023, respectively.

Save as disclosed above, as at 31 December 2023, the Company did not have any other plan in relation to material investments, capital assets or material financing.

# CORPORATE GOVERNANCE REPORT

The Company is well aware that sound corporate governance is an important prerequisite for sustainable development, continuous enhancement of the Company's values and safeguarding shareholders' rights and interests. During the year ended 31 December 2023 (the "Reporting Period"), the Company adhered to a good and prudent governance style and continuously improved its corporate governance level to achieve efficient management and standardized operation.

The Board of the Company confirmed that the Company complied with all the code provisions under Part 2 of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Reporting Period, save for the deviation from code provision C.1.6 of the CG Code due to reasonable grounds (as explained below).

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. In respect of the deviation from code provision C.1.6:

- (i) The Company held its 2022 annual general meeting on 20 June 2023. Mr. Gao Shiqing and Mr. Song Kun, being non-executive directors at the time, were absent from the annual general meeting due to other business commitments. 18 ordinary resolutions were considered at the annual general meeting, all of which were successfully passed. After the annual general meeting, the Company dispatched the relevant meeting minutes to all members of the Board to keep the absent director(s) informed of the resolutions passed during the annual general meeting; and
- (ii) The Company held an extraordinary general meeting (the "EGM") on 28 December 2023. Mr. Jia Jianqing, Mr. Song Kun and Mr. Du Qiang, being non-executive directors, were absent from the EGM due to other business commitments. Seven ordinary resolutions and a special resolution were considered at the EGM, which were successfully passed. After the EGM, the Company dispatched the relevant meeting minutes to all directors of the Board to keep the absent director(s) informed of the resolutions passed during the EGM.

## CORPORATE GOVERNANCE CULTURE

The Company is committed to shouldering responsibility for "A cause to link sky and earth, A gateway to great China" and adhering to its vision, mission and core values with people-oriented approach. The Company works with its partners to provide passengers with safe, convenient, smooth and quality services, while taking into account the demands from stakeholders and supporting national strategies and local development. The Company will also insist on sustaining its mission, creating values and striving to realize the Company's long-term sustainable development. The Board considers that the Company's corporate governance culture is aligned with the purposes, values and strategy established by the Company and is expected to continually reinforce the values of acting lawfully, ethically and responsibly.

In 2023, the Company remained focused on such aspects as compliant operation, safe production and operations, and service quality enhancement. By proactively organizing various activities including the "Compliance Lecture" Training, "Work Safety Month" themed publicity and education, special training on information security, customer complaints management qualification training and customer satisfaction surveys, the Company continuously promoted the integration of its corporate governance culture with various businesses while ensuring that the employees of the Company would be able to better apply the corporate governance culture in practice through the aforesaid activities, details of which are set out in the sections headed "Risk and Compliance Management" and "Integrity Governance" on pages 106 to 112 and "Safety Management" on pages 138 to 146 of the "ESG Report" of this annual report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

Further details of the corporate culture of the Company are set out in the “About Us” section of the website of the Company.

### CORPORATE GOVERNANCE PRACTICES

All members of the Board are responsible for the corporate governance function, including:

- (a) to formulate and review the corporate governance policies and practices of the Company and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company’s policies and practices in relation to compliance with laws and regulatory requirements;
- (d) to formulate, review and monitor the code of conduct and compliance manual (if any) for employees and directors; and
- (e) to review the compliance of the Company with the CG Code and relevant disclosure in the Corporate Governance Report.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Code for Securities Transactions by Directors and Staff” (the “Code”) to regulate the securities transactions by its directors and staff. The standard of the Code is no less exacting than the required standard of the Model Code.

Having made specific enquiry on all directors, the Company has confirmed that each of its directors has complied with the Model Code and the required standard set out in the Code formulated by the Company throughout the year ended 31 December 2023.

### BOARD OF DIRECTORS

#### Composition and Term of Office

During the Reporting Period, the ninth session of the Board of the Company consists of nine directors, including two executive directors, three non-executive directors and four independent non-executive directors. In line with the requirements under the Listing Rules, the Company has no less than three independent non-executive directors, representing at least one-third of the members of the Board, at least one of whom has the appropriate professional qualifications or appropriate expertise in accounting or related financial management.

The ninth session of the Board of the Company was established on 20 June 2023, the term of office of all directors (including non-executive directors) will end on the date of convening of the 2025 AGM. The composition and changes of directors, the list of directors and their respective biographies are set out in the section headed “Report of the Board” in this annual report. No new director was appointed to the Board of the Company during the Reporting Period.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The members of the Board of the Company are fully aware of their own obligations and responsibilities and treat all shareholders of the Company equally without discrimination. In order to make sure that the interests of all investors are protected properly, the Company ensures that the members of the Board are provided with the documents and materials in connection with the Company's business in a timely manner, and also ensures that external independent professional advice, including those from external legal advisers and auditors, is available to the Board in a timely manner in strict compliance with the requirements of the Articles of Association of the Company, where necessary. The independent non-executive directors have performed their responsibilities in accordance with the requirements under the relevant laws and regulations and attended all the meetings of the Board and its relevant committees, safeguarding the rights of the Company and its shareholders. The Board is of the view that the above mechanism was properly implemented, which effectively ensured that various independent views and opinions could be obtained by the Board. In addition, the Company has received the confirmation of independence from all independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors of the Company are independent in accordance with the Listing Rules.

### Diversity Policy

The Company continues to promote the diversity of the Board in compliance with the CG Code and relevant provisions under the Listing Rules. In determining the Board's composition, the diversity of the Board has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The members of the Board are equipped with skills, experience and diverse background relevant to the Company's strategy, governance and operation.

As of 31 December 2023, the members of the Board of the Company comprise of one female director, which accounts for 11% of the total number of members of the Board. The Company will endeavor to maintain at least one female director. At the same time, it will identify and recommend suitable candidates for female directors from the internal and external personnel of the Company with reference to the requirements of laws and regulations, shareholders' expectation, development needs of the Company and international or local recommended best practices, and it will strive to increase the gender ratio of female directors. It will also continue to optimize the pipeline of successors to the Board for attaining and making further progress on gender diversity.

Among all employees (including senior management) of the Company, there are 1,040 male staff and 502 female staff, accounting for approximately 67.4% and 32.6% of the total number of staff, respectively. In addition, all employees of the Company are from various age groups with different educational backgrounds.

Details of the Board diversity policy of the Company are set out in the paragraphs headed "Policy Statement" and "Monitoring and Reporting" on pages 78 to 80 of this annual report. Details of gender diversity of all employees (including senior management) of the Company are set out in the paragraph headed "Equal Employment" in the "ESG Report" on pages 151 to 152 of this annual report. The Company is of the view that its workforce (including senior management) achieves diversity in terms of gender ratio (as disclosed on page 152 of this annual report).



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Duties and Operation

According to the Articles of Association, the Board shall be elected by and accountable to the general meeting and shall be responsible for making decisions on the business development plans and investment policies, while the general manager of the Company shall be responsible for the daily operation and internal management.

Pursuant to the Articles of Association or as authorized by the general meeting, the following important decisions shall be made by the Board: to determine the Company's business plans and investment proposals; to prepare the Company's annual financial budgets and final accounts; to formulate the Company's plans for profit distribution and plans for making up losses; to formulate the Company's borrowing and financial policies, proposals for the increase in or reduction of registered capital and the issue of corporate bonds; to formulate proposals for major acquisitions or disposals and for the merger, division and dissolution of the Company; to determine the establishment of the Company's internal management institutions and other important matters.

In accordance with the Articles of Association, the general manager shall be accountable to the Board, and shall exercise the following powers and duties: to be responsible for the production and management of the Company and to organize the implementation of the resolutions of the Board; to organize the implementation of the annual business plans and investment proposals of the Company; to prepare proposals for the internal management structure of the Company; to prepare the basic management systems of the Company; to draft the basic rules and regulations of the Company; to propose for the employment or dismissal of deputy managers and financial officers of the Company; to employ or dismiss management staff other than those who shall be employed or dismissed by the Board; other powers and duties conferred by the Articles of Association and the Board. The Company will review and actively revise the relevant delegation by the Board to the general manager from time to time, in order to ensure that the relevant functions delegated by the Board are aligned with the daily production and operation needs of the Company.

The Board of the Company and its members have carried out the corporate governance earnestly, and all the directors have, with due diligence, attended the Board meetings, performed their duties, and committed themselves to the interests of the Company and its shareholders as a whole.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

**Board Meetings**

Board meetings shall be held at least four times a year and convened by the chairman. Notice of a Board meeting shall be served to all directors at least 14 days prior to the meeting. In case of any emergency, an interim Board meeting may be held with the proposal by no less than one-third of the directors or the general manager of the Company.

In 2023, the Board of the Company held 16 meetings (11 of which were held by way of circulating written resolutions) in total to discuss and determine the Company's strategic development, major operations, financial affairs and other matters set out in the Articles of Association. Other than the regular Board meetings, the chairman met with the independent non-executive directors without the presence of other directors during 2023.

The table below sets out the rate of the directors' attendance (referring to attendance in person or by teleconference) at general meetings and Board meetings in 2023:

		<b>General meetings attendance rate (Number of meetings attended/number of meetings held)</b>	<b>Board meetings attendance rate (Number of meetings attended/number of meetings held)</b>
Wang Changyi	Chairman, executive director	2/2	16/16
Han Zhiliang	General manager, executive director	2/2	15/16
Zhang Guoliang (Note 1)	Executive director	0/1	5/5
Gao Shiqing (Note 2)	Non-executive director	0/1	4/5
Jia Jianqing	Non-executive director	1/2	13/16
Song Kun	Non-executive director	0/2	12/16
Du Qiang (Note 3)	Non-executive director	0/1	8/11
Jiang Ruiming (Note 4)	Independent non-executive director	1/1	5/5
Zhang Jiali	Independent non-executive director	2/2	16/16
Stanley Hui Hon- chung	Independent non-executive director	2/2	16/16
Wang Huacheng	Independent non-executive director	2/2	16/16
Duan Donghui (Note 5)	Independent non-executive director	1/1	11/11

## CORPORATE GOVERNANCE REPORT (CONTINUED)

*Note 1:* Mr. Zhang Guoliang retired as the executive director of the Company with effect from 20 June 2023, thus did not attend all subsequent meetings.

*Note 2:* Mr. Gao Shiqing retired as the non-executive director of the Company with effect from 20 June 2023, thus did not attend all subsequent meetings.

*Note 3:* Mr. Du Qiang was appointed as the non-executive director of the Company with effect from 20 June 2023, thus did not attend all previous meetings.

*Note 4:* Mr. Jiang Ruiming retired as the independent non-executive director of the Company with effect from 20 June 2023, thus did not attend all subsequent meetings.

*Note 5:* Ms. Duan Donghui was appointed as the independent non-executive director of the Company with effect from 20 June 2023, thus did not attend all previous meetings.

### Chairman and General Manager

For the year ended 31 December 2023 and during the period up to the date of publication of this annual report, Mr. Wang Changyi and Mr. Han Zhiliang, each being an executive director, holds the position of chairman and general manager of the Company, respectively. The chairman's responsibilities are to convene the Board meetings and promote the corporate governance of the Company, while the general manager is responsible for taking part in the critical decision-making as part of the Board and taking charge of the daily operation of the Company. Their duties and responsibilities are clearly separated. The governance structure of the Company features the clearly defined rights and responsibilities and expresses division of work, with each one performing his own duties.

### Insurance Arrangement

According to the code provision C.1.8 of the CG Code, an issuer shall arrange appropriate insurance in respect of any legal action against its directors. The Company has arranged liability insurance for its directors, supervisors and senior management.

### Training

The Company provided all members of the Board with monthly updates on the Company's operation, financial conditions, prospects and relevant market and regulatory development, and arrangements have been made to provide each new director with a comprehensive, formal and tailored induction upon his/her appointment.

The Company also encouraged its directors to participate in ongoing professional development programs to improve and update their knowledge and skills. The Company also organized relevant training to ensure that directors had comprehensive information and proper expertise to make contributions to the Board. The Company kept training records to assist directors in recording the training courses they had attended and required its directors to submit relevant training records to the Company each year.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year ended 31 December 2023, the records of training received by directors of the Company are summarized as follows:

	Corporate Governance	Regulatory Rules	Operation and Management	Other relevant trainings
<b>Executive directors</b>				
Mr. Wang Changyi	✓	✓	✓	✓
Mr. Han Zhiliang	✓	✓	✓	✓
Mr. Zhang Guoliang ( <i>Note 1</i> )	✓	✓	✓	✓
<b>Non-executive directors</b>				
Mr. Gao Shiqing ( <i>Note 2</i> )	✓	✓	✓	✓
Mr. Jia Jianqing	✓	✓	✓	✓
Mr. Song Kun	✓	✓	✓	✓
Mr. Du Qiang ( <i>Note 3</i> )	✓	✓	✓	✓
<b>Independent non-executive directors</b>				
Mr. Jiang Ruiming ( <i>Note 4</i> )	✓	✓	✓	✓
Mr. Zhang Jiali	✓	✓	✓	✓
Mr. Stanley Hui Hon-chung	✓	✓	✓	✓
Mr. Wang Huacheng	✓	✓	✓	✓
Ms. Duan Donghui ( <i>Note 5</i> )	✓	✓	✓	✓

*Note:* The forms of training include participation in training courses, participation in seminars, attending lectures, delivering speeches, writing articles, reading materials, etc.

*Note 1:* Mr. Zhang Guoliang ceased to be an executive director of the Company with effect from 20 June 2023.

*Note 2:* Mr. Gao Shiqing ceased to be a non-executive director of the Company with effect from 20 June 2023.

*Note 3:* Mr. Du Qiang was appointed as a non-executive director of the Company with effect from 20 June 2023.

*Note 4:* Mr. Jiang Ruiming ceased to be an independent non-executive director of the Company with effect from 20 June 2023.

*Note 5:* Ms. Duan Donghui was appointed as an independent non-executive director of the Company with effect from 20 June 2023.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### COMMITTEES OF THE BOARD

#### Remuneration and Evaluation Committee

##### *Composition and Term of Office*

The Remuneration and Evaluation Committee (the "Remuneration and Evaluation Committee") was established on 2 June 2005. On 20 June 2023, the ninth session of the Board of the Company reappointed the members of the Remuneration and Evaluation Committee with their term of office to end on the day of convening of the 2025 annual general meeting. At present, the Remuneration and Evaluation Committee is comprised of five members including four independent non-executive directors and one non-executive director, namely, Mr. Stanley Hui Hon-chung (chairman of the Remuneration and Evaluation Committee), Mr. Zhang Jiali, Mr. Wang Huacheng, Ms. Duan Donghui and Mr. Jia Jianqing.

##### *Duties*

The main duties, roles and functions of the Remuneration and Evaluation Committee are set out as follows:

- (i) to formulate a remuneration plan or scheme, which shall include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), for directors and senior management, based on and considering the main scope of the management post of directors and senior management, duties, time commitment, importance, salaries paid by comparable companies to comparable posts and employment terms of other posts in the Company and make recommendations to the Board;
- (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- (iii) to review the performance of duties by the directors (including non-independent directors) and senior management and to make annual performance evaluations on them;
- (iv) to monitor the implementation of the remuneration system by the Company;
- (v) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with the relevant contractual terms and that such compensation is otherwise fair and reasonable and not excessive for the Company;
- (vi) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with the relevant contractual terms and are otherwise reasonable and appropriate;
- (vii) to make recommendations to the Board on the policy and structure for all remunerations for directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (viii) to make recommendations to the Board on the remuneration for non-executive directors;
- (ix) to ensure that no director or any of his associates (as defined under the Listing Rules) is involved in deciding his own remuneration; and
- (x) to be responsible for other matters delegated by the Board.

The Remuneration and Evaluation Committee has been provided with sufficient resources to perform its duties and responsibilities.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

**Directors' Remuneration Policy**

The Company determines the remuneration for each of the directors with reference to their duties, responsibilities and the prevailing market condition.

**Meetings**

The Remuneration and Evaluation Committee convened one meeting during the Reporting Period. In accordance with the Listing Rules, the committee members reviewed the overall remuneration policy and structure of the directors and senior management of the Company and expressed their opinions on the remuneration package of the directors and senior management of the Company.

The table below sets out the attendance rate of members of the Remuneration and Evaluation Committee:

<b>Members</b>	<b>Attendance rate (Number of meetings attended/number of meetings held)</b>
Stanley Hui Hon-chung ( <i>Chairman</i> )	1/1
Jiang Ruiming ( <i>Note 1</i> )	0/0
Zhang Jiali	1/1
Wang Huacheng	1/1
Duan Donghui ( <i>Note 2</i> )	1/1
Gao Shiqing ( <i>Note 3</i> )	0/0
Zhang Guoliang ( <i>Note 4</i> )	0/0
Jia Jianqing ( <i>Note 5</i> )	1/1

*Note 1:* Mr. Jiang Ruiming ceased to be a member of the Remuneration and Evaluation Committee with effect from 20 June 2023.

*Note 2:* Ms. Duan Donghui was appointed as a member of the Remuneration and Evaluation Committee on 20 June 2023.

*Note 3:* Mr. Gao Shiqing ceased to be a member of the Remuneration and Evaluation Committee with effect from 20 June 2023.

*Note 4:* Mr. Zhang Guoliang ceased to be a member of the Remuneration and Evaluation Committee with effect from 20 June 2023.

*Note 5:* Mr. Jia Jianqing was appointed as a member of the Remuneration and Evaluation Committee on 20 June 2023.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Nomination Committee

#### **Composition and Term of Office**

The Nomination Committee (the "Nomination Committee") was established on 26 March 2007. On 20 June 2023, the ninth session of the Board of the Company reappointed the members of the Nomination Committee with their term of office to end on the day of convening of the 2025 annual general meeting. At present, the Nomination Committee is comprised of six members, including four independent non-executive directors and two executive directors, namely, Mr. Zhang Jiali (chairman of the Nomination Committee), Mr. Stanley Hui Hon-chung, Mr. Wang Huacheng, Ms. Duan Donghui, Mr. Wang Changyi and Mr. Han Zhiliang.

#### **Duties**

The main duties, roles and functions of the Nomination Committee are set out as follows:

- (i) to make recommendations to the Board on the size and composition of the Board according to the business condition, the scale of assets and shareholding structure of the Company;
- (ii) to consider the standards and procedures for the selection of directors and senior management of the Company and make recommendations to the Board;
- (iii) to review the qualifications of the candidates for the directors and senior management of the Company, and to make recommendations;
- (iv) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and to make recommendations on any proposed changes to the Board to complement the Company's strategies;

- (v) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (vi) to assess the independence of the independent non-executive directors;
- (vii) to make recommendations to the Board on the appointment or re-appointment of the directors and succession plans for the directors, in particular the chairman and the general manager; and
- (viii) to be responsible for other matters as delegated by the Board.

The Nomination Committee has been provided with sufficient resources from the Company to perform its duties and responsibilities.

#### **Nomination Policy**

The nomination policy of the Nomination Committee is set out as follows:

- (i) The Nomination Committee may ask the proposed candidates to provide the necessary personal information in the form specified;
- (ii) The chairman of the Nomination Committee may, upon his/her own motion or receipt of a nomination from a Board member (as the case may be), convene a meeting of the Nomination Committee or circulate a resolution in writing to the members of the Nomination Committee to consider the same in accordance with the terms of reference;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- (iii) For the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations to the Board for its consideration and approval;
- (iv) For the re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidate(s) to stand for re-election at a general meeting;
- (v) If a shareholder wants to propose a candidate for prospective appointment to the Board to be considered by the shareholders, he/she shall refer to the "Procedures for Shareholder's Nomination of a Director", which is available on the Company's website;
- (vi) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

### **Board Diversity Policy**

The Company has adopted a diversity policy for Board members, a summary of which is set out as follows:

#### **Vision**

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

### **Policy Statement**

- (i) The Company sees an increasing level of diversity of the Board as an essential element contributing to the sustainable development of the Company. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- (ii) All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### **Measurable Objectives**

- (i) Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service;
- (ii) The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

### **Monitoring and Reporting**

To ensure the effectiveness of the diversity policy, the Nomination Committee will review annually and report, in the corporate governance report, on the Board's composition from the perspective of diversity and monitor the implementation of this policy.

During the year ended 31 December 2023, the following table illustrates the composition and diversity of the Board in terms of five objective criteria, namely (i) gender, (ii) age group, (iii) educational background, (iv) professional experience, skills and knowledge and (v) length of service.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

## 1. Gender

Male	Female
89%	11%

## 2. Age group

51 to 55	56 to 60	61 to 65	Over 66
33%	33%	11%	23%

## 3. Education background

Bachelor's degree holder	Master's degree holder	Doctoral degree holder
22%	56%	22%

## 4. Professional experience, skills, knowledge

Engineering and Science	Economics and Business Administration	Accounting	Law	Language and Humanities
44%	67%	11%	11%	11%

## 5. Length of Service

Less than 1 year	1 to 5 years	6 to 10 years
22%	56%	22%

The Nomination Committee considers that the existing composition of the Board complies with the requirements of diversity policy by comprehensively taking into account (i) the nature, scope and model of the Company's business; (ii) the specific needs of the Company; and (iii) the different backgrounds of the directors. Accordingly, the Nomination Committee and the Board are of the view that the Company has effectively implemented the Board diversity policy.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

**Review of Nomination Policy**

The Nomination Committee will review the nomination policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions as may be required and recommend any such revisions to the Board for consideration and approval.

**Meetings**

The Nomination Committee convened two meetings during the Reporting Period. In accordance with the Listing Rules, the committee members reviewed the structure and composition of the Board and senior management and expressed their opinions on matters such as the change of senior management of the Company, the nomination of candidates for the directors and the assessment of independence of the independent non-executive directors.

The table below sets out the attendance rate of members of the Nomination Committee:

<b>Members</b>	<b>Attendance rate (Number of meetings attended/number of meetings held)</b>
Zhang Jiali ( <i>Chairman</i> )	2/2
Jiang Ruiming ( <i>Note 1</i> )	1/1
Stanley Hui Hon-chung	2/2
Wang Huacheng	2/2
Duan Donghui ( <i>Note 2</i> )	1/1
Wang Changyi	2/2
Han Zhiliang	2/2
Zhang Guoliang ( <i>Note 3</i> )	1/1

*Note 1:* Mr. Jiang Ruiming ceased to be a member of the Nomination Committee with effect from 20 June 2023.

*Note 2:* Ms. Duan Donghui was appointed as a member of the Nomination Committee on 20 June 2023.

*Note 3:* Mr. Zhang Guoliang ceased to be a member of the Nomination Committee with effect from 20 June 2023.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Audit and Risk Management Committee

#### **Composition and Term of Office**

The Audit and Risk Management Committee (formerly named as the "Audit Committee") was established on 10 January 2000. On 28 June 2017, the Audit Committee was renamed as the Audit and Risk Management Committee, and meanwhile its terms of reference were extended. On 20 June 2023, the ninth session of the Board of the Company appointed the members of the Audit and Risk Management Committee with their term of office to end on the day of convening of the 2025 annual general meeting. At present, the Audit and Risk Management Committee is comprised of four independent non-executive directors, namely, Mr. Wang Huacheng (chairman of the Audit and Risk Management Committee and professor of the Department of Finance of the Business School of Renmin University of China), Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung and Ms. Duan Donghui.

#### **Duties**

The main duties, roles and functions of the Audit and Risk Management Committee are set out as follows:

- (i) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and handle any questions of its resignation or dismissal;
- (ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The committee shall discuss with the auditor the nature and scope of the audit and relevant reporting obligations before the audit commences;
- (iii) to develop and implement policy on engaging an external auditor to supply non-audit services. For such purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (iv) to monitor the completeness of the Company's financial statements and annual report and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant judgements on financial reporting contained therein. In reviewing these reports before submission to the Board, the committee should focus particularly on:

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- |      |   |        |   |
|------|---|--------|---|
| 1.   | any changes in accounting policies and practices;   | (vii)  | to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems in place. This discussion shall include the adequacy of resources, staff qualifications and experience, and adequacy of training programmes for staff and relevant budgets in the Company's accounting and financial reporting function; |
| 2.   | major judgemental areas;  |        |   |
| 3.   | significant adjustments resulting from audit;   |        |   |
| 4.   | the going concern assumptions and any qualifications;   |        |   |
| 5.   | compliance with accounting standards; and   | (viii) | to consider major investigation findings on risk management and internal control matters and management's response to these findings on its own initiative or as delegated by the Board;  |
| 6.   | compliance with the Listing Rules and legal requirements in relation to financial reporting;  | (ix)   | to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;  |
| (v)  | Regarding (iv) above:   |        |   |
| 1.   | members of the committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the Company's auditors; and  | (x)    | to review the Company's financial and accounting policies and practices;  |
| 2.   | the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; | (xi)   | to review the external auditor's management letter of explanatory statement on audit, any material queries raised by the auditor to management on accounting records, financial accounts or control system and management's response;   |
|      |   | (xii)  | to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;   |
|      |   | (xiii) | to report to the Board on the matters in this provision; and  |
| (vi) | to review the Company's financial controls, and to review the Company's risk management and internal control systems;   | (xiv)  | to consider other topics, as defined by the Board.  |

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Meetings

The Audit and Risk Management Committee convened three meetings during the Reporting Period. Please refer to the following work summary of the Audit and Risk Management Committee for further details of the relevant meetings.

The table below sets out the attendance rate of members of the Audit and Risk Management Committee:

<b>Members</b>	<b>Attendance rate (Number of meetings attended/number of meetings held)</b>
Wang Huacheng ( <i>Chairman</i> )	3/3
Jiang Ruiming ( <i>Note 1</i> )	1/1
Zhang Jiali	3/3
Stanley Hui Hon-chung	3/3
Duan Donghui ( <i>Note 2</i> )	2/2

*Note 1:* Mr. Jiang Ruiming ceased to be a member of the Audit and Risk Management Committee with effect from 20 June 2023.

*Note 2:* Ms. Duan Donghui was appointed as a member of the Audit and Risk Management Committee on 20 June 2023.

The work performed by the Audit and Risk Management Committee for 2023 is summarized as follows:

During the year of 2023, the Audit and Risk Management Committee reviewed the annual results report of the Company for the year of 2022 and the interim results report of the Company for the year of 2023, as well as the financial audit report for the year of 2022 and the interim financial review report for the year of 2023; reviewed the report on compliance of continuing connected transactions of the Company for the year, and issued an opinion on the report on compliance of continuing connected transactions of the Company for the year; reviewed the effectiveness of the internal audit function of the Company and the internal audit report of the Company; reviewed the report on risk management and internal control of the Company; and reviewed the proposal for re-appointment of the external auditor, and defined its remuneration and term.

The Audit and Risk Management Committee has reported the aforesaid work and review results to the Board.

The Audit and Risk Management Committee has been provided with sufficient resources, including advice from the external auditor and audit department, to perform its duties and responsibilities.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

**STRATEGY AND SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE****Composition and Term of Office**

The Strategy and Sustainable Development (ESG) Committee (formerly named as the “Strategy Committee”) was established on 12 June 2002. On 20 June 2023, the ninth session of the Board of the Company appointed the members of the Strategy Committee and the term of office will end on the date of convening of the 2025 annual general meeting. On 28 December 2023, the Strategy Committee was renamed as the Strategy and Sustainable Development (ESG) Committee, and meanwhile its terms of reference were extended. At present, the Strategy and Sustainable Development (ESG) Committee is comprised of three members, including two executive directors and one independent non-executive director, namely, Mr. Wang Changyi (chairman of the Strategy and Sustainable Development (ESG) Committee), Mr. Han Zhiliang and Mr. Zhang Jiali.

**Duties**

The main duties, roles and functions of the Strategy and Sustainable Development (ESG) Committee are set out as follows:

- (i) to conduct research and make recommendations on the long-term development strategies and major investment decisions of the Company;
- (ii) to conduct research and make recommendations on material investment and financing plans that are subject to the approval of the Board;

The table below sets out the attendance rate of members of the Strategy and Sustainable Development (ESG) Committee:

<b>Members</b>	<b>Attendance rate (Number of meetings attended/number of meetings held)</b>
Wang Changyi ( <i>Chairman</i> )	2/2
Han Zhiliang	2/2
Zhang Jiali	2/2

- (iii) to conduct research and make recommendations on major capital operations and asset management projects that are subject to the approval of the Board;
- (iv) to conduct research and make recommendations on matters related to sustainable development and environmental, social and governance (ESG) of the Company, including but not limited to holding regular meetings of the committee to review and consider the work progress report of ESG-related matters of the Company and report to the Board;
- (v) to conduct research and make recommendations on other significant events that affect the development of the Company;
- (vi) to review the implementation of the matters above;
- (vii) to be responsible for other matters delegated by the Board.

**Meetings**

The Strategy and Sustainable Development (ESG) Committee convened two meetings during the Reporting Period. In accordance with the Listing Rules, the committee members reviewed the ESG report of the Company for the year of 2022, thereby evaluating and further optimising the ESG governance structure of the Company.

**RESPONSIBILITIES OF DIRECTORS AND AUDITOR FOR ACCOUNTS**

The directors hereby confirm their responsibilities for the preparation of the Company’s financial statements. The directors confirm that the financial statements of the Company for the year were prepared in accordance with the relevant rules and regulations as well as applicable accounting policies. The directors ensure that the financial statements of the Company will be published in due course. The responsibilities of the external auditor to the shareholders are described on pages 169 to 174.

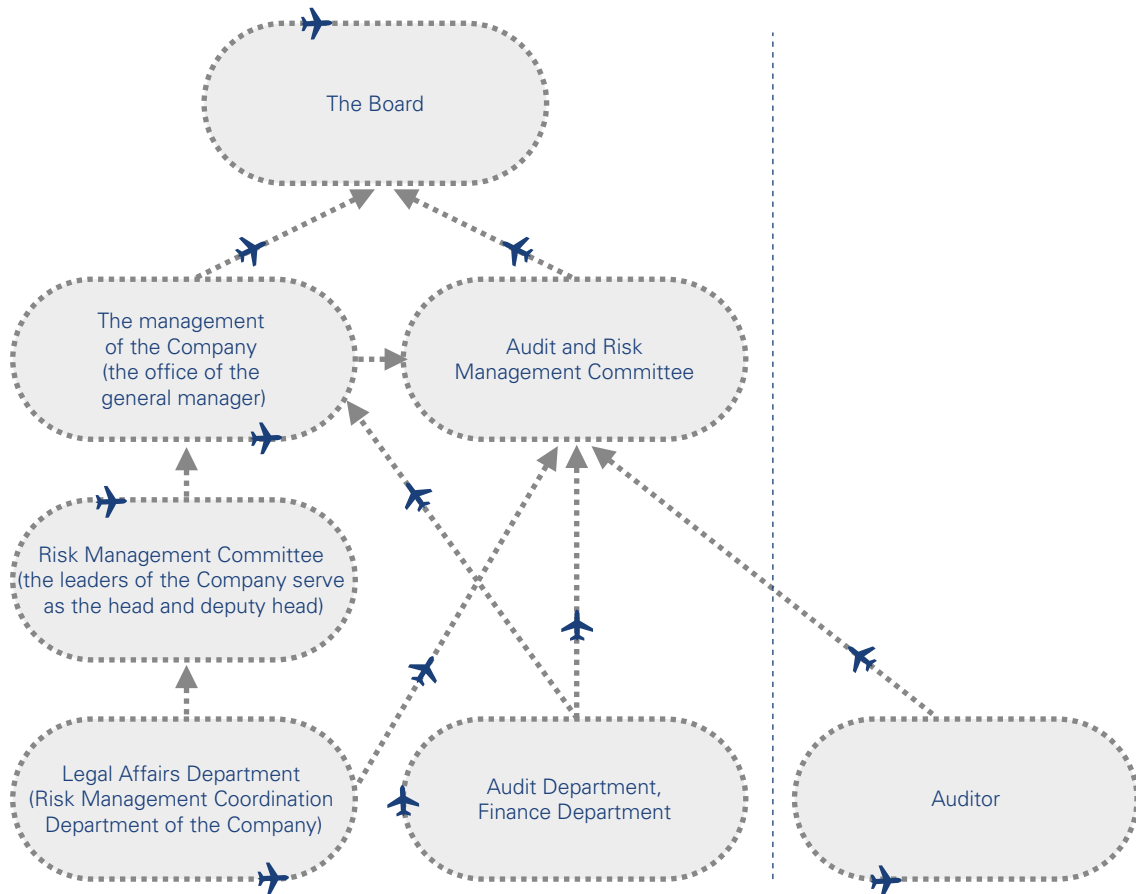
## CORPORATE GOVERNANCE REPORT (CONTINUED)

### RISK MANAGEMENT AND INTERNAL CONTROL

#### Risk Management Framework

The objectives of the risk management and internal control system of the Company are to ensure the efficiency of the business activities, the safety of the assets, as well as the reliability of the business information and financial report. By means of risk management, the system is relatively complete and covers every aspect of the operation and management of the Company. The risk management and internal control system of the Company consists of the Board and the Audit and Risk Management Committee to the Board, management as well as the legal affairs department, audit department and finance department. The Board is responsible for the risk management and internal control systems, and their effectiveness will be reviewed by the Audit and Risk Management Committee every year. While the Board oversees the design, implementation and monitoring of the risk management and internal control systems, the management of the Company and other departments provide a confirmation to the Board on the effectiveness of such system. The Board is of the view that, up to the date of publication of this annual report, the Company has established a complete and effective risk management and internal control system.

The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Company and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The management framework is as follows:



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### System Features, Major Procedures and Scope

System features: The Company has constructed a comprehensive risk management system under the guidance of its internal control manual, and conducts multi-dimensional and full-spectrum risk management through the following measures on an ongoing basis: assessing various material business risks exposed to the Company on a regular basis each year, updating and amending the internal control manual, updating the legal risk prevention manual, issuing the internal control examination report, issuing the risk management report, updating the risk control and management list as well as supplementing and improving risk control and management measures, etc.

Procedure for identifying, assessing and managing material risks: The Company identifies material specific risks, collects risk information, assesses risk level and facilitates the implementation of risk management system through control measures including the comprehensive risk management reporting system, legal risk prevention and internal control guidance each year.

Procedure for reviewing the effectiveness of the risk management and internal control system and the procedure for resolving serious internal control deficiency: The Company conducts walk-through tests and examination assessments on its internal control business procedures and re-examines the effectiveness of the control system on a regular basis each year, and makes adjustments to the internal control targets based on the amendment plan for the Company's system and by combining internal and external audit reports while improving supervisory procedures.

Procedure for handling and publishing inside information: The Company determines major and common types of inside information and key position contact persons based on its business conditions, thereby formulating a stringent confidentiality system. Upon discovery of any suspected inside information, such information will be passed to the inside information management department in a timely manner, and corresponding confidential or disclosure measures will be adopted under the overall management of such department so as to conform to the relevant requirements of inside information regulation.

Whistleblowing and anti-corruption policy and system: For details of the whistleblowing policy and system of the Company, as well as the policy and system that promote and support anti-corruption laws and regulations, please refer to the paragraphs headed "Integrity Governance" in the ESG Report as set out on pages 110 to 112 of this annual report.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Risk Management Functions

The legal affairs department of the Company is responsible for establishing a risk management and internal control system for the Company, preparing a risk management manual and an internal control manual, and adopting proper risk control methods and internal control measures with a view to preventing and avoiding risks.

The audit department of the Company is responsible for making audit plan, which will be presented to the Audit and Risk Management Committee for review; the audit department is also responsible for conducting independent audit on whether or not the internal control system of the Company is sufficient and effective according to the audit plan, and the independent audit report will be submitted to the management of the Company; the audit department will conduct audit and keep track of the corrective measures taken by the related departments as instructed by the management; the audit department is required to make internal audit report to the Audit and Risk Management Committee annually.

The finance department of the Company is mainly responsible for monitoring financial risks, establishing a financial control mechanism and adopting risk control and prevention measures to avoid financial risks exposed to the Company.

As an external firewall against the risks of the Company, the external auditor engaged by the Company conducts an independent external audit on the financial statements of the Company, and reports to the Audit and Risk Management Committee. The Company also continuously improves its risk prevention and control as well as internal control according to the reports.

The work performed with respect to risk management and internal control by the relevant departments of the Company for 2023 is summarized as follows:

In 2023, the legal affairs department updated the risk management manual, and optimized the risk management and control system by identifying new risk exposures based on the changes in the operational environment of the Company; the audit department conducted proactive internal audits in key business sectors and high-risk areas of the Company; the finance department continued to maintain a normalized control measure for the financial risks. During 2023, the legal affairs department reported to the Audit and Risk Management Committee once; the audit department and the finance department reported to the Audit and Risk Management Committee twice; the auditor reported to the Audit and Risk Management Committee three times, and the Audit and Risk Management Committee reported to the Board accordingly.

During the annual review, the Audit and Risk Management Committee has also considered resources, staff qualifications and experience, training programmes and the adequacy of the budget of the Company's internal audit, accounting and financial reporting function. The Board has reviewed the effectiveness of the risk management and internal control system of the Company (including financial, operational and compliance controls and the Company's processes for financial reporting and compliance with the Listing Rules) and considers that, during the year ended 31 December 2023, the existing internal control system is prudent and sufficient to protect the interests of the Company and all shareholders.

### AUDITORS' REMUNERATION

The Company appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as the auditors of the Company for 2023. During the year ended 31 December 2023, the above auditors charged the Company RMB3.43 million as service fees in respect of the audit services. No non-audit service fee payable to the auditors was incurred for the year ended 31 December 2023.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### JOINT COMPANY SECRETARIES

Ms. Li Bo and Ms. Liu Jiong have served as the joint company secretaries of the Company with effect from 28 December 2023. For biographies of Ms. Li and Ms. Liu, please refer to the section headed “Joint Company Secretaries” in the Report of the Board. The primary contact person of the Company in relation to corporate governance matters with Ms. Liu is Ms. Li, who is one of the joint company secretaries and also serves as the secretary to the Board. Ms. Li provides opinions on corporate governance issues to the Board by reporting to the chairman of the Board or the chief executive, and makes arrangements for directors’ induction training and professional development. Each of Ms. Li and Ms. Liu has confirmed that she has received not less than 15 hours of relevant professional training during the Reporting Period.

### SHAREHOLDERS’ RIGHTS

#### Convening an Extraordinary General Meeting

According to the provisions under the Articles of Association, an extraordinary general meeting may be convened upon the written request by the shareholders holding 10% or more of the issued shares of the Company with voting rights.

Procedures for convening an extraordinary general meeting and making proposals are as follows:

The requisitionists must sign a written requisition, specifying the principal matters intended to be considered at the extraordinary general meeting, and deposit it at the Company’s registered office in Hong Kong:

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

The Company will check with its share registrar on the relevant condition. If the principal matters proposed by the requisitionists fall within the scope of the general meeting’s terms of reference, the company secretary will request the Board to convene an extraordinary general meeting and dispatch a notice to all registered shareholders in accordance with the provisions under the Listing Rules and the Articles of Association.

An extraordinary general meeting will not be convened if the relevant condition or the principal matters proposed by the requisitionists are deemed inappropriate after investigation, and the Company will inform relevant shareholders of the relevant results.

Should the Board fail to proceed duly to convene an extraordinary general meeting within 21 days upon receiving the request from the requisitionists, the requisitionists or any of them representing more than half of the total voting rights of them, may convene the general meeting in the same manner, provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

Meanwhile, at any shareholders’ general meetings (including annual general meetings and extraordinary general meetings) convened by the Company, shareholders holding 5% or more of the shares of the Company with voting rights are entitled to raise new proposals in writing to the Company, and the Company shall incorporate the proposals which fall within the scope of the general meeting’s terms of reference into the agenda of the meeting.

### DIVIDEND POLICY

The Board approved and adopted the adjustment proposal to the profit distribution policy on 30 March 2023, which has been approved by the shareholders of the Company at the 2022 annual general meeting of the Company convened on 20 June 2023. Pursuant to the profit distribution policy, provided that the Company is in good operating condition and has sufficient cash flow to meet the needs for normal operation and sustainable development, the Company will proactively provide return to the shareholders in the form of cash dividends, and the target payout ratio for cash dividend distribution is generally no less than 45% of the distributable profits realised for the year. If the said payout ratio for cash dividend is unable to be met due to special reasons, the Board may adjust the dividend payout ratio based on actual circumstances and state the reasons thereof. The Company’s proposal and implementation of the distribution of

## CORPORATE GOVERNANCE REPORT (CONTINUED)

cash dividends shall be subject to the satisfaction of all the following conditions: (1) the Company shall have recorded profits for the year, with a standard and unqualified audit report issued by the auditor in respect of the Company's financial statements for that year; (2) the distributable profits (representing the after-tax profits of the Company after the recovery of losses and the allocation to the statutory accumulation fund and discretionary accumulation fund) realised by the Company for the year are positive in value; and (3) the Company has sufficient cash flow, and the distribution of cash dividends will not affect the Company's normal operation and sustainable development.

In view of the fact that in 2023, the Company continued to record a loss from operations under the impact of the external environment and industry landscape, the Board did not propose to distribute any final dividend for the year ended 31 December 2023.

### AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

At the extraordinary general meeting convened on 28 December 2023, the shareholders of the Company approved a special resolution in relation to, among others, certain amendments to the Articles of Association made by the Company in light of the relevant requirements under the "Reply of the State Council on the Adjustment to the Provisions on Notice Period for Convening General Meetings and Other Matters Applicable to the Overseas Listed Companies" (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019] 97號)) and certain updates to other laws and regulations of the PRC. The details of amendments to the Articles of Association are set out in (i) the announcement of the Company dated 2 November 2023; (ii) the circular of the Company dated 11 December 2023; and (iii) the announcement of results of the extraordinary general meeting of the Company dated 28 December 2023.

An up-to-date version of the Articles of Association of the Company is available on the websites of the Hong Kong Stock Exchange and the Company.

### ENQUIRIES TO THE BOARD

Shareholders may make enquiries to the Board by phone (+8610 6450 7784) or email (ir@bcia.com.cn).

### COMMUNICATION WITH SHAREHOLDERS

The Company is committed to a policy of open and regular communication with its shareholders and makes reasonable disclosure of information to them. A summary of the Company's shareholders' communication policy is set out as follows:

1. The Company delivers the interim and annual results and reports to all shareholders and publishes the announcements on the annual and interim results and other disclosure information on the Hong Kong Stock Exchange's website and the Company's website.
2. The general meeting of the Company is also one of the communication channels between the Board and the shareholders.
3. The Company constantly strengthens ongoing communications with its shareholders, investors and analysts through:
  - (a) establishing specialised agencies and personnel for receiving investors and analysts and answering the relevant questions raised by them;
  - (b) arranging on-site visits for investors and analysts to the Company to facilitate their timely understanding of the operating conditions and latest business development of the Company;
  - (c) gathering and analysing, in a timely manner, opinions and suggestions of various kinds from securities analysts and investors on the operation of the Company, compiling reports regularly and selectively adopting them into the operation of the Company; and

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- (d) providing relevant financial and operational information on various media platforms, such as the Company's website and WeChat official account of "Capital Airport Investor Relations".

In 2023, the Company attended more than 30 investor conferences/communication meetings held by various investment banking institutions through online meeting and received phone enquiries from over 100 investors to keep them abreast of the operation and development of the Company, so as to gain understanding, recognition and support from the shareholders on the Company's various major operating decisions. Therefore, having reviewed the implementation and effectiveness of the shareholders' communication policy in 2023, the Company is of the view that such policy is effective and has been properly implemented.

Pursuant to the amended Rule 2.07 of the Listing Rules in relation to the expansion of paperless listing regime and the electronic dissemination of corporate communications that came into effect on 31 December 2023, corporate communications (as defined in the Listing Rules) are available on the website of the Company at [www.bcia.com.cn](http://www.bcia.com.cn) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk). The Company will despatch the actionable corporate communications (as defined in the Listing Rules) by electronic means or by post.

If the shareholders would like to receive the corporate communications of the Company in printed form, please send the request to the Company's H Share registrar and transfer office, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or send an email to [bcia@computershare.com.hk](mailto:bcia@computershare.com.hk) specifying the name, address and request to receive the corporate communications in printed form (Chinese or English version).

Please note that the instruction of receipt of future corporate communications in printed form shall be valid for one year starting from the receipt date of the instruction from the shareholders.

# REPORT OF THE SUPERVISORY COMMITTEE

To all shareholders,

During 2023, in accordance with the Company Law of the People's Republic of China, the Listing Rules and the Articles of Association of the Company, the Supervisory Committee of the Company actively conducted supervision and inspection in the best interests of the shareholders and the Company pursuant to the laws and regulations as well as the requirements for corporate governance. During the year, all supervisors performed their supervisory duties conscientiously and effectively by convening and attending meetings, listening to the management's reports, attending regulation conferences and training, etc. Acting on the principle of honesty and diligence, the Supervisory Committee successfully completed its work plan for 2023 and continuously improved the Company's governance practices.

The ninth session of the Supervisory Committee of the Company was established on 20 June 2023. As at 31 December 2023, the ninth session of the Supervisory Committee of the Company comprised five members, including Mr. Liu Chunchen as a representative of shareholders, Mr. Liu Jiliang and Ms. Wu Xiaoli as representatives of employees, and Mr. Japhet Sebastian Law and Mr. Jiang Ruiming as independent supervisors. Among them, Mr. Liu Chunchen was elected as a supervisor representing the shareholders at the 2022 annual general meeting of the Company held on 20 June 2023; Mr. Liu Jiliang and Ms. Wu Xiaoli were elected as supervisors representing employees at the staff representative congress of the Company held on 13 December 2021; and Mr. Japhet Sebastian Law and Mr. Jiang Ruiming were elected as independent supervisors at the 2022 annual general meeting of the Company held on 20 June 2023. The term of office of all supervisors will end on the date of convening the 2025 annual general meeting.

On 20 June 2023, Mr. Liu Chunchen was appointed as the chairman of the Supervisory Committee of the Company.

During the Reporting Period, the Supervisory Committee of the Company convened two meetings.

On 30 March 2023, the Supervisory Committee convened the first meeting of the year, at which the work of the Supervisory Committee in 2022 was summarized, and the Report of the Supervisory Committee of the Company for the year of 2022 was considered and approved, and the secretary to the Board of the Company was authorized to incorporate the report into the 2022 annual report for review by the Company's shareholders.

On 20 June 2023, the Supervisory Committee convened the second meeting of the year, at which Mr. Liu Chunchen was elected as the chairman of the Supervisory Committee of the Company, with a term of office ending on the date of convening the 2025 annual general meeting.

During the Reporting Period, the Company held five onsite Board meetings and three meetings for the Audit and Risk Management Committee. All supervisors of the Company attended such meetings, and monitored the decision-making process of the Board, the completeness of the minutes of the Board meetings and implementation of the resolutions passed at the Board meetings. They also involved themselves in major operational events including general manager's work meeting, audited the Company's financial, daily management and operational status, and reviewed the operating results and financial conditions of the Company in 2023.

Meanwhile, the Supervisory Committee carefully reviewed the Report of the Board, the financial statements and the profit distribution proposal to be submitted at the 2023 annual general meeting.

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

### INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS

#### Legality of the Company's Operation

The Company's business operation is in compliance with the provisions under the Company Law of the People's Republic of China and the Articles of Association. The decision-making procedure is lawful and valid. During the Reporting Period, the members of the Board, the general manager and other senior management observed the principles of diligence and honesty, and performed their duties in good faith and in the interests of the shareholders and the Company. The Supervisory Committee was not aware of any breach of laws, regulations and the Articles of Association or actions to the detriment of the interests of the shareholders and the Company on the part of directors and senior management in carrying out their duties.

#### Truthfulness of the Company's Financial Information

The financial report for the year gives a true, objective, fair and accurate view of the Company's financial position and operating results.

#### Acquisition and Disposal of Assets

During the Reporting Period, the Supervisory Committee was not aware of any acquisition and disposal of assets to the detriment of shareholders' interests or leading to loss of the Company's assets or insider trading.

#### Connected Transactions

During the Reporting Period, the Company entered into connected transactions by following the legal decision-making procedure in strict compliance with the principle of fairness, in accordance with the Listing Rules, with open and transparent disclosure of information and without harming the interests of the Company.

In 2024, the Company will improve safety, operations and service quality by adhering to the principle of lean management. It will continue to boost its competitiveness as an international hub supported by quality and efficiency enhancement measures. With better performance as its goal, the Company will focus on strengthening the momentum for innovation of its business operations. The Company would like to express its sincere gratitude to all shareholders for their understanding and support all along, as well as to various government departments, airlines and partners at Beijing Capital Airport for their tremendous support to us. We would also like to thank all of our employees for their diligent contribution throughout the year. In the face of the new circumstances and new phase, the Company will uphold the concept of safe development and accelerate the launch of its quality and efficiency enhancement measures, making every effort to promote the high-quality development of Beijing Capital Airport to a new level.

By order of the Supervisory Committee

**Liu Chunchen**

*Chairman of the Supervisory Committee*

Beijing, the PRC, 27 March 2024

# 2023

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



# ABOUT THE REPORT

This report reflects the environmental, social and governance ("ESG") practices and performance of Beijing Capital International Airport Company Limited for the year of 2023. Through this report, the Company hopes to present its ESG ideas and practices and communicates with its stakeholders in an honest and transparent way, to continue to promote its sustainable development.



## Reference

For better readability, "the Company" in this report refers to Beijing Capital International Airport Company Limited. The term "Parent Company" "Holdings Company" in this report refers to Capital Airports Holdings Co., Ltd..



## Reporting Period

The reporting period spans the calendar year from 1 January 2023 to 31 December 2023, and also includes contents and data that are beyond such reporting period.



## Reporting Boundary

The main entity of this report is the Company including all departments of the Company.



## Reporting Cycle

This is an annual report, and is the 13th ESG report published by the Company consecutively (and was formerly known as the Corporate Social Responsibility Report until 2019).



## Compilation Principles

The report is prepared according to *Appendix C2 (Environmental, Social and Governance Reporting Guide)* to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX-ESG"). It also refers to the *Sustainable Development Goals (SDGs)* of the United Nations.



## ESG REPORT (CONTINUED)

# RESPONSE TO HKEX-ESG PRINCIPLES

### Principle of Materiality

In accordance with *Appendix C2 (Environmental, Social and Governance Reporting Guide)* to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX-ESG"), the Company has gradually established its ESG management and disclosure system, integrating current national policies and the focus of listed companies on ESG-related opportunities and risks. The Company carefully identifies and evaluates important ESG issues to ensure issues that the Company and its stakeholders find relevant are fully covered in this report. The Company has taken the following specific steps:



#### Identify relevant issues

The Company identified a total of 19 ESG material issues covering the environment, society, employees, and governance. These issues were identified based on national macro policies, research on industry benchmarking at home and abroad, its business development characteristics, and materiality identification results from previous years.



#### Seek the opinions of the management



The Company assessed the importance of the identified issues by soliciting opinions from the Company's management.



#### Confirm the ranking of issues

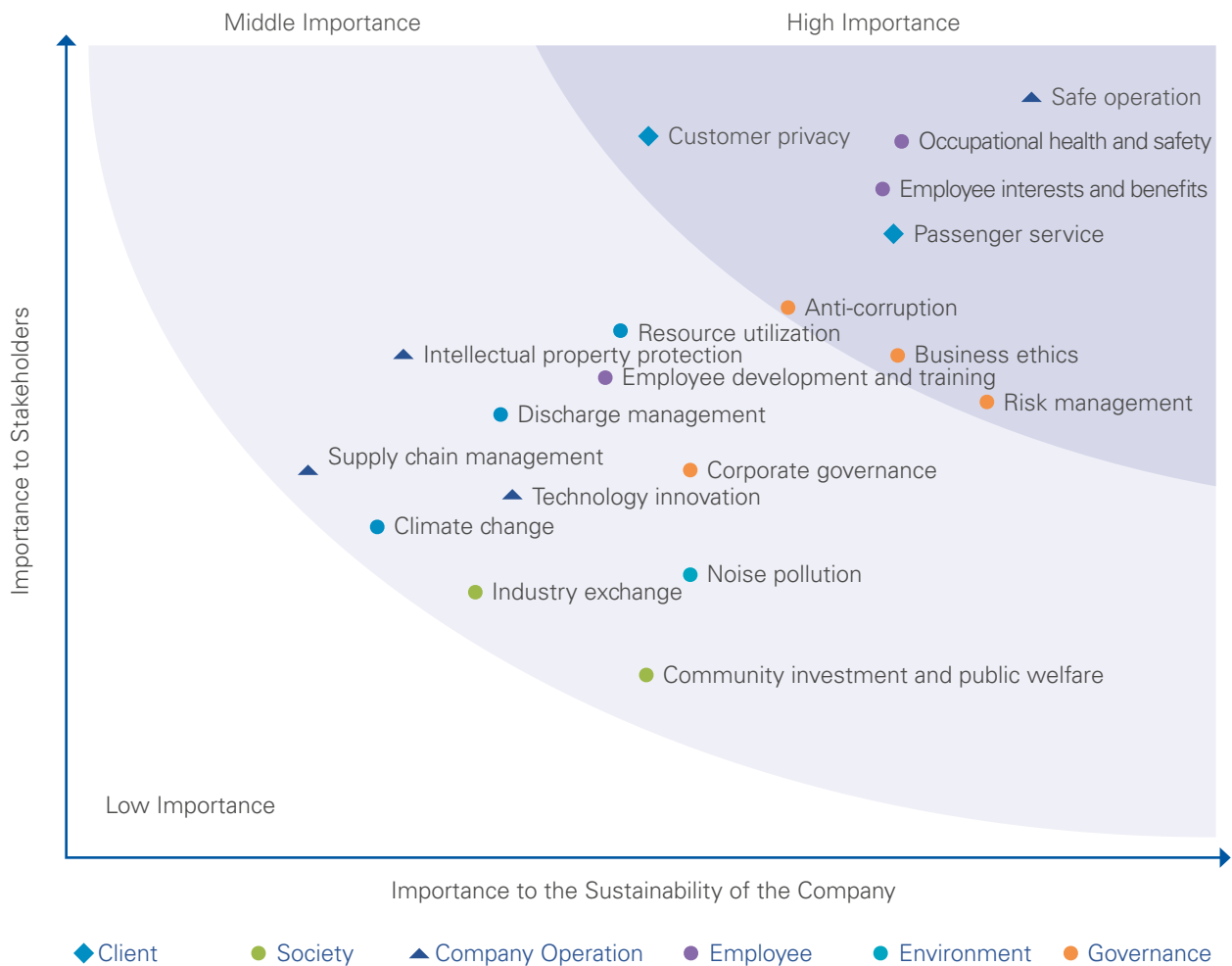
The Company identified and prioritized important sustainability issues that are highly relevant to the Company's stakeholders. The selected issues were approved by the Board of Directors, which provide important references for the Company's sustainability strategy, management actions and information disclosure.

## ESG REPORT (CONTINUED)

Importance	ESG Materiality Issues	
 <p data-bbox="258 879 437 950"><b>High Importance</b></p>	1	Safe operation
	2	Occupational health and safety
	3	Passenger service
	4	Employee interests and benefits
	5	Customer privacy
	6	Risk management
	7	Business ethics
	8	Anti-corruption
 <p data-bbox="258 1532 437 1604"><b>Middle Importance</b></p>	9	Corporate governance
	10	Noise pollution
	11	Resource utilization
	12	Employee development and training
	13	Discharge management
	14	Technology innovation
	15	Intellectual property protection
	16	Industry exchange
	17	Climate change
	18	Supply chain management
	19	Community investment and public welfare

## ESG REPORT (CONTINUED)

**Materiality Matrix of the Company**



### Principle of Quantitative

The key metrics disclosed by the Company are measurable. The Company uses an information management system to compile and summarize statistics on these key indicators in the ESG report, which are disclosed annually. The report specifies the reference standards and calculation methods used for these indicators.

### Principle of Consistency

The Company ensures consistency in preparing the report. The editorial and compiling method as well as the information disclosure standards of this report are consistent with those of previous years.

## ESG REPORT (CONTINUED)









# STAKEHOLDER ENGAGEMENT

The Company has established a long-term communication mechanism with stakeholders, which includes diversified communication channels, and regular communication with stakeholders to understand their expectations and opinions regarding the Company's ESG performance. The Company's stakeholders include but are not limited to, government and regulatory agencies, passengers, investors, employees, airlines and airport-based organizations, suppliers, communities, and counterparts. The Company's communication channels include but are not limited to, regular meetings, satisfaction surveys, charity activities, and industry events.







Stakeholders	Expectation and appeal	Communication method
 <p><b>Government and regulatory authorities</b> (Beijing Municipal Government, Civil Aviation Administration of China, Air Traffic Management Bureau, etc.)</p>	<ul style="list-style-type: none"> <li>• Safety support</li> <li>• Passenger service</li> <li>• Environmental responsibility</li> <li>• Staff's rights and interests</li> <li>• Public welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Special report</li> <li>• Research and visit</li> <li>• Project cooperation</li> <li>• Work conference</li> <li>• Statistical statement</li> </ul>
 <p><b>Passengers</b></p>	<ul style="list-style-type: none"> <li>• Safety support</li> <li>• Service quality</li> </ul>	<ul style="list-style-type: none"> <li>• Passenger service</li> <li>• Satisfaction survey</li> <li>• Online service</li> </ul>
 <p><b>Investors</b></p>	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Corporate governance</li> <li>• Financial performance</li> <li>• Investors' rights and interests guarantee</li> </ul>	<ul style="list-style-type: none"> <li>• Internal control system improvement</li> <li>• Regular announcements and reports</li> <li>• General meetings of stockholders and conferences of the Board and the Board of Supervisors</li> <li>• Investor visits, conference calls, and investment banking strategy sessions</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>• Staff's rights and interests</li> <li>• Career development</li> <li>• Compensation and welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Democratic communication</li> <li>• Workers representatives conference</li> <li>• Trade Union and Staff Service Center</li> <li>• Suggestions, mailboxes and WeChat</li> </ul>
 <p><b>Airlines and airport-based organizations</b></p>	<ul style="list-style-type: none"> <li>• Safety support</li> <li>• Passenger service</li> <li>• Common development</li> </ul>	<ul style="list-style-type: none"> <li>• Communication mechanisms including Beijing Capital International Airport Passenger Service Promotion Committee</li> <li>• Conference and communications</li> <li>• Activities to check and solve service problems</li> </ul>
 <p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>• Company reputation</li> <li>• Financial performance</li> <li>• Sunshine purchase</li> </ul>	<ul style="list-style-type: none"> <li>• Business negotiation</li> <li>• Contracts and agreements</li> <li>• Training and technical exchange meeting</li> </ul>
 <p><b>Community</b></p>	<ul style="list-style-type: none"> <li>• Volunteering</li> <li>• Public welfare</li> <li>• Community development</li> </ul>	<ul style="list-style-type: none"> <li>• Support of major events</li> <li>• Charity activities</li> <li>• Volunteer activities</li> </ul>
 <p><b>Counterparts</b></p>	<ul style="list-style-type: none"> <li>• Exchange and cooperation</li> <li>• Industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Forum and conference</li> <li>• Exchange and learning</li> <li>• Alliance</li> </ul>

## ESG REPORT (CONTINUED)

# SDGs RESPONSE

SDGs	BCIA's Actions	Corresponding Sections
	<p>Adhering to the national initiative to comprehensively promote rural revitalization, the Company remain committed to providing ongoing assistance and donations to Cele County, Xinjiang. This commitment aims to promote common prosperity.</p>	<p>Value Co-creation</p>
	<p>The Company is diversifying its sales channels for agricultural products and actively procuring agricultural and sideline products from Cele County. Through consumption assistance, the Company aims to enhance the income of local farmers and bolster the steady growth of the local agricultural economy.</p>	<p>Value Co-creation</p>
	<p>The Company prioritizes the health and well-being of its employees by conducting regular occupational health risk assessments. This includes pre-employment occupational health examinations, regular on-the-job health check-ups, and post-employment medical follow-ups. Additionally, the Company organizes cultural and sports activities regularly to ensure the physical and mental well-being of its employees, thereby comprehensively promoting their overall health.</p>	<p>Safety Management Employee Relations and Development</p>
	<p>Collaborating with the United Nations Environment Programme, the Company conducts environmental protection awareness campaigns and educational initiatives. Moreover, the Company partners with the Civil Aviation Museum to develop a series of educational programs, providing the public with high-quality resources for learning as well as technical and vocational skills training and other diversified courses for employees.</p>	<p>Environmental Protection Value Co-creation</p>
	<p>The Company proactively safeguards the rights and interests of its female employees by signing special collective contracts designed to protect their rights and interests. Furthermore, the Company implements tailored policies to support female employees during critical periods such as pregnancy and maternity, ensuring they have equal opportunities in terms of job assignments and salary allocation. This commitment promotes gender equality and enhances the workplace status of women.</p>	<p>Employee Relations and Development</p>
	<p>The Company's environmental efforts include collecting rainwater for recycling, monitoring water consumption regularly, upgrading energy-saving equipment, establishing efficient wastewater treatment and recycling systems, and continually enhancing water efficiency.</p>	<p>Environmental Protection</p>
	<p>The Company is advancing the deployment of photovoltaic systems at the airport and establishing annual targets for renewable energy generation through new photovoltaic projects. Additionally, the Company is actively promoting the adoption of new energy vehicles, contributing to the creation of environmentally-friendly and energy-efficient airports.</p>	<p>Environmental Protection</p>
	<p>The Company's commitment to fair employment practices includes protecting the rights and interests of employees, establishing comprehensive welfare system for its employees, and bolstering stable employment within the communities and cities where the Company operates.</p>	<p>Employee Relations and Development Value Co-creation</p>

## ESG REPORT (CONTINUED)

SDGs	BCIA's Actions	Corresponding Sections
	<p>The Company is enhancing airport data security monitoring, early warning, and emergency response mechanisms while promoting informatization and digital transformation initiatives, as well as innovation through intellectual property management. Concurrently, the Company continuously optimizes airport infrastructure to enhance operational efficiency.</p>	<p>Risk and Compliance Management</p> <p>Customer Service</p> <p>Safety Management</p>
	<p>The Company is committed to developing fair and equitable recruitment and promotion policies, and fostering a workplace culture that values diversity, equality, and inclusiveness. Additionally, the Company provides accessible facilities that cater to the needs of special passengers, ensuring they have a comfortable and seamless experience at the airport.</p>	<p>Customer Service</p> <p>Employee Relations and Development</p>
	<p>To enhance passenger convenience, the Company offers convenient public transportation options for passengers at the airport, the Company also encourages its employees to engage in volunteer services and social welfare activities.</p>	<p>Value Co-creation</p>
	<p>The Company advocates for green procurement practices and conduct comprehensive evaluations of suppliers' environmental products and services. This evaluation considers factors such as energy-saving characteristics, operating costs, and long-term impacts on energy use, consumption, and efficiency. The Company collaborates closely with suppliers to fulfill its shared responsibilities in this regard.</p>	<p>Value Co-creation</p> <p>Environmental Protection</p>
	<p>The Company has set goals for Carbon Peaking and Carbon Neutrality and are actively developing action plans and practical measures to achieve them. This includes strengthening internal climate change response and management, enhancing airport facilities to withstand disasters, promoting the adoption of renewable energy sources, and bolstering climate resilience.</p>	<p>ESG Governance</p> <p>Climate Change</p>
	<p>The Company prioritizes the protection of key bird species and collaborate with external professional organizations to establish a bird-strike prevention database. Additionally, the Company is committed to maintaining and enhancing local biodiversity by comprehensively protecting the bird ecosystem.</p>	<p>Environmental Protection</p>
	<p>The Company adheres to all applicable laws and business ethics standards, ensuring its business operations are conducted legally and in compliance with regulations. The Company continuously promotes anti-corruption measures and integrity.</p>	<p>Risk and Compliance Management</p> <p>Integrity Governance</p> <p>Safety Management</p>
	<p>The Company actively engages in industry-related activities, fostering collaboration and cooperation within the sector the Company works closely with peers to explore cutting-edge technologies and drive innovation collectively.</p>	<p>Climate Change</p> <p>Customer Service</p>

## ESG REPORT (CONTINUED)

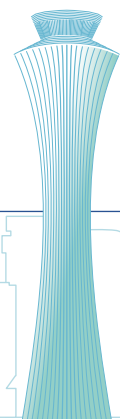
STATEMENT BY  
THE BOARD OF DIRECTORS

The Board of Directors of the Company is committed to the principles of sustainable development and has incorporated ESG concepts into daily management practices continuously enhancing ESG governance mechanisms to facilitate the high-quality development of the Company. As the highest decision-making body of the Company, the Board of Directors assumes responsibility for guiding and overseeing the Company's ESG development strategies. This includes monitoring ESG-related matters that could impact corporate operations, shareholders, and other stakeholders. Additionally, the Board regularly reviews the progress toward achieving ESG targets.

In 2023, based on regulatory trends and requirements, the Company undertook further enhancements to its ESG governance structure. This involved augmenting the management responsibilities related to sustainable development and climate change across the Board of Directors and its subsidiaries. The Company refined the three-tiered ESG governance framework encompassing governance, management, and execution, gradually embedding ESG concepts and requirements into operational practices. Meanwhile, the Company clarified the responsibilities of the Board of Directors (or the governance level) and the management level in addressing climate change risks and opportunities, replaced the Strategy Committee with the Strategy and Sustainable Development (ESG) Committee, optimized the structure of the Company's Sustainable Development (ESG) Management Committee and the Sustainable Development (ESG) Management Committee Office, appointed the Deputy General Manager responsible for green airport construction and climate change as the Deputy Leader of the Sustainable Development (ESG) Management Committee, and revised the *Terms of Reference and Operating Model of the Strategy and Sustainable Development (ESG) Committee*, aiming to facilitate the effective implementation of ESG initiatives, including climate change management.

The Company conducts an in-depth analysis of ESG-related matters and engages in regular materiality identification and analysis. The Board of Directors assumes responsibility for evaluating and discussing risks and opportunities pertaining to environmental, social, and governance aspects. These key issues are integrated into the Company's overarching strategies, with the Board providing ongoing supervision and management. In 2023, the Board of Directors reviewed and supervised ESG material issues such as safe operation, corporate governance, risk management, passenger services, business ethics, employee rights and benefits, supply chain management, and technology innovation. The Board received updates on the progress towards fulfilling ESG targets relevant to the Company's operations, such as climate change, resource and energy usage, as well as the latest disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited regarding climate-related information, thereby orderly enhancing the Company's sustainability performance.

This report discloses detailed information on the progress and results of the Company's ESG performance in 2023, and is verified and adopted by the Board on 15 April 2024.



## ESG REPORT (CONTINUED)

## GOVERNANCE



Adhering to the new development concept, the Company is committed to driving high-quality development, and has undertaken comprehensive optimizations of ESG governance framework, reinforcing risk control measures, and advancing anti-corruption and integrity initiatives. These efforts are aimed at firmly seizing development opportunities and fostering the healthy growth of the entire industry.



### Material ESG issues responded to in this chapter

- Corporate Governance
- Risk Management
- Business Ethics
- Intellectual Property Protection
- Technology Innovation
- Anti-corruption



### ESG indicators of the Stock Exchange of Hong Kong covered in this chapter

- B7 Anti-corruption



## ESG REPORT (CONTINUED)

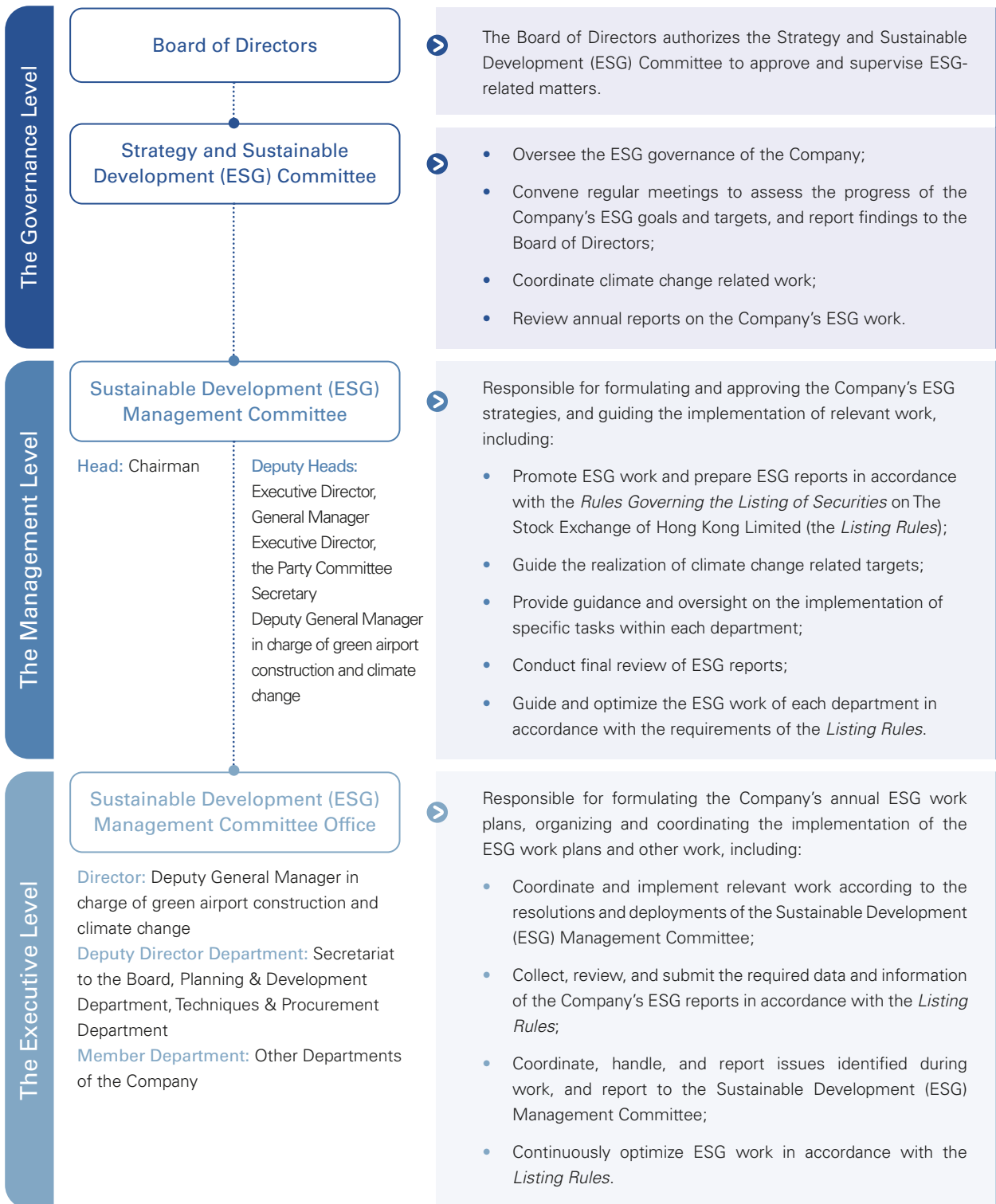
### ESG GOVERNANCE

The Company is committed to the strategic goal of "building Beijing Capital International Airport into a large international hub airport" and integrates the concept of sustainable development into its development strategy and routine operations. The Company seeks to serve the national strategy, local development, airlines, and passengers, and proactively boosts both economic benefits and sustainable development.

In 2023, the Company continued to enhance the ESG responsibilities of the Board of Directors, refining its governance structure and ESG-related initiatives across three levels: the board of directors, management, and executive. Following review and approval by the Board of Directors, on December 28, 2023, the Company announced these developments on the website of the Stock Exchange of Hong Kong Limited and the Company. The Strategy Committee under the Board of Directors, which has been renamed as the Strategy and Sustainable Development (ESG) Committee, is responsible for the governance of the Company's sustainable development, ESG, and climate-related issues. Meanwhile, the Company revised institutional documents such as the *Terms of Reference and Operating Model of the Strategy and Sustainable Development (ESG) Committee* to further refine the responsibilities of the governance and continuously improve ESG-related governance and practice.

## ESG REPORT (CONTINUED)

### ESG Governance Structure and Related Responsibilities



## ESG REPORT (CONTINUED)

The Company's Board of Directors integrates ESG management into its strategic planning, merging environmental protection, social responsibility, and corporate governance into its corporate strategy, daily operations, and risk management practices. This integration comprehensively enhances the level of sustainable development and fosters awareness of social responsibility. In 2023, the Board of Directors of the Company actively participated in ESG work through various means such as shareholder meetings, communication meetings, as well as on-site surveys and visits, effectively promoting the solid implementation of ESG management.



### Case: Visiting and Investigating the Company's Operation Control Center

In June 2023, the Company successfully convened its annual general meeting and completed the 9th election of the Board of Directors and the Board of Supervisors. After the meeting, under the guidance of the Chairman and General Manager, the newly appointed members of the Board of Directors and the Board of Supervisors visited the Operation Control Center to familiarize themselves with the construction of the Company's intelligent operation system and A-CDM (Airport-Collaborative Decision-Making) system. This initiative aimed to allow newly appointed members of the Board of Directors and the Board of Supervisors to gain a deeper understanding of the operational command system and its mode. The Board of Directors will continue to prioritize its focus on key ESG issues, providing robust support for advancing the high-quality development of the airport and the Company as a whole.



Members of the New Board of Directors and the Board of Supervisors Visiting the Operation Control Center



### Case: Holding the Independent Directors and Supervisors Reception Day

In August 2023, all independent directors and supervisors of the Board of Directors and the Board of Supervisors of the Company participated in the Independent Directors and Supervisors Reception Day. Accompanied by the management and relevant departments of the Company, they visited and inspected the duty-free shops, domestic security checkpoints, and some commercial storefronts in Terminal 3 ("T3"), and also the East Tower apron control center, international cargo warehouse, Airfield Operations Control Center (AOCC) as well as the bird-strike management studio. They also had in-depth exchanges with relevant personnel on ESG-related matters such as safety operations, passenger services, technology innovation, and ecological protection, putting forward valuable suggestions to further strengthen the communication and interaction between the governance level and the management level, and then with the business level.



Group Photo at the East Tower of the Visit during the Independent Directors and Supervisors Reception Day

## ESG REPORT (CONTINUED)

### RISK AND COMPLIANCE MANAGEMENT

The Company recognizes that an effective internal control system and risk management are crucial to achieving its strategic objectives. The Company has established a top-down risk management system to clarify risk responsibilities at each level, solidify the foundation of risk management, and promote its healthy and orderly development.

#### Risk Management

The Company proactively builds a risk management system that aligns with its development as a modern enterprise. The Company continues to strengthen its risk identification, assessment, and response in accordance with all relevant requirements, including the *Risk Management Regulations of Beijing Capital International Airport Company Limited* and the *Reference Standard for Risk Classification Guidelines*. Meanwhile, in accordance with the *Management Measures for Delegation of Authority by the Board of Directors of Beijing Capital International Airport Company Limited (Trial)*, the Company has delineated key aspects such as the principles governing delegation of authority from the Board of Directors to the management level, the management mechanisms, scope of authorization, and conditions of authority. This process has facilitated a comprehensive review and restructuring of the Company's governance framework.

The Company has established a Risk Management Committee tailored to its specific needs. This Committee is responsible for studying and evaluating the development of the Company's compliance and risk management framework, overseeing major compliance and risk management initiatives, supervising the implementation of key risk management strategies, and continually fostering collaborative efforts among compliance management, legal management, internal control, and risk management functions. A Risk Management Committee Office was set up under the Committee, which is composed of staff from all relevant departments, and responsible for the daily work of the Committee. To date, the risk management system has covered the risk management of the Company's governance, including quality and safety, information technology, service quality, etc.

To reinforce the integration of risk management requirements across all levels, the Company has standardized the risk management responsibilities associated with positions at every level. This initiative is aimed at continuously advancing the development and implementation of relevant systems. The Company has compiled the *Annual Comprehensive Risk Management Report* detailing the progress of the risk management system's construction and implementation, along with the outcomes of supervision and evaluation efforts from the previous year. Based on this report, the Company devises a work plan for constructing and overseeing the risk management system for the subsequent year from four aspects: institutional construction, optimization and rectification, supervision and evaluation, and the application of information technology.

In key areas such as integrity construction, safety operations, energy saving and informatization, the Company continuously optimizes its comprehensive risk management system. This involves implementing an embedded risk management mechanism to seamlessly integrate risk management requirements into the Company's business processes. Through this approach, the Company enhances its overall proficiency in risk management.

## ESG REPORT (CONTINUED)



The Company places a high premium on integrity construction and consistently improves awareness of integrity risks among all employees. This is achieved through various ways such as conducting integrity training, studying typical cases, and signing the *Responsibility Letter for Party Integrity Building and Anti-Corruption*.



In terms of safety operation management, the Company conducts correlation analysis of risks and hidden hazards, and rigorously controls aviation security risks and hidden hazards by integrating them into its database. By implementing a dual-prevention mechanism, the Company ensures responsibilities are fulfilled at all levels and facilitates timely rectification of identified issues, forming a closed-loop insecurity risk and hidden hazard management.



In terms of informatization, the Company has developed an integrated smart legal affairs management platform tailored to its risk prevention and control requirements. This platform consolidates ten business modules, including: institutional management, contract management, intellectual property management, legal support management, legal knowledge management, risk prevention and control, dispute management, license and certificate management, authorization management, and legal team based on the closed-loop risk management concept of "advance prevention, in-process control, and post improvement". Based on the functions of existing modules and the connections among the modules, this platform allows relevant departments to propose legal support needs, conduct consultations, evaluate legal risk matters in advance, report the risks and disputes in accordance with the Company's standardized and unified process during the incident, and receive and provide feedback on risk warnings and mitigation suggestions afterward.

### Compliant Operation

The Company strictly complies with all relevant laws, regulations and business ethics standards, and continuously strengthens its commitment to legal compliance. It actively promotes the implementation of the responsibilities for the three lines of defense. To this end, the Company persistently enhances its compliance system, rigorously executes professional audits, fosters and disseminates compliance awareness, and encourages employees to take initiative in compliance matters. Through these efforts, the Company comprehensively enhances its level of legal and compliant business management.

## ESG REPORT (CONTINUED)

- **The Company continues to promote the construction of a compliance system.** In 2023, the Company focused on fostering collaborative management of compliance risks, integrating compliance management responsibilities into the duties of its existing Risk Management Committee. Additionally, the Company conducted internal and external research across five key aspects: compliance system construction, compliance policy formulation, compliance operation mechanism, compliance culture cultivation, and compliance informatization. This allowed us to benchmark the best management practices of key state-owned enterprises, optimizing its compliance management system accordingly.
- **The Company strictly implements the contract management system.** In 2023, the Company successfully completed a total of 1,222 contract flow approvals, ensuring that all contracts underwent legal and compliance audits, achieving a 100% compliance rate. Additionally, the Company has enhanced the intelligent management of contracts, bolstering the integration between business management systems related to contract signing and performance data. This has enabled us to achieve the digitization of contract performance confirmation. Furthermore, the Company has fortified its contract risk prevention mechanism, implementing early warning and supervision measures for contract backdating. To this end, the Company has compiled and issued a total of 27 copies of the *Backdating Contract Risk Alert Sheet*. Additionally, the Company maintains continuous oversight of the progress of important contract signings and performance.
- **The Company fully utilizes the risk prevention capabilities of compliance reviews in its business management practices.** In 2023, the Company conducted multiple audits of its company-level business management system and major operational issues. As a result, the Company achieved a 100% legal compliance audit rate for its business management system and major operational decisions.
- **The Company strengthens theoretical research.** In 2023, the Company conducted research on the legal responsibilities and the main responsibility system of airport management agencies. This research culminated in the formation of a comprehensive report, aimed at providing theoretical support for enhancing the operational safety of the aviation industry.
- **The Company promotes the optimization of the external legal environment.** In 2023, the Company put forth several revision suggestions for major regulations such as the *Regulation on the Administration of Civil Airports*, advocating on behalf of airport management agencies.
- **The Company carries out multi-dimensional legal education.** In 2023, the Company integrated positive guidance methods such as online learning and the Theoretical Learning Groups of the Party Committee, alongside precautionary measures such as attending adjudications and promoting negative case studies. The Company organized both specialized training and general education sessions, conducting a total of six company-level training sessions. These efforts aim to continually enhance the legal awareness of all employees, contractors, and key stakeholders, thereby improving its ability to operate the enterprise in accordance with the law.

## ESG REPORT (CONTINUED)



### Case: Organizing the "Compliance Lecture" Training

On November 8, 2023, the Company conducted compliance training with the theme of "building a compliance management system for high-quality development", and invited senior external experts to deliver lectures. Attendees included mid-level leaders from functional departments across affiliated groups, leaders from the professional subsidiaries of the Holdings Company, and personnel from relevant business sectors. Starting from the social background and regulatory requirements of compliance management, the training emphasized the importance and necessity of building a compliance management system. Drawing from specific cases and best practices of key state-owned enterprises, the training delved into critical issues in compliance management construction. It underscored that governing enterprises in accordance with the law serves as the bedrock for achieving high-quality development. Amidst the pressing need for sustained and robust corporate governance in the face of evolving circumstances, the training underscored the strategic importance of compliance operations.



The Company's "Compliance Lecture" Training

### Protection of Intellectual Property Rights

The Company always emphasizes the importance of protecting intellectual property rights. The Company strictly abides by all the relevant laws and regulations such as the *Trademark Law of the People's Republic of China*, and the *Patent Law of the People's Republic of China*, and relevant internal rules and regulations such as the *Science and Technology Management Provisions*. The Company seeks to improve its intellectual property protection system, implements the requirements, and strengthens the protection of its intellectual property rights and innovative results.

To ensure the timely and comprehensive protection of intellectual property rights, the Company entrusts a professional agency to provide specialized services, including the application and registration of patents, trademarks, copyrights, and rights protection, to safeguard its legitimate rights and interests.

In 2023, the Company obtained 6 new invention patents, 3 utility model patents, 3 design design patents, and 11 software copyrights.

## ESG REPORT (CONTINUED)

### INTEGRITY GOVERNANCE

The Company effectively builds its integrity system. The Company further promotes its integrity construction and anti-corruption efforts, improves the reporting mechanism, strengthens the integrity culture education and training, and provides guarantees for its high-quality and sustainable development.

#### Anti-corruption

The Company strictly abides by laws and regulations related to bribery, extortion, fraud and money laundering, such as the *Company Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Criminal Procedure Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. The Company has also formulated internal policies such as the *Ten Prohibitions on Integrity and Self-discipline of Beijing Capital International Airport Company Limited*, the *Management Measures for Handling Public Complaints and Proposals of Beijing Capital International Airport Company Limited*, and the *Measures for Daily Supervision of Integrity Risks of Personnel in Key Positions*. These measures aim to enhance anti-corruption system, prevent, detect, and deter corrupt practices, and rigorously investigate and address disciplinary violations. The Company advocates for reform through case studies, using typical cases to alert management and personnel in key positions to adhere strictly to relevant standards. The Company encourages and prioritizes real-name reporting, and has formulated the *Interim Measures for Confidentiality of Real-name Reporting Complaints and Protection of Whistleblowers*, to strictly protect the basic information of whistleblowers and protect them from retaliation. Meanwhile, the Company carried out the "Review" inspections and special rectification in response to the results of "Review" inspections, formulated the *"Review" Report on the Special Treatment of Domestic Official Reception and Discipline Violations*, and supervised the rectification and reform of the violations. In 2023, the Company had no legal cases regarding corruption practices brought against the Company or its employees.

In accordance with the latest requirements of the Company's Discipline Inspection Committee, the Company issued the *Measures for Responding to Opinions on Party Conduct and Clean Governance of Beijing Capital International Airport Company Limited* and the *Regulations on the Management of Party Discipline Punishments of Beijing Capital International Airport Company Limited*, revised its relevant system such as the *Regulations on the Management of Discipline Inspection and Supervision* in 2023, to standardize and encourage anti-corruption reporting. During the reporting period, the Company received 13 reports, handled 7 problem clues, and urged relevant departments to handle 6 cases.



## ESG REPORT (CONTINUED)

### Procedures for the Handling of Whistleblowing Reports



The Company remains steadfast in fulfilling its supervision responsibilities, leveraging technological tools and random inspection to oversee critical areas including bidding, procurement, investment, leasing, project construction, appointment, and employment. To enhance oversight, the Company has introduced the *Graded Supervision and Early Warning Measures for Procurement Projects*, enabling multi-channel supervision on key projects and major procurement process links, while standardizing supplier selection mechanisms. Meanwhile, the Company requires all suppliers to sign the *Corporate Integrity Statement* as an attachment to the contract. As per the Company's *Supplier Management Regulations*, suppliers found engaging in commercial bribery or related activities will be blacklisted and barred from participating in the Company's bidding, competitive negotiations, comparison, direct procurement and other procurement projects within 5 years from the date of notification. During the reporting period, the Company conducted 848 supervisory practices through multiple channels, issued 641 integrity agreement opinions, and conducted 44 supervisory practices for employment, appointment, award issuance selection and evaluation.

## ESG REPORT (CONTINUED)

### Integrity Culture

The Company actively organizes various integrity education and training activities to strengthen its system building and culture. The Company creates an internal integrity culture, offers warning education, and signs the *Corporate Integrity Statement* with its new hires. The Company also provided discipline training for project leaders and judges, to ensure that integrity awareness is deeply embedded in its minds. For the senior and middle management, the Company regularly provides integrity party classes and mini-classes, and analysis sessions on strict party governance. The Company also conducts integrity-related training and promotion for all employees through the column articles on ethical compliance and the WeChat official account "The Company Integrity Gate". In 2023, the Company's employees collectively engaged in 14,942.3 hours of anti-corruption training. Furthermore, the Company actively promotes integrity at the board level by distributing integrity education materials to board members, supervisors, and executive directors, requesting their endorsement of the *Corporate Integrity Statement*. Additionally, the Company collaborates with third-party law firms to provide integrity training for external independent directors.

The Company actively delivers integrity education to all employees through various channels such as video and graphic promotions, cultural activities, and offline training sessions. The Company specifically tailor integrity training programs for new employee, aiming to reinforce integrity awareness and instill a robust disciplinary bottom line. In 2023, the Company organized a total of 3,231 hours of audit training for the management team. In terms of new employees, the Company signed the *Corporate Integrity Statement* with 51 new hires. The Company published 16 anti-corruption related articles on its WeChat official account "The Company Integrity Gate", with a total of 3,408 visits, and 1,300 people participated in the online anti-corruption knowledge quiz. In addition, the Company organized a campaign for the collection of integrity cultural works and received a total of 72 photographic works, articles, and videos.



### Case: 2023 Integrity Knowledge Quiz

From May 22 to May 26, 2023, the Company organized an integrity knowledge quiz. This activity takes the *Disciplinary Punishment Regulations of the CPC*, *Regulation on Party Accountability*, the *Law of the People's Republic of China on Administrative Punishment of Public Officials*, the *Supervision Law of the People's Republic of China* and the Company's Code of Integrity and Self-discipline as the scope of the quiz, and takes the intelligent discipline inspection system of the OA platform as well as the WeChat official account "The Company Integrity Gate" as the platform, aiming to equip employees with a deeper understanding of the serious harm of discipline violations and improve their awareness of integrity and self-discipline.

# ESG REPORT (CONTINUED)

## ENVIRONMENT



The Company is committed to implementing the new development philosophy and continuously promoting the construction of a green airport. To this end, the Company has strived to build an environmentally friendly, green and low-carbon modern airport with efforts to address climate change, pursue energy conservation and emission reduction, conserve resources, and fulfill eco-friendly commitments.



### Material ESG issues responded to in this chapter

- Climate Change
- Emissions Management
- Noise Pollution
- Use of Resources



### ESG indicators of the Stock Exchange of Hong Kong covered in this chapter

- A1 Emissions
- A2 Use of Resources
- A3 The Environment and Natural Resources
- A4 Climate Change

## ESG REPORT (CONTINUED)

### CLIMATE CHANGE

The Company proactively responds to the national "dual carbon" strategy of "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060", and fulfills its global responsibility to address climate change by implementing low-carbon development strategies. Utilizing the framework outlined by the Task Force on Climate-Related Financial Disclosure (TCFD) and adhering to the recommendations of the Climate Standards Framework developed by the International Sustainability Standards Board (ISSB), and have thoroughly assessed the impacts of climate change on the airport industry. The Company has initiated climate change management efforts across various dimensions, including climate governance, strategy, risk management, and the establishment of climate-related metrics and targets. The Company has optimized its climate governance structure and significantly enhanced its capacity to address climate change effectively.

#### Climate Governance

In response to the severe challenges posed by climate change, the Company has implemented proactive measures, and continuously engage in learning to accumulate experience in climate governance, striving to enhance the effectiveness of its climate change management practices. In 2023, the Company formulated the "ESG Governance Framework Optimization Plan" to further improve the ESG governance framework. This plan integrates climate change considerations into the governance, management, and execution layers of the ESG framework. It delineates clear responsibilities for addressing climate change risks and opportunities across different organizational levels as well as centralized management functions within responsible departments, and establishes a comprehensive and efficient climate governance system. The Board of Directors takes the lead at all levels to promote the implementation of climate strategies and climate risk management-related matters.

## ESG REPORT (CONTINUED)

### "ESG Governance Framework Optimization Plan" – Climate Change-Related Matters

#### The Governance Layer

- The Board of Directors is responsible for setting mid-term and long-term development goals related to climate change issues;
- The Strategy and Sustainable Development (ESG) Committee makes an overall plan on climate change-related work.

#### The Management Layer

- The Sustainable Development (ESG) Management Committee guides the realization of climate-related goals;
- Adding a Deputy General Manager in charge of green airport construction and climate change to serve as the Deputy Leader of the Sustainable Development (ESG) Management Committee and take the responsibilities for guiding related work.

#### The Executive Layer

- An office has been established under the Sustainable Development (ESG) Management Committee, with the Deputy General Manager overseeing green airport construction and climate change appointed as the office director;
- The Planning & Development Department and the Techniques & Procurement Department, responsible for environmental and climate management matters, have been transferred to the office's Deputy Director Department.

#### Climate Strategy

The Company identifies and evaluates the impact of climate change-related risks and opportunities on its business, services and value chains, and formulates corresponding strategies according to the degree and cycle of potential influence. To bolster the effectiveness of its efforts in addressing climate change, the Company actively aligns with the national "dual carbon" strategy. This entails developing a climate change framework and action plans, which include the *Carbon Neutrality Action Plan of Beijing Capital International Airport Company Limited* and the *Implementation Paths for Carbon Peaking and Carbon Neutrality of Beijing Capital International Airport Company Limited* in accordance with the guidelines such as the *Working Guidance of the CPC Central Committee and the State Council for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* and the *Action Plan for Carbon Dioxide Peaking before 2030*. The Company capitalizes on the opportunities presented by climate change while mitigating associated risks through various key measures. These include optimizing energy structures, enhancing energy efficiency, promoting low-carbon transportation, and constructing green facilities. Through such initiatives, the Company aims to bolster its resilience to climate change and facilitate the achievement of relevant objectives.

## ESG REPORT (CONTINUED)

## The Company's Climate Change Risk Identification and Management

Climate change risks	Potential impacts	Management
Acute risks	<p><b>More frequent and intense special/extreme weather events</b></p> <ul style="list-style-type: none"> <li>• Temporary production and operation disruption due to special/extreme weather events such as high winds, snowfalls, thunderstorms, and hail</li> <li>• The airport facilities and equipment would be damaged by special/extreme weather events such as high winds, snowfalls, thunderstorms and hail, which may impact production and operations</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate airport emergency plans to respond to special/extreme weather events, optimize management systems, and upgrade the early warning system</li> <li>• Maintain daily operational systems and ensure adequate supplies, and spare parts</li> <li>• Set up a dedicated maintenance team responsible for repairing damaged facilities, fixing drainage failures, and unclogging pipes</li> </ul>
Physical risks	<p><b>Higher temperatures and more severe heatwaves</b></p> <ul style="list-style-type: none"> <li>• Airport production and operations may experience stress and risks due to higher energy demand, costs, and power supply issues during high temperatures or heat waves</li> </ul> <p><b>Hazy weather due to an increased probability of the occurrence of stationary weather</b></p> <ul style="list-style-type: none"> <li>• Climate change leads to an increase in the occurrence of stationary weather, which may lead to hazy weather and low visibility that affect aircraft takeoffs and landings and the work of airport crews on the ground</li> </ul> <p><b>Changes in bird migration habits due to the warming climate</b></p> <ul style="list-style-type: none"> <li>• Climate change affects the living range and migration paths of migratory birds, bringing unpredictable bird strikes, resulting in weakened airport capacity stability and increased maintenance and operation costs</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure routine repair and maintenance and regular inspections of airport facilities and equipment, as well as major repair for critical production and operational support resources, etc.</li> <li>• Establish a complete operation monitoring network and operation command system</li> <li>• Set up a professional maintenance and troubleshooting team</li> <li>• Prepare comprehensive operational support plans and implementation standards to deal with low-visibility weather</li> <li>• Control the ecological environment of the soil area and establish an overall ecological protection network for the airport that is deeply integrated with the bird monitoring system, covering the core part within the flight area, gradually achieving real-time monitoring of birds, and reducing the occurrence of bird strikes</li> </ul>

## ESG REPORT (CONTINUED)

Climate change risks		Potential impacts	Management
Transition risks	Policy risks	<ul style="list-style-type: none"> <li>• New national climate-related laws, regulations, and policies impose more stringent requirements for the industry, heightening emissions restrictions on civil airlines, and thus increasing the Company’s operating costs</li> <li>• National policies and regulations related to climate change are expected to increase requirements for energy efficiency and renewable energy use in utility buildings, raise standards for airport building facilities, and extend construction, operation cost, and delivery times</li> </ul>	<ul style="list-style-type: none"> <li>• Establish short-, medium- and long-term carbon peaking and carbon neutrality goals and strategies, regularly disclose the progress of greenhouse gas emission reduction target, and continuously optimize greenhouse gas emission reduction measures</li> <li>• Promote new energy and research on intelligent management platforms</li> <li>• Use energy-efficient and environmentally friendly products and technologies, and implement sustainable buildings and operations</li> </ul>
	Market risks	<ul style="list-style-type: none"> <li>• The impact of climate change on other industries such as tourism and logistics may indirectly cause fluctuations in airport passenger flow and uncertainty in freight operations, thereby affecting the stability of airport operations</li> </ul>	<ul style="list-style-type: none"> <li>• Develop flexible operational management system and plans, and adjust market strategies in a timely manner</li> <li>• Enhance the cooperation with key industries, develop strategic partnerships, and better adapt to market fluctuations through timely information sharing and joint planning</li> </ul>

The Company adopts a proactive stance towards climate change, viewing it as an ideal opportunity to transition its development approach. With a firm commitment to sensibly harnessing and leveraging climate change opportunities as a catalyst for progress, the Company continuously explores avenues for transitioning its business operations and other facets. This endeavor aims to enhance its capacity to adapt to climate change effectively while fostering the sustainable development of both organization and upstream and downstream value chains.

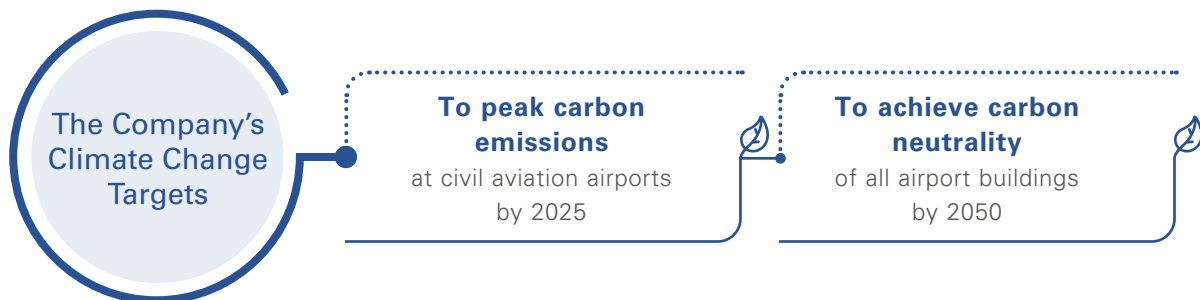
## ESG REPORT (CONTINUED)

### Climate Risk Management

The Company is gradually advancing its climate risk management initiatives, systematically identifying and evaluating both physical and transitional risks stemming from climate change. The Company devises corresponding solutions and measures, continuously refining its business development strategies and resource allocation to bolster its resilience to climate change. In addition, given the unique characteristics of the airport industry, operations are significantly impacted by weather conditions. In response, the Company has formulated a comprehensive set of emergency plans tailored to address special and extreme weather risks, ensuring prompt and effective emergency responses. In 2023, the Company continued its efforts in exploring the identification, assessment, and management of climate change risks. Concurrently, the Company has improved its ESG management system, with a focus on gradually establishing its climate risk management mechanism and integrating climate risk management into the overall risk management process.

### Climate-related Metrics and Targets

The Company proactively seizes the opportunities presented by low-carbon development and transition, establishing targets for carbon peaking and carbon neutrality to drive the adoption of low-carbon practices and advance the principles of sustainable development. The Company also incorporates energy conservation and emission reduction into its daily operations and management. The Company integrates energy conservation and emission reduction into its daily operations and management. Specifically, the Airfield Management Department, Terminal Management Department, and Public Area Management Department have established climate-related assessment targets to enhance responsibility for climate change response and management, assisting the Company in fully meeting transition requirements. The Company plans to gradually refine relevant environmental performance targets and consistently disclose completion results following the guidelines and requirements of the *14th Five-Year-Plan for the Green Development of Civil Aviation* in the future, contributing to the achievement of the national "dual carbon" goal. In 2023, the Company continued photovoltaic construction, achieving clean energy production by converting solar energy into electricity. This initiative reduces reliance on traditional fossil fuels, thereby decreasing greenhouse gas emissions and advancing climate-related targets.





## ESG REPORT (CONTINUED)

The Company's Greenhouse Gas Emissions<sup>(Note 1)</sup>

Key Performance Indicators	2021	2022	2023 <sup>(Note 2)</sup>
Greenhouse gas emissions (Scope 1) (tCO <sub>2</sub> e)	798.42	776.88	733.10
Greenhouse gas emissions (Scope 2) (tCO <sub>2</sub> e)	356,886.60	335,505.01	224,251.59
Total greenhouse gas emissions (tCO <sub>2</sub> e)	357,685.02	336,281.89	224,984.70
Greenhouse gas emission intensity (tCO <sub>2</sub> e per 10,000 person times)	109.55	264.72	42.55

Note 1: According to the national carbon emission verification methods, the Company's greenhouse gas emissions include carbon dioxide that comes from power consumption (GPU excluded, merchants included), purchased heat, and diesel and gasoline burning. Other emissions are very little.

Note 2: Greenhouse gas emissions data are calculated based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Notice on the 2023-2025 Work Related to the Management of Corporate Greenhouse Gas Emissions Reporting in the Power Industry, the Requirements of the Greenhouse Gas Emissions Accounting and Reporting – Part 6: Civil Aviation Enterprise, and the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Other Industrial Enterprises. As the carbon emissions reporting and verification work in 2023 has not yet started, the greenhouse gas (carbon dioxide) emissions were calculated using the verification method for the previous year. Any data discrepancies will be updated in time.

## ESG REPORT (CONTINUED)

The Company makes steadfast efforts to explore green airport transition models and has formulated the *Near-Zero Carbon Terminal Construction Plan of Beijing Capital International Airport Company Limited*. The Company is committed to improving terminal energy efficiency through initiatives such as green buildings, energy saving and consumption reduction management, and adopting renewable energy technologies to steadily promote the construction of near-zero carbon terminals.

### Case: Being awarded the "Three Stars" title under the "Airports Carbon Evaluation"

Thanks to the Company's outstanding achievements in energy conservation and emission reduction management, in February 2023, the Company was awarded the "Three Stars" title under the "Airport Carbon Evaluation" at the 4th China Airport Development Conference and Innovation Achievement Conference hosted by the China Civil Airports Association (CCAA), becoming one of the first airports in China to attain the three-star accreditation under "Airports Carbon Evaluation". The title is the highest level that can be applied for in the evaluation system for carbon emission management capabilities in the civil transportation airport industry launched by CCAA, fully demonstrating the Company's achievements in green airport construction and its leading position in the industry.



The award ceremony of the "Airports Carbon Evaluation"

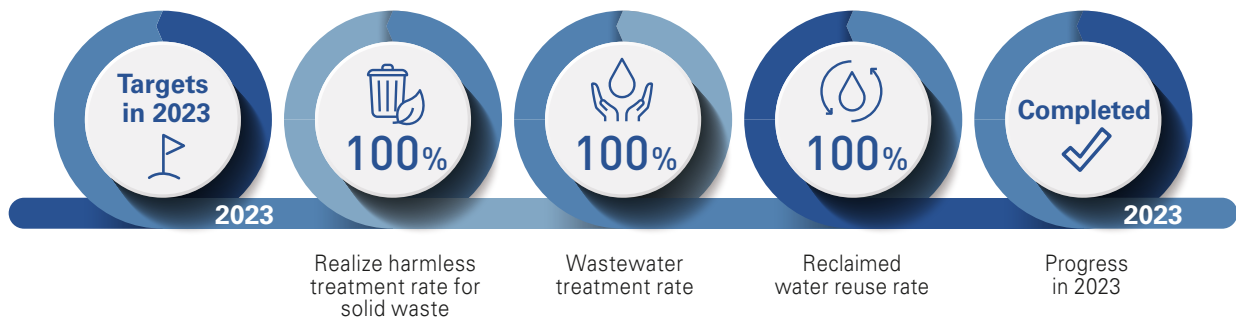


The Company's Star Certificate of the "Airports Carbon Evaluation"

## ESG REPORT (CONTINUED)

### EMISSIONS MANAGEMENT

The Company is committed to lead by green development and is dedicated to waging the "three battles" of keeping blue sky, clean water, and pollution-free land by following higher standards. The Company strictly abides by all relevant laws and regulations on environmental protection and constantly strives to improve the internal environmental management system. Addressing issues at their source is the cornerstone of the ecological environmental protection strategy. The Company closely monitors and manages air emissions, wastewater, solid waste, and noise generated during both construction and daily operations to fully meet environmental protection standards and promote its green and high-quality development.



#### Air Emissions Management

The Company implements the requirements of relevant laws and regulations such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Comprehensive Emission Standards of Atmospheric Pollutants*, and the *Standard for Pollution Control on the Municipal Solid Waste Incineration*. Internally, the Company has established the *Air Pollution Control System* to clarify the air emissions standards and management approaches to manage air emissions. In addition, the Company implements various measures to mitigate aircraft and ground vehicle emissions, as well as addressing pollution from catering fumes and atmospheric dust generated during construction activities. The Company also conducts regular maintenance of air emission treatment facilities and monitors air emissions in real-time during operations to minimize odor and incineration gas pollutants. This ensures prompt treatment of air emissions and compliance with relevant standards. In 2023, the Company intensified its efforts in air emissions management and pollution prevention by deploying dust reduction devices and encouraging construction project contractors to implement dust control measures. These actions further solidified its success in the "Blue Sky Protection Campaign".

## ESG REPORT (CONTINUED)

### Part of the Company's Air Emissions Management Initiatives

#### Reduction of emissions from aircraft and ground vehicles

- Conduct analysis and research on aircraft emissions and formulate emission standards for aircraft at the Company;
- Cooperate with relevant departments to conduct enforcement inspection of non-road mobile machinery exhaust emissions and code registration;
- Optimize flight procedures to reduce aircraft emissions;
- Promote vehicle emission compliance in airfield areas;
- Strictly implement vehicle emission management, phase out vehicles that do not meet emission standards, and adopt new energy vehicles within the scope of the vehicle model specified in the policy for all new vehicle purchases, to effectively reduce vehicle exhaust emissions.

#### Greasy fume control

- Establish an emission management system for the terminals;
- Optimize the control of greasy fume emissions and urge all catering services to upgrade their greasy fume purification devices;
- Conduct regular inspections of catering services to ensure compliance with emissions standards.

#### Dust control

- Establish a sound construction dust management system;
- Implement measures such as construction site enclosure, airborne dust wet suppression for land excavation, and closed transportation of muck vehicles to effectively control construction and fugitive dust;
- Spray water mist to moisten dust by water mist gun trucks, and lower the dust to the ground by gravity to control dust spread;
- Manage contractors by signing contracts and propose dust control indicators, requiring them to strengthen dust control work.

## ESG REPORT (CONTINUED)

### Case: Dust control for substation equipment capacity expansion and renewal project

In 2023, the Company conducted a substation equipment capacity expansion project to reduce air pollution caused by construction dust emissions such as earthwork excavation. The Company strengthened dust management of contractors and formulated the *Construction Contract for the Equipment Capacity Expansion and Renewal Project of the No. 79 Substation of the Beijing Capital International Airport*, requiring contractors to strengthen dust control and strictly implement requirements such as 100% wet operation on demolition sites and 100% enclosed transportation of waste soil vehicles. During the construction of the project, the contractors used water mist gun trucks to reduce dust produced during soil excavation, effectively controlling the generation and spread of dust on the construction site, and reducing the impact of construction on surrounding environment.



Using water mist gun trucks to reduce dust

### Wastewater Management

The Company strictly complies with relevant laws, regulations and standard files such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Discharge Standard of Water Pollutants*, and the *Regulation on Urban Drainage and Sewage Treatment*. The Company manages domestic wastewater, industrial wastewater, surface water, and rainwater, continuously monitoring the quality of wastewater treatment and conducting regular tests on upstream water quality. Moreover, the Company consistently discloses daily and monthly self-monitoring results of sewage, enhancing supervision to clarify the direction for wastewater treatment and committing to maintaining clear water orderly. In 2023, the Company rigorously implemented compliance requirements for various types of wastewater treatment and completed pre-acceptance of projects in the blower room, electrical room, water quality instrument room, and chemical dosing room of the Western Airport Wastewater Treatment Plant. Wastewater generated within the operating area was discharged stably to meet relevant standards.

### The Company's Wastewater Treatment KPIs

Key Performance Indicators	2021	2022	2023
Volume of treated wastewater (10,000 tonnes)	618.83	542.58	573.17
COD reduction (tonne)	1,360	1,011.6	1,334.8
Ammonia nitrogen reduction (tonne)	145	92.4	117.7

## ESG REPORT (CONTINUED)

### Case: The Western Airport Wastewater Treatment Plant conducted flood season sewage management

The Western Airport Wastewater Treatment Plant is one of the main wastewater treatment facilities of the Company, which mainly treats wastewater from Terminal 1 and Terminal 2, the western work area, and the airport living area. In 2023, in response to the risk of sewage overflow caused by the sudden increase in rainfall during the flood season, the Company conducted a comprehensive inspection and cleaning of all rainwater grids before the flood season, increased the lifting capacity of the pump to lower the water level of pools, and conducted emergency drills and training for all personnel at the plant. By taking the above measures, the Company has laid a solid foundation for the storage and treatment of sewage during the flood season, strengthened the management of rainwater and sewage treatment from the source, and successfully passed the test of heavy rainfall caused by the Super Typhoon Doksuri.



Rainwater and sewage treatment during the flood season at the Western Airport Wastewater Treatment Plant

### Waste Management

The Company complies with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Technical Policy for the Prevention and Control of Hazardous Waste Pollution*, the *Regulations on the Management of Urban Construction Waste*, and the *Regulations of Beijing Municipality on the Prevention and Control of Environmental Pollution by Hazardous Waste*. The Company has also formulated internal waste management related documents such as the *Environmental Management Regulations*, the *Solid Waste Pollution Control Policy*, the *Implementation Plan of Waste Classification of Beijing Capital International Airport Company Limited (Trial Edition)*, and the *Rules of the Public Area Administration Department for the Management of Domestic Waste* to clarify the main responsibilities of waste management. Meanwhile, the Company strictly adheres to waste classification requirements, collecting domestic waste, construction waste, landscape and greening waste, and hazardous waste for centralized treatment. The Company engages qualified third-party units for transportation and disposal in compliance with regulations, actively promoting the "Clean Land Protection Campaign". In 2023, the Company carried out waste management orderly, and achieved comprehensive harmless treatment of waste in public areas to minimize the environmental impact caused by waste emissions.

## ESG REPORT (CONTINUED)

**In domestic waste management**

- Accurately record the acceptance and removal of the key categories of domestic waste, and establish a ledger for it;
- Stagger transportation of general household waste to reduce pollution risks;
- Conduct a monthly assessment of domestic waste management and quarterly summarize the assessment results of regular monthly inspections, irregular spot checks, and interim inspections.

**In hazardous waste management**

- Organize the collection and transportation of hazardous waste such as waste lighting products, waste engine-oil, and waste batteries, and establish daily management account for hazardous waste, so as to achieve harmless waste treatment;
- Formulate plans for the emergency disposal of hazardous waste and conduct drills at least once a year;
- Complete the construction and maintain the operation of the hazardous waste warehouse of Beijing Capital Airport;
- Require contractors to manage and discharge waste oils properly.

**In construction waste management**

- Establish an independent classification and collection management system, and require the construction contractors to clarify the amount of construction waste generated and the treatment methods;
- Control the production of waste soil and achieve the treatment and secondary utilization of waste soil.

**In sludge management**

- Entrust qualified institutions to conduct regular dredging on rainwater main pipelines, sewage main pipelines, watercourses, the East Lake and West Lake, as well as sewage treatment facilities, and keep relevant records to ensure the legal and compliant disposal of sludge.

## ESG REPORT (CONTINUED)

## The Company's Waste Generation

Key Performance Indicators	2021	2022	2023
Hazardous waste (tonne) <sup>(Note 3)</sup>	1,375.92	1,857.59	88.76
Hazardous waste intensity (tonne per 10,000 person times)	0.42	1.46	0.02
Household waste (tonne)	22,000	10,937	15,045
Aviation waste (excluding hazardous waste) (tonne)	7,658	3,034	4,492
Non-hazardous waste (tonne)	29,658	13,971	19,537
Non-hazardous waste intensity (tonne per 10,000 person times)	9.08	11.00	3.69

## Noise Management

The Company strictly abides by the relevant laws, regulations, and standards including the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, the *Environment Standard of Aircraft Noise around Airport*, the *Emission Standard for Industrial Enterprises Noise at Boundary*, and the *Measures for Prevention and Control of Environmental Noise Pollution in Beijing*. Meanwhile, the Company has formulated the *Environmental Management System* to clarify the requirements for fixed and mobile noise sources, conducts daily noise monitoring and supervision, and strives to minimize noise pollution.

- The Company has implemented a comprehensive noise management system to proactively monitor sensitive points and supervises noise in key areas to minimize environmental impacts.
- The Company conducts noise evaluation at the airport boundary with reference to the *Emission Standard for Industrial Enterprises Noise at Boundary* and discloses the data on a quarterly basis.
- To ensure effective noise monitoring and control, the Company employs an aviation noise monitoring system that consecutively operates 24-hour/7 at fixed points, automatically detecting noise caused by aircraft operations. The Company analyzes the monitoring results to continuously optimize aviation noise management and control.
- The Company is committed to promoting projects that support noise pollution prevention and control, including the impact analysis and simulation evaluation project of noise reduction measures, the evaluation index system of noise impacts on residents and the application research project to provide science-based support for noise pollution prevention and control. In 2023, the Company set up a total of 22 noise monitoring points, covering Shunyi District, Chaoyang District, and Tongzhou District, including 20 fixed detectors and 2 mobile detectors.

Note 3: The total amount of hazardous waste includes pandemic-related waste and other hazardous waste. In 2023, due to the absence of pandemic-related waste, the total amount of hazardous waste decreased compared to previous years.



## ESG REPORT (CONTINUED)

### The Company's Noise Control Measures

Noise source type		Control measures
Fixed noise sources	Western Airport Wastewater Treatment Plant, the waste transfer station, the incineration station, and other facilities	<ul style="list-style-type: none"> <li>• Adopt effective measures such as the rational arrangement of the layout of facilities and equipment, and strengthen equipment lubrication and maintenance;</li> <li>• Develop and implement corresponding operation instructions and equipment maintenance procedures, and implement technical renovation when necessary to reduce noise impacts;</li> <li>• Regularly test the noise at the boundary of key noise sources and meet the requirements of the <i>Emission Standard for Industrial Enterprises Noise at Boundary</i>.</li> </ul>
Mobile noise sources	Aircraft activities	<ul style="list-style-type: none"> <li>• Operate and maintain the noise monitoring system, draw and update noise contour maps, and regularly monitor and analyze noise data;</li> <li>• Strengthen noise monitoring during aircraft tests and mooring;</li> <li>• Optimize flight procedures to reduce noise at sensitive points.</li> </ul>
	Motor vehicles	<ul style="list-style-type: none"> <li>• Set up clear signs in no-noise areas and keep them maintained and updated.</li> </ul>
	Construction activities	<ul style="list-style-type: none"> <li>• Strictly comply with the <i>Emission Standard of Environment Noise for Boundary of Construction Site</i>;</li> <li>• Develop a management system to prevent and control noise pollution at construction sites;</li> <li>• Incorporate noise management requirements and environmental inspection responsibilities into the construction contracts;</li> <li>• Incorporate the costs for noise pollution prevention and control measures in the project cost process.</li> </ul>

## ESG REPORT (CONTINUED)

### ENVIRONMENTAL PROTECTION

The Company is committed to corporate environmental responsibility and implements the requirements of the construction of a green airport. The Company aims at continuously enhancing its environmental management system to reduce the environmental impact during operations and meet the sustainable transportation options for travelers by reducing the waste of resources and energy, and improving energy and water use efficiency. In 2023, the Company has passed the ISO 14001 environmental management system certification.

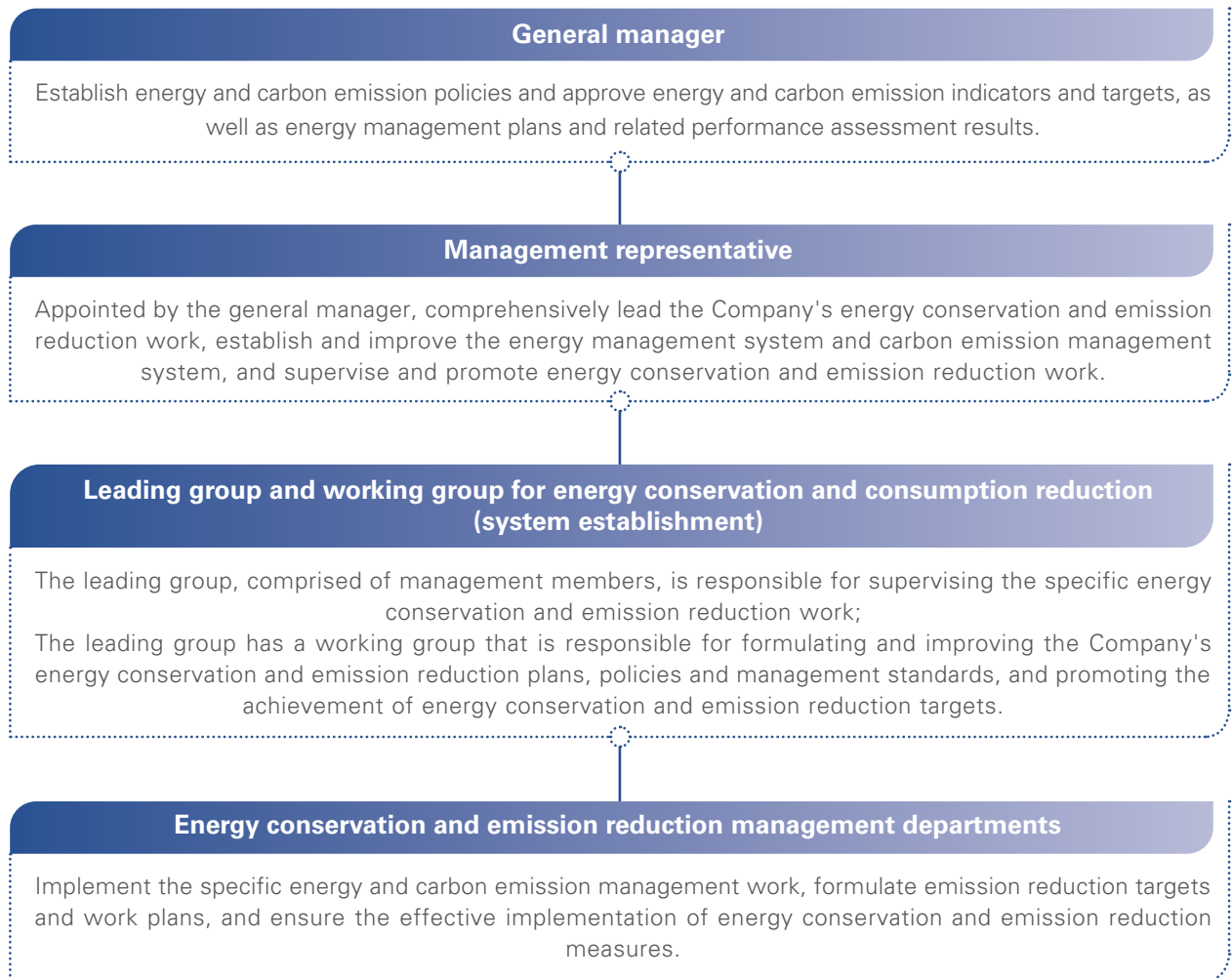
#### Energy Management

The Company strictly complies with all relevant laws and regulations such as the *Law of the People's Republic of China on Energy Conservation*, the *Renewable Energy Law of the People's Republic of China*, and the *Electric Power Law of the People's Republic of China*. The Company has formulated internal energy management policies such as the *Energy Management Regulations* to outline regulations on energy principles, performance indicators, energy evaluation, and energy safety management. Energy management is considered the cornerstone of energy conservation and consumption reduction, and the Company consistently promotes the implementation of various energy-saving measures. In 2023, the Company released the *Photovoltaic Construction Plan for Beijing Capital International Airport Company Limited*, setting goals for photovoltaic construction to be completed in four phases. Additionally, the Company aims to make 2025 a significant milestone year for photovoltaic construction, with a target of achieving 53 MW of total installed capacity for new photovoltaic projects by 2030.

The Company has established an energy management framework, outlining targets for energy consumption and renewable energy utilization. The Company has also developed decommission goals and plans to reduce costs and enhance efficiency. Through lean energy management practices, the Company implements energy-saving technology transformations to ensure the achievement of energy consumption targets and plans. In addition, the Company actively promotes energy structure transformation and has compiled a potential project library of renewable energy initiatives. By undertaking measures such as photovoltaic construction and transitioning to new energy vehicles, the Company aims to increase the proportion of clean and renewable energy in its energy structure. This not only reduces energy consumption at the source but also creates an environmentally friendly and energy-efficient airport while meeting various business operation needs.

## ESG REPORT (CONTINUED)

### The Framework of the Energy Management System of the Company



## ESG REPORT (CONTINUED)

### The Company's energy-saving lean management targets and results in 2023

#### Comprehensive energy consumption- Completed

- A growth rate of no more than 20% per unit area.

#### Efficiency of new energy facilities- Completed

- Promoted the construction and application of APU facilities to achieve 100% coverage of contact stands and nearly 70% of remote aircraft stands, reducing high pollutants emissions from traditional aircraft APU turbine engines;
- Promoted the "Replacing Fuel-Driven Vehicles with Electric-Driven Ones" of all vehicles;
- Promoted the construction of energy monitoring platforms.

## ESG REPORT (CONTINUED)

### The Company's energy-saving lean management measures and achievements in 2023



#### Improve energy use structure

- Replaced lights in batches at the terminal buildings, airfield, parking structure, and public roads with LED energy-saving ones with a total replacement of 166 thousand units;
- Purchased 6 new energy vehicles with an investment of approximately 2.93 million yuan. As of the end of 2023, the Company had a total of 1,526 new energy vehicles in the flight area, accounting for 42.04% of the total vehicles, a steady increase of 3.54% compared to the previous year;
- Purchased heat is the main source of energy consumption for the Company. The Company has conducted analysis and research on the application of heat pumps and energy storage technologies in buildings and aims to reduce heat consumption through technical innovation. Pilot application of air source heat pumps in non-central heating areas is expected to commence in 2025.



#### Carry out energy use management

- Adjusted the operation strategy of the terminal buildings rationally, flexibly controlled the heating time based on the characteristics of the building and the actual temperature sensation of passengers while ensuring a comfortable indoor temperature, and closely monitoring external environmental temperature changes to carry out regional cooling services;
- Developed and applied three major platforms, including power monitoring, matching operation of electric vehicles and charging piles, and remote power and air conditioning monitoring, to achieve unified monitoring, unified allocation, smart measurement of newly added equipment, and realize smart energy consumption management;
- Developed economical operation plans for major energy consuming systems such as lighting, HVAC, luggage handling, and passenger rapid transit;
- Incorporated energy-saving achievements into the evaluation indicators of energy-related suppliers.

## ESG REPORT (CONTINUED)



### **Case: Upgrading flight navigation technology to reduce energy consumption**

On December 28, 2023, the Company officially launched the Established on RNP AR (EoR<sup>(Note 4)</sup>) experimental operation based on the Required Navigation Performance Authorization Required (RNP AR<sup>(Note 5)</sup>) according to authorization requirements. The CA1709 and ZH9103 flights that participated in the experimental operation completed their flights and landed successfully, realizing the application of EoR technology in multi-runway airports in China. RNP AR is a new navigation technology that guides aircraft takeoff and landing. Through precise positioning technology, it provides a flexible path to avoid or leap over obstacles, guiding the aircraft to achieve continuous descent, thereby effectively shortening flight distance and reducing fuel consumption as well as carbon emissions generated during flight.

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Note 4: RNP AR, also known as "Required Navigation Performance Authorization Required", is a new technology that utilizes the aircraft's onboard navigation equipment and global positioning system to guide aircraft takeoff and landing. In the process of flight affected by terrain, satellite navigation systems are used to eliminate dependence on ground navigation systems, improve positioning accuracy and flight efficiency, and ensure flight safety.

Note 5: EoR (Established on RNP AR) is a new operational procedure that utilizes RNP AR's parallel runway for independent approach. Through more precise trajectory retention capability and fixed radius turning function, EoR establishes stable approach to enable the aircraft operate safely according to approved reduced interval standards.

## ESG REPORT (CONTINUED)

## The Company's Energy Consumption

Key Performance Indicators	2021	2022	2023
Comprehensive energy consumption (TCE) <sup>(Note 6)</sup>	80,524.75	75,819.66	57,539.52
Comprehensive energy consumption intensity (TCE per 10,000 person times)	24.66	59.68	10.88
Purchased electricity consumption (kWh)	184,985,114.39	178,153,289.36	209,998,733.85
Gasoline consumption (tonne)	118.88	106.58	97.04
Diesel consumption (tonne)	143.39	150.24	145.12
Purchased heat consumption (GJ)	1,682,480.18	1,570,348.56	919,591.06
Purchased electricity consumption intensity (kWh per 10,000 person times)	56,658.74	140,241.28	39,712.95
Gasoline consumption intensity (tonne per 10,000 person times)	36.41	83.90	18.35
Diesel consumption intensity (tonne per 10,000 person times)	43.92	118.27	27.44
Purchased heat consumption intensity (GJ per 10,000 person times)	515.31	1,236.17	173.90
Renewable energy consumption (kWh)	748,217.0	1,012,099.5	1,213,910.0

Note 6: The comprehensive energy consumption is calculated according to the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T2589-2020).

## ESG REPORT (CONTINUED)

### Water Efficiency

The Company places great importance on conserving scarce water resources and ensures compliance with relevant laws and regulations such as the *Water Law of the People's Republic of China* and as well as the relevant standards formulated by the Civil Aviation Administration of China. The Company develops annual water efficiency targets and plans based on operational water usage, and conducts comprehensive water resource management, focusing on controlling water supply systems and promoting water-saving awareness. The Company is committed to the rational and efficient use of water resources to improve water efficiency.

The Company regularly monitors water consumption and the water supply system to prevent water waste caused by issues such as running water from pipes and toilets, dripping faucets, and leaks. During the reporting period, the Company continuously intensifies employee training programs to raise awareness and promoted meticulous management of its water facilities to reduce water waste. Meanwhile, the Company regularly upgrades energy-saving appliances, continuously strengthens technological innovation in water conservation, and promotes the recycling of non-traditional water sources such as reclaimed water and rainwater to improve water efficiency. In 2023, there was no issue for the Company in sourcing water that is fit for purpose.

### The Company's Progress of Water Efficiency Targets of Terminal Buildings

Project	Targets in 2023	Progress in 2023
Water efficiency targets of terminal buildings	The water consumption per passenger decreases by no less than 12% compared to the average annual value from 2020 to 2021	Target achieved, with a decrease of 47% compared to the average annual value from 2020 to 2021

### The Company's Water Consumption

Key Performance Indicators	2021	2022	2023
Water consumption (tonne)	946,132.00	714,592.00	1,017,757.00
Water consumption intensity (tonne per 10,000 person times)	289.79	562.52	192.47



## ESG REPORT (CONTINUED)

### Ecological Management

The Company is committed to upholding the philosophy of "putting ecology first and practicing green development". The Company strictly follows the laws and regulations such as the *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Water and Soil Conservation Law of the People's Republic of China*, and the *Soil Environment Quality Risk Control Standard for Soil Contamination of Development Land (for Trial Implementation)*. The Company has formulated internal policies such as the *Identification and Evaluation Checklist of Environmental Factors* and the *Environmental Management Objectives and Measures* to continuously improve and operate its eco-environmental governance system. The Company's measures include green construction, monitoring and management of the soil environment, vegetation protection, and bird rescue. These actions aim to minimize the potential impacts of the Company's business activities on biodiversity and the ecological environment while promoting the harmonious coexistence of the airport and the surrounding ecology. In addition, the Company continues to promote "grass species improvement" by introducing advantageous grass species that are not easy to bear grass seeds, with dwarf stands, and are not attractive for insects, to help improve the ecological environment of soil areas.



### Case: Constructing a full chain of bird protection to ensure biodiversity

As a part of the food chain, birds are interdependent with other organisms within the ecosystem. The Company actively fosters a green ecosystem within airports by implementing various measures, including bird monitoring, establishing safe migration zones, constructing bird protection facilities, and safeguarding rare and endangered bird species. Through close observation of bird distribution patterns at various times, the Company gains deep insights into their habits, allowing for the timely formulation of protection strategies. The ongoing efforts aim to achieve comprehensive bird protection throughout the entire chain. The Company is committed to protecting the ecological balance of bird habitats, thereby making positive contributions to the healthy development of the entire ecosystem.

In 2023, the Company enhanced the accuracy and monitoring range of its bird monitoring system to effectively guide birds that inadvertently enter the flight area to safe zones, thereby minimizing damage caused by human factors to bird diversity. The bird monitoring system has real-time observation function and statistical analysis ability. It presents the distribution of birds by time-distribution graph, thermodynamic diagram, and grid chart, providing strong support for on-site management. Upon encountering protected birds during bird protection activities, the Company promptly contacts animal protection or rescue organizations to ensure proper treatment of the birds. In addition, the Company has established bird rescue stations with suitable habitats to accommodate various bird species, providing them with essential necessities such as food, water, and safe resting areas. Meanwhile, the Company has set up three rescue rooms with different attributes based on the feeding habits of birds, providing rescue and maintenance for granivores and insectivorous birds, carnivorous birds, and special birds. Through these initiatives, the Company employs multiple measures to uphold ecological balance and harmony in nature, striving to fulfill the aspiration of "letting birds and aircraft each enjoy a piece of blue sky."

## ESG REPORT (CONTINUED)

The Company attaches great importance to the protection of key bird species and has collaborated with professional organizations to establish an aviation surveillance database. This database monitors key bird species and prevents their interference with aircraft operations. Meanwhile, the Company adheres to the core principle of creating a distinction between the internal and external ecological environment of the airfield, following a "prevention-oriented and comprehensive management" approach and striving towards the goal of "letting birds and aircraft enjoy their own blue sky without interfering each other" to execute bird-strike prevention measures. In 2023, the Company independently developed a bird detection system based on the bird information-sharing platform. This system is seamlessly integrated with a four-level bird warning system, denoted by "blue-yellow-orange-red", covering the core area within the airfield boundary. It primarily focuses on real-time detection of large, medium, and small birds within the runway range. This innovative system addresses the challenges of "unclear, distant, and inaccurate" bird observation by human eyes. The Company is committed to comprehensively protecting the ecology of birds by promoting the systematic development of bird strike prevention through electronic management.

The Company also actively promotes ecological protection and encourages both employees and passengers to engage in environmental conservation efforts, collectively safeguarding lucid waters and lush mountains to build a beautiful homeland. In 2023, the Company fulfilled its ecological and environmental protection responsibilities by encouraging relevant stakeholders to incorporate environmental protection concepts and actions into their daily lives. Together with the United Nations Environment Programme (UNEP), the Company conducted themed promotional activities such as "Solutions to Plastic Pollution" and "Forest for Life." These initiatives aimed to raise awareness among the public regarding global environmental issues such as plastic pollution and forest degradation. The Company advocated for reducing the use of disposable plastic products and encouraged participation in forest resource protection actions, thereby contributing to global ecological environment governance efforts.



Promotional activity themed "Forest for Life"



Promotional activity themed "Solutions to Plastic Pollution"

## ESG REPORT (CONTINUED)

# SOCIETY



The Company adheres to the people-centered principle, and continuously improves the passenger demand-based management system. The Company values its employees as the cornerstone of sustainable development and strives to build a safe and smart airport with the help of digital and intelligent tools. The Company makes concerted efforts to ensure airport safety, constantly enhances the quality of customer service, and demonstrates its social responsibility and mission.



### Material ESG issues responded to in this chapter

- Safe Operation
- Occupational Health and Safety
- Customer Privacy
- Passenger Service
- Employee Development and Training
- Employee Interests and Benefits
- Supply Chain Management
- Industrial Exchange
- Community Investment and Communication



### ESG indicators of the Stock Exchange of Hong Kong covered in this chapter

- B1 Employment
- B2 Health and Safety
- B3 Development and Training
- B4 Labour Standards
- B5 Supply Chain Management
- B6 Product Responsibility
- B8 Community Investment

## ESG REPORT (CONTINUED)

### SAFETY MANAGEMENT

As a large civil airport, the Company values safety as a crucial cornerstone of its operations and development. The Company prioritizes investing in human and material resources to build a safe airport. The Company strives to ensure safety in airport operations, while insisting on a people-oriented approach and considering airport safety operation management, information security construction, and personnel health protection as integral components of safety management. The Company's focus remains on the occupational safety management of its employees while seeking to build a robust airport safety management system that fosters a community of shared safety interests.

#### Operational Safety

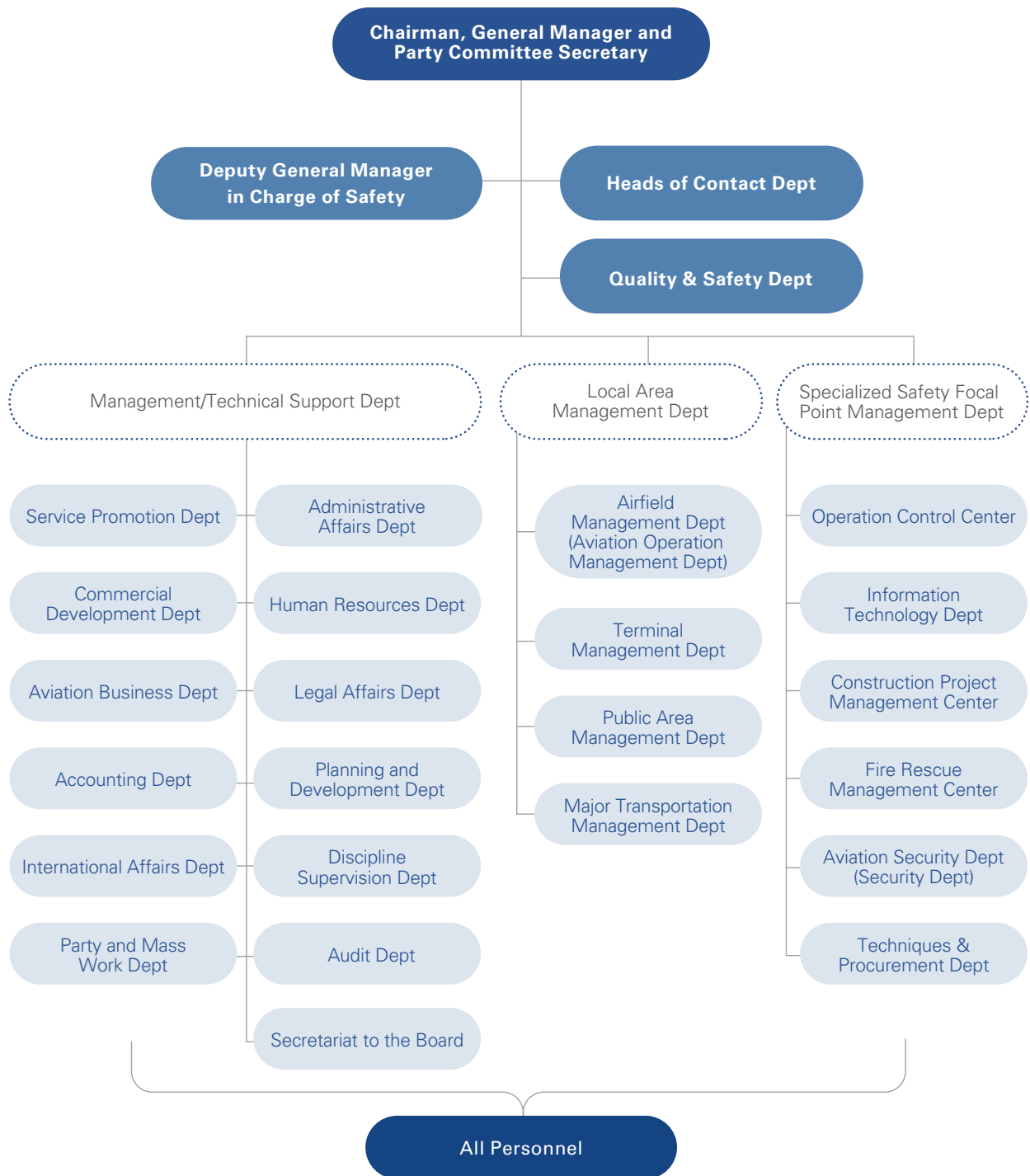
The Company adopted a safety culture that prioritizes "respecting regulations" and strictly complied with both relevant laws and regulations such as the *Work Safety Law of the People's Republic of China* and internal policies such as the *Safety Management Regulations*, the *Articles of Association of Beijing Capital International Airport Safety Management Committee* and the *Safety Risk Management Procedure of the Company etc.* To improve safety management, the Company continuously revises its policies to fill gaps.

The Company has formulated the *Safety Qualifications Management Measures of the Company* to clarify the requirements of safety qualifications for its personnel and the responsibilities of safety management personnel at all levels, thus carrying out safety management effectively. Meanwhile, by implementing the *Management Measures for the Work Safety Responsibility System of Beijing Capital International Airport Company Limited*, the Company is able to regulate relevant responsibilities in terms of detailed requirements, duties to be performed, and methods to implement them, thereby enhancing security. In 2023, the Company obtained the ISO 9001 certification and strictly followed safety management requirements during the reporting period to ensure that all quality work is knowable, visible, and traceable.

The Company improved its safety management organization by establishing an Audit Department within the "Management/Technical Support Department" and putting the Techniques & Procurement Department under the "Specialized Safety Focal Point Management Department". By implementing auditing procedures, the Company is able to identify potential hazard information and areas in need of improvement, and also optimized its use of technology and procurement to enhance safety management practices and address its shortcomings.

# ESG REPORT (CONTINUED)

## The Company's Safety Management Organization



## ESG REPORT (CONTINUED)

Under the guidelines of the *Regulations on Operation Safety Management of Transport Airports* released by the Ministry of Transport, the Company has established its Safety and Security Management Committee (the "Safety Committee"). The Safety Committee serves as a liaison between the airport management and entities stationed at the airport to ensure work safety. Under its purview, the Safety Committee has set up specialized offices including the Aviation Security Office, the Operation Safety Work Office, the Fire Safety Office, the Energy Security Office and the Terminal Safety Office. Regular meetings are convened to facilitate the exchange of operational safety information, identify potential hazards and risks, coordinate and resolve pertinent issues, and promote adherence to work safety rules and regulations, thereby ensuring safe and orderly operations. In 2023, the Company diligently implemented the *Articles of Association of Beijing Capital International Airport Safety Management Committee* to further delineate the responsibilities of the Safety Committee. All specialized offices implement their daily work according to policies such as the Safety and Security Committee's articles and management system, and are subject to the arrangement of the Safety Committee Office.

### Safety Risk Management

Risk management is a proactive approach to shift the focus from managing post-risk incidents to risk prevention. In 2023, the Company strictly followed the *Management Regulations on the Dual Prevention Mechanism of Civil Aviation Safety Risk Grading Control and Hidden Danger Investigation and Governance* and continued to optimize the *Management Procedure for Safety Risks of Beijing Capital International Airport Co., Ltd.*, thereby refining the risk assessment criteria scientifically. Meanwhile, the Company focused on pivotal safety concerns such as potential risks and safety-sensitive positions, and implemented a dual prevention mechanism for potential risks and enacted appropriate management measures for safety-sensitive positions, effectively bolstering our risk response capabilities.

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As of the end of 2023, the Company identified **3,148** inventory risks, including **587** newly identified risks within the year.

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During the reporting period, the Company conducted special risk assessments for international flight entry switching and T3D resumption, identifying a total of 70 risks. Subsequently, the Company formulated 141 targeted risk control measures, all of which were strictly enforced after the assessment.

### Smart Safety System

The Company prioritizes accurate and efficient monitoring of operational safety through the advancement of IT-driven development. In 2023, the Company continued to upgrade our "1-2-1" smart safety management system, and strengthened 25 related functions such as safety risk identification. In addition, the Company has developed an emergency training management function, facilitating comprehensive smart safety training through pilot projects. In addition, the Company continued to optimize the inspection management system, enhancing the analysis of weekly and monthly statistical reports and other functionalities through APP upgrades, thereby enhancing system efficiency.

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Additionally, the Company utilizes information technology to foster and reinforce the awareness of "maintaining safety proactively".

In 2023, the Company received a total of **5,146** reported cases through the "Safety Hand-shoot" special activity, resulting in the verification of **2,603** problems and the rectification of **2,524** problems.

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Meanwhile, the Company explored a safety management model integrating online safety system's with on-site work, and organically incorporating the annual audit of the Safety Management System (SMS) with daily inspections. During key safety guarantee periods in 2023, the Company rigorously enforced the safety daily inspection mechanism, ensuring safe operations during special times, and implemented 387 company-level supervision and inspections throughout the year.

## ESG REPORT (CONTINUED)

### Aviation Security

The Company strictly follows all relevant laws and regulations such as the *National Civil Aviation Safety and Security Program*, the *National Civil Aviation Safety and Security Training Program*, and the *National Civil Aviation Safety and Security Quality Control Plan*, to uphold aviation security standards. In 2023, the Company continued to enhance our team of aviation security management personnel by appointing 1 head of the Security Department, 7 personnel for security incident information management, and 14 holders of aviation hazardous goods transportation Certificate Besides. the Company places significant emphasis on security personnel training and strictly adhere to new regulations issued by the Civil Aviation Administration of China. To refine training requirements and qualification management for security instructors of relevant parties, the Company upgraded the *Beijing Capital International Airport Civil Aviation Safety and Security Training Program* in 2023. Regarding access management, the Company bolstered access control by issuing updated versions of the *Management Measures for Access Training of Employees in Control Areas of Beijing Capital International Airport* and the *Management Regulations for Access Work of Beijing Capital International Airport Company Limited.*, thereby reinforcing access pass requirements. Moreover, the Company meticulously reviewed liquid items based on the Material Safety Data Sheet (MSDS) and implemented the secondary management principle, to ensure aviation security effectively.

In 2023, the Company conducted 3,541 security inspections, 1 security self-audit, and 122 security tests. Additionally, our departments organized a total of 97 risk and hazard inspections, resulting in the identification of 22 risks. The Company have also formulated corresponding risk control measures to strictly implement aviation security risk control and rectify hidden hazards.

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As of December 2023, the Company had identified and rectified a total of **23** company-level aviation security hazards, implementing control measures for **17** new department-level aviation security risks.

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### Safety Site Pilot Construction

In 2023, the Company continued to carry out the "Best Safety Site" pilot project, with the general requirements of "focusing on the site, standards, and details", and the overall goal of "being standardized, professional, proactive, reliable, smart and safe". To consolidate and deepen the experience of the pilot project internally, the Company has set up 22 "Best Safety Site" pilot projects to further standardize site safety management standards, improve the long-term on-site safety management mechanisms, and ensure seamless, orderly and controllable on-site safety management.

## ESG REPORT (CONTINUED)

### Cultivation of Work Safety Awareness

The Company firmly establishes the bottom line thinking of work safety, emphasizing the importance of cultivating safety awareness and implementing various initiatives such as "Work Safety Month" and "Zero Tolerance for Safety Hazards."

In 2023, in collaboration with the **32** member units of the Safety and Security Committee, the Company appointed **37** part-time safety trainers and developed **35** safety assurance training courses.

These initiatives aimed to disseminate safety knowledge to both society and our employees, thereby ensuring the controlled operation of the airport. In addition, the Company organized and conducted 8D training sessions to enhance employees' awareness and analytical abilities regarding safety issues. These sessions explain the utilization of quality tools to analyze safety issues effectively.



#### Case: Carrying out "Work Safety Month" themed publicity and educational activity

In 2023, under the theme of "Everyone Values Safety, Everyone Knows Emergency Procedures," the Company undertook the "Work Safety Month" themed publicity and educational initiative. This activity combines safety style construction and publicity and education, conducted both online and offline, aimed to instill a culture of safety awareness among all staff members. During the "Work Safety Month", the Company meticulously delineated safety responsibilities, intensified the identification and rectification of hidden hazards and risks, and actively engaged in themed activities such as the "5-One's"<sup>(Note 7)</sup>, "Job Experience and Visiting during the Work Safety Month", and "Fulfilling Safety Commitments." These efforts promoted the systematic construction of a "Community with a Safe Future" within the Company. In 2023, in collaboration with the 7 units of the Safety and Security Committee, the Company appointed 37 part-time safety trainers and established 35 safety assurance training courses. These initiatives were designed to disseminate safety knowledge to both society and employees, thereby ensuring the controlled operation of the airport. In addition, the Company organized and conducted 8D training sessions to enhance employees' awareness and analytical abilities regarding safety issues. These sessions explain the utilization of quality tools to analyze safety issues effectively.

Note 7: refers to organizing employees to read one book related to safety knowledge, conducting one safety hazard investigation, one safety skill training, and one electricity safety self-inspection based on actual work.



## ESG REPORT (CONTINUED)

The Company actively engages in promoting airspace safety to enhance public awareness and collectively contribute to building a safer aviation environment. In 2023, the Company organized four promotional activities focused on airspace safety protection. Through on-site teach-ins and the distribution of promotional materials, the Company effectively communicated the scope of airspace safety clearance to the general public. Additionally, the Company clarified prohibited objects that could compromise airspace safety and recognized the efforts of individuals who actively participated in airspace safety protection. These initiatives served to bolster public enthusiasm for participating in airspace safety protection efforts, thereby providing crucial assurances for flight operation safety.



Beijing Capital International Airport Company Limited surrounding and community airspace safety protection promotional activities

## ESG REPORT (CONTINUED)

### Occupational Health and Safety

Safeguarding the occupational health of employees during operations is the Company's due responsibility. The Company implements the policy of "putting people first, and focusing on the occupational health of its employees and related parties". The Company is committed to preventing employee injuries in terms of workplace safety and safeguarding its employees' physical and mental health. The Company aims to continuously improve its employees' well-being and the occupational health and safety of related parties.

The Company strictly follows the requirements of laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Work Safety Law of the People's Republic of China*, and the *Labor Law of the People's Republic of China*. Internally, the Company has formulated the *Occupational Health and Safety Management System of Beijing Capital International Airport Company Limited* to manage and protect the occupational health of its employees in areas such as the airfield, terminal buildings, and the public area, and provide a healthy and safe working environment.

The Company organizes the key personnel, occupational health managers, and internal auditors of the occupational health and safety management system of all departments to analyze and identify its organizational and environmental risks, in accordance with the requirements of the occupational health and safety management system standards. The Company have analyzed and evaluated the relevant risks and opportunities, and taken specific measures to address unacceptable risks, thereby effectively preventing and controlling various safety risks in the workplace. If a safety event unavoidably occurs, the Company will initiate the emergency management plan according to the nature of the event, or refer to the *Emergency Response Manual* if a response is not in place.

The Company has standardized the management of labor protective supplies for employees. The Company has formulated the *Occupational Health and Safety Management System of Beijing Capital International Airport Company Limited* in accordance with national laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. The Company follows the management process of "setting standards – establishing procurement catalogs – purchasing protective supplies – organizing product acceptance – distribution and wearing management". After each department confirms that their supplies are accepted, the Company requires them to educate and supervise employees to properly wear and use protective gears in accordance with rules. These efforts are aimed at ensuring that employees are properly protected when they operate relevant equipment.

The number of working hours lost due to work-related injury in 2023 was 0.

### The Company's Health and Safety KPIs

Key Performance Indicators	2021	2022	2023
Number of work-related fatalities occurred in each of the past three years (person)	0	0	0

The Company prioritizes the health and well-being of its employees both in the workplace and in their daily lives. The Company conduct occupational health surveillance in line with the *Technical Specifications for Occupational Health Surveillance*, which includes pre-employment occupational health check-ups, regular on-the-job occupational health examinations, and post-employment occupational health examinations. Outside of work, the Company provide employees with basic social insurance, supplementary medical insurance, and commercial health insurance coverage. Additionally, the Company offers various medical check-up programs, such as annual health check-ups and cardiovascular screenings, to ensure comprehensive healthcare for employees. The Company formulate employee health check-up programs by considering factors such as workplace health reports provided by medical check-up agencies, employee demographics (age, gender, occupation), and historical health records. These programs will be carefully reviewed and approved by the General Manager's Office before implementation.

## ESG REPORT (CONTINUED)

### Information Security

In the big data era, IT systems development effectively enhances the Company's operational efficiency in all aspects. However, security issues such as improper access to and leaks of data have become the Company's major hidden risks. To further enhance its information protection, the Company strives to build a comprehensive information security system to prevent risks caused by negligence and other issues from their sources. The Company is committed to creating a safe and stable smart airport.

### Management improvement

Cyber and data security management is an important component in ensuring information security. The Company strictly follows the *Cyber Security Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*, deeply implements the *Implementation Measures for the Responsibility System of Party Committee (Party Group) Cyber Security*, and continuously optimizes its cyber security regulations such as the *Regulations on Network and Information Security Management*, *Data Security Management Regulations*, and the *Data Sharing Management Regulations*. In 2023, the Company further clarified the framework and responsibilities of the Leading Group for Cyber Security and Information Technology and established Beijing Capital International Airport Company regional cyber security coordination and linkage mechanism by setting up a cyber security working group for our member units under the Parent Company. Meanwhile, the Company has established a data security mechanism based on the cyber security working group, through which the Company has gradually improved its data security monitoring, early warning and emergency response system, organized all departments to classify and grade data in accordance with the *Data Sharing Management Regulations* and the *Shared Data Resources Catalogue*, and determined the data risk level, to standardize information security operations.

### Capacity enhancement

In 2023, the Company conducted information system security classified protection, classified 9 new systems, and assessed 15 Level III systems and 20 Level II systems. Meanwhile, the Company enhanced its cyber security capabilities by participating in cyber security competitions and drills actively.

## ESG REPORT (CONTINUED)

### Foundation consolidation

The Company continues to consolidate the foundation of safety operations. In support of major events, it established special cyber security teams to ensure 24/7 monitoring and analysis of its cyber security situation, initiating responses as needed.

The Company remained committed to enhancing all information systems under its jurisdiction. Adhering to the principle of "Those in charge of operations and construction should be responsible," the Company coordinated all departments to strictly implement information security requirements, thereby improving the prevention capability of information systems to ensure network and information security and prevent cyber security incidents. In 2023, the Company carried out a series of activities in Beijing Capital Airport region such as cyber security publicity day, special lectures and training to enhance the awareness of employees of the member units under the Parent Company in Beijing Capital Airport region and technical skills in all aspects. The Company gradually set up a solid and invisible security defense line through various approaches including publicity on electronic screens, security knowledge popularization, and prize quizzes.

In 2023, the Company organized 16 cyber security inspections, identified 114 cyber security issues, and troubleshot 3,122 high-risk vulnerabilities.



### Case: Special Training on Information Security

During the "Capital Cyber Security Day" on April 29 and the "National Cyber Security Week" in 2023, the Company organized member units of its regional groups to conduct a series of special promotion and training activities for cyber security, covering topics such as "personal privacy protection technology" "ways to prevent phishing" "solutions to hidden third-party security risks". The Company popularized basic knowledge of cyber security to employees of its member units through diverse interpretations of information security laws, regulations, and norms. In addition, the Company regularly conduct phishing email drills to enhance the awareness of cyber security among all employees and prevent relevant incidents.

## ESG REPORT (CONTINUED)

### CUSTOMER SERVICE

Guided by the concept of "Pleasant Service and Experience", the Company is committed to meeting the needs and protecting the rights and interests of passengers, continuously improving its service management system, and persistently providing passengers with comfortable and high-quality services.

#### Customer Privacy Protection

The Company strictly complies with the *Cybersecurity Law of the People's Republic of China* and the *Civil Code of the People's Republic of China*. The Company provides comprehensive, institutional and technical safeguards for its services that involve customers' personal privacy, to drive the free and orderly information flow in accordance with the laws.

The Company has established the *Personal Information Protection Policy* in accordance with relevant laws, defining the purpose and scope of collecting and using personal information. This policy describes how the Company collects, uses, stores, shares, and transfers customers' information, including personal identification, flight-related information, personal contact information, network ID, luggage-related information, etc. Based on the above general information, the Company will be able to provide services according to the needs of passengers, including flight assistants, luggage services, service facilities, care zones, flight services, airport membership, etc. In cases of privacy-related issues such as customer information leaks in violation of laws and regulations, customers have the right to request us to delete their personal information and withdraw their consent for us to handle their personal information.

The Company diligently requires its employees to comply with laws, prohibits them from privately disseminating customer information, and tolerate no customer information leaks by its employees. In 2023, the Company had zero case of passenger information leakage.

#### Customer Satisfaction

The Company closely follows customer feedback on airport services and continuously improves its customer service system to enhance service capabilities and provided customers with pleasant experience. In 2023, to improve the satisfaction of airlines stationed at the airport, the Company further strengthened its customer-oriented services. This involved the development of the *Airline Satisfaction Evaluation Survey Mechanism* internally, and the establishment of an innovative interactive feedback mechanism tailored to meet practical requirements.

Based on the *Guidelines for the Construction of Passenger Service Quality Management System in Public Air Transport*, in 2023, the Company focused on enhancing our system platform construction to elevate service quality management and launched 11 functions including service evaluation and scenario-based service risks, comprehensively enhancing the level of service quality management. Meanwhile, in June 2023, the Company hosted service brand briefings under the theme "FIRST GATE OF CHINA brings love together". During this event, the Company unveiled its service brand product system, introducing 5 brand product lines and launching 12 service products to create an outstanding service brand. In terms of business pre-analysis, the Company continued to refine its service mechanism through communication and research efforts to address challenges effectively. Additionally, in 2023, the Company deepened passenger profiling by conducting specialized research and analysis. This led to the establishment of a comprehensive passenger profiling classification and in-depth research system, tailored for four quarterly stages, four types of customer entities, and 12 thematic specialties, to seize the overall trend of passenger profiling behavior accurately.

## ESG REPORT (CONTINUED)

The Company prioritized enhancing passenger feedback and complaint management, actively listening to passenger voices through diverse channels and diligently addressing their concerns. In 2023, the Company established a complete passenger opinion management system, underscoring the importance of standardized handling and closed-loop management of passenger opinions. The Company also issued complaint analysis reports regularly to sort out and analyze received complaints, enhancing service quality pertinently. During the reporting period, the Company received a total of 62 passenger complaints, all of which were handled properly.



### Case: Continuous improved services – customer complaints management qualification training

On September 19, 2023, the Company conducted a two-day qualification certification training for complaint management personnel, with more than 40 complaints management personnel from various stationed units at the airport attending. The training covers complaint management related contents such as the application of civil aviation regulations, passenger service psychology, and complaint management requirements of the Civil Aviation Administration, to improve customer complaints management and upgrade customer services.



### Case: Continuous improved services – complaint against the location annotation of shuttle bus on official website and information processing improvement

On March 11, 2023, passengers complained that the Company's official website stated that the shuttle bus from T2 to T3 departure floor actually stopped at the arrival one on the first floor, posing time pressure on the passengers. The Company helped the passengers solve the problem after receiving the complaint, verified the route publicly released on the official website and the actual one, and updated all the shuttle bus-related information on its official website, APP and mini-program on March 16. Meanwhile, the Company requires all service providers under its jurisdiction to check the consistence of the actual operating situation and the externally disclosed information before festivals, major conferences and special events. The Company will closely monitor the matching degree between its current services and the actual needs of passengers, and improve the existing process efficiency in a timely manner.

### The Company's Passenger Complaint KPIs

key performance indicator	2023
Number of complaints	62
Resolved complaint rate (%)	100

## ESG REPORT (CONTINUED)

The Company underscored the importance of humanistic care by enhancing services for passengers with special needs, proactively addressing their concerns to ensure a comfortable and seamless airport experience. In 2023, the Company implemented its standardized system for special passenger services and optimized relevant operational norms such as the *Service Standards for Visually Impaired Passengers*, the *Service Standards for Hearing Impaired Passengers*, and the *Service Standards for Elderly Passengers*. The Company also bolstered our efforts by equipping three dedicated zones for caring services with emergency medicine and medical equipment such as blood pressure monitors. Simultaneously, the Company introduced passenger interaction projects such as calligraphy areas, chess and card areas, and photo walls to enhance the functionality of these zones. In addition, the Company carried out special activities during festivals to enrich the cultural atmosphere of service zones, regularly provided characteristic services such as "traveling with accents of home" and "smooth transit", actively improved services such as "Help and Support" "Lost and Found" "Caring-service" "Immediate Action for Received Complaints", to improve its service quality.

The Company continues to promote its aging-friendly services for elderly passengers. In this regard, the Company has developed a service flow manual for the "Elderly Service Line", covering six key aspects: service recipients, service focus, major inquiries, service terms, pre-order delivery, and recording forms. By standardizing services for elderly passengers, the Company aims to establish a high-quality airport service team. In 2023, the Company organized qualification certification for elderly services and sign-language services. Additionally, the Company continued to standardize the selection, assessment, appointment, and management mechanism of service personnel from the "Sign-language Service Team" and the "Warmness Service Team", thereby nurturing a professional support team for special passengers.

### Case: Releasing the mascot of service brand

In December 2023, the Company officially released the mascot of its service brand, a little red dragon named "DODO". This unique design was inspired by the Company's T3 terminal. Every detail, such as the dragon horns, scales, and claws, carries profound meanings, reflecting the Company's relentless pursuit of innovation, art, technology, and future.

"DODO" fully combines the image of dragon with the Company's service brand goal of "FIRST GATE OF CHINA", representing the inheritance of Chinese culture, and symbolizing nobility, enthusiasm, and strength. Its enthusiastic, friendly, and meticulous personification characteristics fully demonstrate the Company's service philosophy of "being fast and good with Chinese characteristics". In the future, the Company will launch more cultural and creative products and services based on the image of "DODO", to enrich the travel experience of passengers.



The mascot of the Company's Service Brand – "DODO"

## ESG REPORT (CONTINUED)

The Company provides high-quality services to passenger with a professional attitude. In 2023, in the annual Airports Council International Airport Service Quality (ACI ASQ) passenger satisfaction survey, the Company collected passenger satisfaction information related to processes such as arrival, check-in, security check, passport, shopping and catering, to investigate the experience and feelings of passengers through their emotions and personal situation. A total of 2,940 samples were collected throughout the year. According to the survey results, in 2023, the overall passenger satisfaction score was 5.00, and the average sub-sector score was 4.98, maintaining an excellent level in terms of the overall score in the complaint rating reported by the Civil Aviation Administration of China. Meanwhile, the Company, with its widely-recognized services through all sectors of the industry, was honored the "Excellent Airport Service Quality Award" in the over-10 million passengers per annum category in 2023.

To uphold high levels of customer satisfaction, the Company remains dedicated to enhancing its employees' commitment to genuine service and continuously organize training sessions to refine service capabilities. In 2023, the Company's Passenger Service Promotion Committee launched the 13th "China Service Star" selection event, recognizing 29 individuals as "China Service Stars." This initiative aims to motivate employees to enhance service quality through tangible actions and foster a positive service-oriented atmosphere. Meanwhile, during the reporting period, the Passenger Service Promotion Committee focused on improving service literacy and skills, and conducted various forms of service training, including "boutique academy" "on-site academy", and "cloud academy", attracting more than 4,000 participants in total.



## ESG REPORT (CONTINUED)

### EMPLOYEE RELATIONS AND DEVELOPMENT

The Company implements the corporate development concept of "putting people first" and is committed to building a humanistic airport that emphasizes its employees' development and their needs. The Company complies with laws and regulations such as the *Labor Law of the People's Republic of China*, and the *Labor Contract Law of the People's Republic of China*. The Company practically safeguards employees' rights, interests and benefits, closely follows their communication and development demands, and create a workplace environment that attracts and retains talent.

#### Equal Employment

The Company complies with laws and regulations such as the *Labor Law of the People's Republic of China*, and the *Labor Contract Law of the People's Republic of China*. Internally, the Company has formulated human resources rules and regulations such as the *Administrative Measures for Graduate Hires*, the *Administrative Measures for Experienced Hires*, the *Administrative Measures for Labor Contracts*, and various rules for selections and appointments. The Company is committed to creating an equal and friendly working environment, enhancing its employees' sense of belonging and cohesion, and ensuring fair and just human resources management.

The Company's *Administrative Measures for Labor Contracts* clearly stipulates that its employment shall comply with national laws and regulations. The recruitment of minors under the age of 16 is not allowed and the Company avoids employing child labor by checking the ID card of the recruited personnel. Meanwhile, when signing labor contracts with its employees, the Company shall follow the principles of equality, voluntariness and consensus, prohibit illegal employment such as forced labor and child labor, and shall promptly terminate labor contracts when violations are identified. In addition, the *Administrative Measures for Graduate Hires* stipulates that employees who are related to the candidates to be appointed or to be selected shall not participate in the relevant recruitment work, and that the entire process shall be organized in strict accordance with the Company's policies. The Company's goal is to prevent unfair and unequal practices, and ensure candidates or employees are treated with integrity in the recruitment process.

The Company continues to build a workplace that emphasizes diversity, equality and inclusiveness, and practically prohibits any forms of differentiated treatment in its recruitment, pay rises, and promotion based on factors such as gender, race, age, and marital status. The Company complies with laws and regulations such as the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and the *Special Rules on the Labor Protection of Female Employees*. The Company has also signed the *Special Collective Contract for the Protection of Female Employees' Rights and Interests of Beijing Capital International Airport Company Limited*. This policy includes terms to care for the Company's female employees during special periods such as their pregnancy and maternity, to actively protect their equal and legitimate rights and interests and ensure that they can compete in a level playing field and receive their due benefits in terms of job changes and salary division.

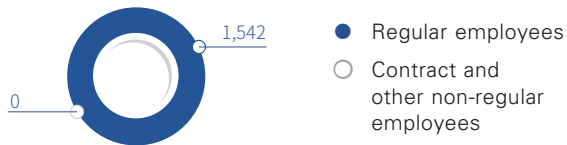
In 2023, under the theme of "stay glittering, stay sparkling", the Company conducted a variety of online and offline activities for female employees on Women's Day, including "painting vases and learning floral art" "lucky cat night light with eternal flower" "picking strawberries" "making wild pearl jewelry" "phalaenopsis micro-landscape/moon-shaped fan" "personal presentation of female employee", etc. The Company allocated a budget of 100,200 yuan for the Women's Day special project, covering 501 female employees and effectively enhancing their cohesion and unity.

The Company also attach great importance to the prosperity and development of local communities and strive to enhance the stable employment in the communities and cities where the Company operates. In 2023, the Company had a total of 1,542 employees, of which 85.67% were local employees, with a labor contract signing rate of 100%, and a 0.91% turnover rate. There was no illegal employment during this year.

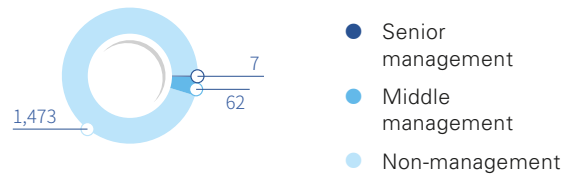
## ESG REPORT (CONTINUED)

### The Company's Employment KPIs in 2023

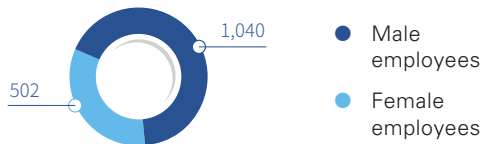
Number of employees by employment type (person)



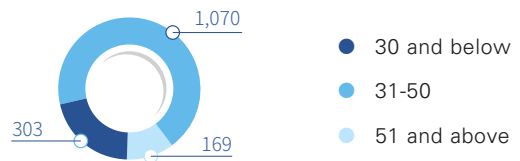
Number of employees by hierarchical level (person)



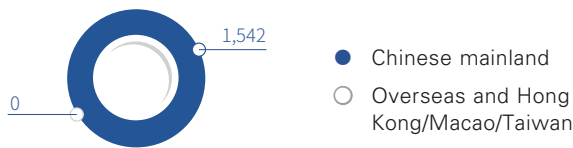
Number of employees by gender (person) (including senior management)



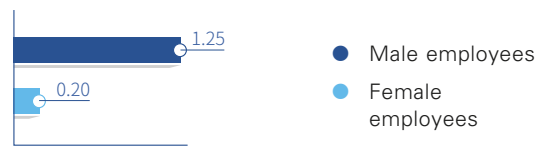
Number of employees by age group (person)



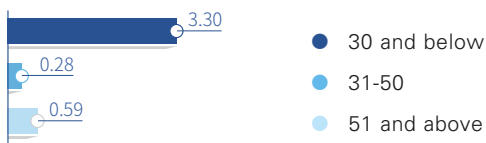
Number of employees by geographical region (person)



Employee turnover rate by gender (%)



Employee turnover rate by age group (%)



Employee turnover rate by geographical region (%)



## ESG REPORT (CONTINUED)

### Talent Cultivation

Talent development is the Company’s fundamental driving force. The Company is committed to establishing a robust training system, providing full-cycle and comprehensive training for its employees since they have joined us, and helping them improve their abilities through multiple paths. Through the "online + offline" approach, the Company provides a variety of targeted training activities for employees at all levels, such as onboarding training, general competency training, and professional competency training. In 2023, the Company provided a total of 110,435 hours of training sessions throughout the year, with a training coverage rate for male employees, female employees, and employees at all levels (including senior management, mid-level employees, and grassroots employees) of 100%.

#### The Company’s Employee Training KPIs in 2023

Key performance indicators		2022	2023
Average training hours of trained employees by gender (hour)	Male employees	60.6	73.1
	Female employees	62.9	68.5
Average training hours of trained employees by hierarchical level (hour)	Senior management	41.7	72.4
	Middle management	62.1	86.4
	Non-management	61.4	71.0

#### Case: Professional employee training to promote the Company’s high-quality development

In February 2023, the Company organized and conducted a series of training on professional abilities to improve the capabilities of its employees. This special training focuses on the cultivation of young talents, of which 61% of the trainees are aged 35 and below. Moreover, the training focused on the actual training needs, covering topics of innovative thinking training for management personnel, project management training for professional and technical personnel, sand table simulation for operation technicians, etc., and aimed at solving the knowledge weaknesses and ability shortcomings of talents in various sequences, to cultivate a professional young talent team for the high-quality development of itself.



Innovative thinking training for management personnel



Project management training for professional and technical personnel

## ESG REPORT (CONTINUED)

### Case: Conducting leadership training on "innovation and excellent management" jointly with Peking University

In March 2023, the Company conducted a leadership training on "innovation and excellent management" jointly with Peking University mainly for its mid-level management personnel, business managers and high-performance executives. The training centered on learning and implementing the spirit of the 20th CPC National Congress of the Communist Party of China, foresting the concept of lean management and strengthening the awareness of innovative management, to enable participants achieve growth and breakthrough in management ability and thinking mode, and further improve the leadership of the Company's management personnel.



Group photo of trainees of the leadership training on "innovation and excellent management"

### Case: 2023 "Let Your Dreams Set Sail" training camp



Photo of the 2023 "Let Your Dreams Set Sail" training camp for new employees

In August 2023, the Company organized the "Let Your Dreams Set Sail" training camp for the 19 new employees to help them adapt to their transformation from students towards employees. Centering on the three core contents of "Party spirit education, company culture learning and personal quality improvement", the training aims at helping new employees to firm their ideals and beliefs and better integrate into the Company, while rapidly improving their management level and professional abilities.

### Case: Training on "Macroeconomics and state-owned enterprise reform"

In May 2023, the Company organized more than 30 mid-level management personnel and outstanding business backbone representatives to attend the training on "Macroeconomics and state-owned enterprise reform" held by China Executive Leadership Academy Pudong. Based on the theme of Studying and Implementing Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the 5-day training aims at promoting the Party spirit and innovative management abilities of the trainees. Through this training, trainees had gained a more accurate understanding of macroeconomic development trends and were able to actively respond to external environmental changes, opening up new prospects for the high-quality development of the Company.



Photo of the participants of the training on "Macroeconomics and state-owned enterprise reform"

## ESG REPORT (CONTINUED)

### Employee Benefits

The Company adopts a combination of national statutory welfare and corporate welfare to develop a welfare system for its employees, providing a full range of welfare for on-the-job and retired employees. The Company's employee benefits and support available to various types of employees is clarified in the *Provisions of Beijing Capital International Airport Company Limited on Welfare Management*, and the *Provisions of Beijing Capital International Airport Company Limited on Attendance Managements*.



#### Statutory holidays and benefits

The Company's employees are entitled to various types of leave according to national laws, including paid annual leave, sick leave, medical treatment period, marital leave, bereavement leave, maternity leave, extended maternity leave, parental leave and nursing leave. The Company also provides paid annual leave, personal leave, family visit leave, and unpaid leave.



#### Comprehensive insurance benefits

The Company establishes a comprehensive employee insurance system to pay contributions to the five mandatory insurance schemes for employees, which are pension fund, medical insurance, work injury insurance, unemployment insurance, and maternity insurance. Additionally, the Company provides non-mandatory benefits such as annuities and supplementary medical insurance for employees and their children.



#### Special subsidies and benefits

The Company provides employees with subsidies for heating and property fees, which are issued together with their salaries, and the amount of subsidies is determined based on their positions and service duration.



#### Benefits for retired employees

In addition to national pension insurance and medical insurance, retired employees enjoy benefits such as supplementary medical insurance and annual festival benefits.

## ESG REPORT (CONTINUED)

### Employee Communication

The Company attaches importance to communication with employees. Using the Employee Congress as a communication platform, the Company actively understands the demands of its employees, listen to their opinions carefully, encourage them to serve as key decision-makers regarding their own affairs, and contribute to the development of the Company. In March 2023, the Company held the Employee Congress and called for the participation of employee representatives from our 8 sub-unions, covering the leadership, middle and senior management personnel, professional management personnel, professional and technical personnel, and operational personnel, etc. The Congress reviewed the *Report on the Intersessional Joint Meeting of Beijing Capital International Airport Co., Ltd. to Negotiate and Handle Important Issues during the Seventh Session of the Fourth Workers' Congress* and revised the *Management Rules for Employee Representative Assembly (Trial)* and the *Management Measures for the Proposals of the Employee Representative Assembly (Interim)*. According to the results voted by raising hands, the attending representatives unanimously approved the deliberation items. Meanwhile, a by-election for the first employee representative of the parent Company was held during the Congress, to further strengthen communication channels among employees and promote democratic management in the Company.

The Company is committed to the regular and long-term care delivery for its employees, ramping up support from various parties to help employees in difficulties. The Company also organizes special care delivery activities for front-line employees, demonstrating that the Company does care for its employees. In 2023, the Company carried out a series of activities themed "Refreshing Coolness delivered by the Labour Union, Preventing Heatstroke for Good Health" during summer to send heatstroke prevention items such as tea drinks, electric mosquito coils, cultural and creative folding fans, and umbrellas for front-line personnel, providing employees a comfortable working environment.

In 2023, the Company provided assistance to 12 employees in difficulties and 27 retired employees, compiled and printed *Biographies of Retired Employees* for 5 retired employees, and prepared ceramic souvenirs and certificates of honors, with a total expenditure of 38,180.56 yuan.

The Company applied for assistance for 2 employees through its targeted assistance program for employees in straitened circumstances and for 6 employees through its targeted assistance program for employees with severe diseases, with a total of 63,000 yuan received and provided to the employees in a timely manner.

The Company carried out assistance and condolences for employees affected by floods and geological disasters and allocated 17,000 yuan as compensation to 6 employees. The funds have been provided to the employees promptly.

The Company conducted "The Warmth" project to offer condolences for front-line employees on New Year's Eve and the activity themed "Refreshing Coolness delivered by the Labour Union, Preventing Heatstroke for Good Health", covering 3,493 people by investing more than 357,000 yuan in these special activities.

## ESG REPORT (CONTINUED)

During the reporting period, the Company took actions to upgrade "five caring projects" and newly added activities such as the Home of Employees Choir and Dynamic Rhythm Exercise, and conducted a series of colorful activities in various forms such as the "Outdoor Sports Day" and "role-playing murder mystery activity", ensuring the physical and mental well-being of employees. In 2023, the Company's Home of Employees organized 226 activities and courses, including 125 course sessions, 41 handicraft activities, and 60 various online and offline activities, with a total of 4,046 participants. Meanwhile, the Company sponsored 9 associations including the Basketball Association, Table Tennis Association, and Photography Association to organize 9 events, including the Employee Basketball League and Employee Table Tennis and Badminton League, benefiting 437 people, helping employees expand their social circle and enhance cohesion.



### Case: "Xianghe" shared lounge nominated as the second batch of demonstration sites for shared lounges for civil aviation staff

In July 2023, the "Xianghe" shared lounge of the Company was nominated as the second batch of demonstration sites for shared lounges for civil aviation staff, highly recognizing the Company's achievements in continuously improving the working environment and resting conditions of outdoor employees. As of the end of 2023, the Company has built 15 employee shared rest areas, including 8 comprehensive shared rest areas in the airport apron area, accurately solving the difficulties of outdoor employees and enhancing their well-beings.



The unveiling ceremony of "Xianghe" shared lounge being nominated as the second batch of demonstration sites for shared lounges for civil aviation staff

## ESG REPORT (CONTINUED)

### VALUE CO-CREATION

The Company is fully aware of its corporate social responsibilities and is committed to value co-creation and sharing in the areas of supply chain management, rural revitalization and community welfare. The Company actively engages in sustainable supply chain management, rural revitalization efforts, and community public welfare initiatives. Through these endeavors, the Company contributes to the development of a humanistic airport and the promotion of social harmony.

### ESG Management of Supply Chain

The Company strictly complies with legal regulations such as the *Bidding Law of the People's Republic of China* and the *Regulation on the Implementation of the Bidding Law of the People's Republic of China*. In 2023, the Company revised *Procurement Management Regulations* to continuously optimize the procurement principles and processes. This included optimizing procurement methods, refining supplier management processes, and enhancing supplier grading assessments. These efforts aimed to promote cohesion within the bidding system, bidding mode, and bidding process, thereby safeguarding the basic rights and interests of suppliers and reinforcing the foundation of responsible procurement. In 2023, all products and services procured within the scope of centralized procurement were sourced from domestic suppliers, including those from Hong Kong, Macao, and Taiwan, accounting for 100% of the total procurement expenditure.

The Company emphasizes its regulations on suppliers' environmental protection, ethics, and protection of their employees' rights and interests in accordance with the *Procurement Management Regulations*. The Company prioritizes environmentally-friendly products when selecting suppliers with equal qualifications. The Company has established strict control mechanisms for supplier access, audits, engagement, and evaluation, and enforce graded management, while evaluating their sustainability. The Company checked for risk factors, such as key personnel and positions, and supplier control, strengthened the inspection of supplier passes, and improved its supplier supervision and management mechanisms.



## ESG REPORT (CONTINUED)

### Supplier Access

- The Company integrates relevant sustainability requirements into the criteria for supplier selection and rating and violation management in light of the actual conditions of suppliers. Pursuant to the *Procurement Management Regulations* of the Company, the selection of suppliers is required to take into account energy conservation, environmental protection, and other relevant factors, and the comprehensive performance of suppliers in environmental protection and protection of employees' rights and interests is subject to ongoing review.
- Before signing contracts with suppliers, the Company will review their qualifications and performance. As such, suppliers are required to provide the Company's technical department with supplier information forms. They include but not limited to business licenses, qualification documents, and performance supporting materials, to ensure that they have the ability to meet the Company's procurement needs. Their relevant information is used for the Company's records.
- The Company strictly requires suppliers to comply with national laws and regulations during operations, focuses on environmental protection, and safeguards the rights and interests of their employees in accordance with laws.
- The Company includes supplier qualification system certification (e.g. ISO 9001, ISO 14001, ISO 45001, etc.) in its supplier assessment criteria.
- The Company evaluates the energy-saving abilities, operating costs, and long-term impact on energy use, energy consumption, and energy efficiency of suppliers' environmental-friendly products and services comprehensively during the procurement decision-making process. The evaluation results will play an important role in procurement decision-making, and suppliers will be ensured to understand relevant evaluation standards through bidding documents and other means.

### Supplier Evaluation

- The Company regularly evaluates its suppliers by fully considering various factors such as the quality of their products, services, and performance.
- According to the Company's *Energy Management Regulations*, the effectiveness of energy suppliers, energy consuming equipment suppliers, and maintenance service providers in energy conservation will be included in the evaluation requirements and monitored in real-time.
- Suppliers with poor assessment results will be reported and urged to rectify their issues.

### Supplier Withdrawal

- The Company will dismiss suppliers who fail to rectify issues as required.
- Suppliers in violation of business ethics will be blacklisted and will not be considered within 5 years.

### The Company's Number of Suppliers

Key Performance Indicators		Units	2021	2022	2023
Number of suppliers by geographical region	Domestic	Number	230	394	439
	Overseas	Number	0	0	0

## ESG REPORT (CONTINUED)

### Rural Revitalization

The Company actively responds to the national call to comprehensively promote rural revitalization and consolidate the foundation for poverty alleviation. In 2023, the Company donated RMB 1 million to Cele County, Xinjiang for rural revitalization efforts. Additionally, the Company extended support through consumption assistance by purchasing approximately RMB 530,000 worth of agricultural and sideline products from Cele County. These initiatives aimed to consolidate the progress made in local poverty alleviation efforts.

### Public Welfare and Charity

The Company practices the spirit of volunteerism, and has formulated relevant work processes in accordance with the *Regulations on Volunteer Service* and the *Articles of Association of China Youth Volunteers*, to standardize the work mechanism of its volunteer teams. The Company actively participate in the construction of local communities and provide assistance and public welfare donations to society, contributing to local and social development.

#### The Company's Community Investment KPIs

Key Performance Indicators	Units	2021	2022	2023
Total volunteer hours	Hours	304	1,798	1,136
Total number of volunteers	Person	147	259	182

#### Case: BCIA Set up a Series of Science Popularization Activities Jointly with the Civil Aviation Museum

On August 5, 2023, the Company held a series of science popularization activities jointly with the Civil Aviation Museum. During the trip of exploration, the Company's science popularization volunteer teachers opened the door to civil aviation knowledge for the children. Through three themed lectures, they led more than 50 children to deeply understand travel knowledge, airport construction process, and aircraft model construction, and answered children's questions related to civil aviation.

#### Case: Battle Against Ice and Snow at BCIA

On December 4, 2023, since the continuous snowfall has affected passenger travel, a youth volunteer service team quickly responded and assembled, with the mission of ensuring operational efficiency and passenger service. They devoted themselves to the snow-clearing, fully demonstrating the responsibilities of young people.



The Youth Volunteer Service Team

## ESG REPORT (CONTINUED)

# KEY PERFORMANCE INDICATORS

KPIs	2021	2022	2023 <sup>(Note 8)</sup>
Passenger throughput (10,000 person times)	3,264	1,270.33	5,287.92
Passenger complaint response rate (%)	100	100	100
Greenhouse gas emissions (Scope 1) (tCO <sub>2</sub> e)	798.42	776.88	733.10
Greenhouse gas emissions (Scope 2) (tCO <sub>2</sub> e)	356,886.60	335,505.01	224,251.59
Total greenhouse gas emissions (tCO <sub>2</sub> e)	357,685.02	336,281.89	224,984.70
Greenhouse gas emissions intensity (tCO <sub>2</sub> e per 10,000 person times)	109.55	264.72	42.55
Comprehensive energy consumption (TCE)	80,524.75	75,819.66	57,539.52
Comprehensive energy consumption intensity (TCE per 10,000 person times)	24.66	59.68	10.88
Use of renewable energy(kWh)	748,217.0	1,012,099.5	1,213,910.0
Purchased electricity consumption (kWh)	184,985,114.39	178,153,289.36	209,998,733.85
Gasoline consumption (tonne)	118.88	106.58	97.04
Diesel consumption (tonne)	143.39	150.24	145.12
Purchased heat consumption (GJ)	1,682,480.18	1,570,348.56	919,591.06
Purchased electricity consumption intensity (kWh per 10,000 person times)	56,658.74	140,241.28	39,712.95
Gasoline consumption intensity (kilogram per 10,000 person times)	36.41	83.90	18.35
Diesel consumption intensity (kilogram per 10,000 person times)	43.92	118.27	27.44
Purchased heat consumption intensity (GJ per 10,000 person times)	515.31	1,236.17	173.90
Total water consumption (tonne)	946,132	714,592	1,017,757
Water consumption intensity (tonne per 10,000 person times)	289.79	562.52	192.47
Volume of treated wastewater (10,000 tonnes)	618.83	542.58	573.17
COD reduction (tonne)	1,360	1,011.6	1,334.8
Ammonia nitrogen reduction (tonne)	145.0	92.4	117.7
Hazardous waste (tonne)	1,375.92	1,857.59	88.76
Pandemic-related waste (tonne)	1,300	1,809	0
Other hazardous waste (tonne)	75.92	48.59	88.76
Hazardous waste intensity (tonne per 10,000 person times)	0.42	1.46	0.02
Household waste (tonne)	22,000	10,937	15,045
Aviation waste (excluding hazardous waste) (tonne)	7,658	3,034	4,492

Note 8: Due to the substantial increase in passenger throughput in 2023, the environment-related density data in 2023 showed a significant decline compared with previous years.

## ESG REPORT (CONTINUED)

KPIs		2021	2022	2023
Non-hazardous waste (tonne)		29,658	13,971	19,537
Non-hazardous waste intensity (tonne per 10,000 person times)		9.08	11.00	3.69
On-the-job employees (person)		1,567	1,542	1,542
Minority employees (person)		87	83	82
Labour contract signing rate (%)		100	100	100
Number of employees by employment type	Regular employees (person)	1,567	1,542	1,542
	Contract and other non-regular employees (person)	0	0	0
	Senior management (person)	8	7	7
	Middle management (person)	65	67	62
	Non-management (person)	1,494	1,468	1,473
Number of employees by gender(including senior management)	Male employees (person)	1,059	1,035	1,040
	Female employees (person)	508	507	502
Number of employees by age group	30 and below (person)	361	323	303
	31-50 (person)	1,043	1,055	1,070
	51 and above (person)	163	164	169
Number of employees by geographical region	Chinese mainland (person)	1,567	1,542	1,542
	Overseas and Hong Kong/Macao/Taiwan (person)	0	0	0
Employee turnover rate by age gender <sup>(Note 9)</sup>	Male employees (%)	1.98	0.68	1.25
	Female employees (%)	0.98	0.59	0.20
Employee turnover rate by age group	30 and below (%)	3.32	1.24	3.30
	31-50 (%)	1.25	0.57	0.28
	51 and above (%)	0.61	0	0.59
Employee turnover rate by geographical region	Chinese mainland (%)	1.66	0.65	0.91
	Overseas and Hong Kong/Macao/Taiwan (%)	0	0	0

Note 9: Employee turnover rate (per category) = Employees in the specified category leaving employment / number of employees in the specified category×100.

## ESG REPORT (CONTINUED)

KPIs		2021	2022	2023
Percentage of trained employees by gender	Male employees (%)	100	100	100
	Female employees (%)	100	100	100
Percentage of trained employees by hierarchical level	Senior management (%)	100	100	100
	Middle management (%)	100	100	100
	Non-management (%)	100	100	100
Average training hours of trained employees by gender	Male employees (hour)	64	62	73.1
	Female employees (hour)	69	64	68.5
Average training hours of trained employees by hierarchical level	Senior management (hour)	42	42	72.4
	Middle management (hour)	64	66	86.4
	Non-management (hour)	66	62	71
The number of work-related fatalities (person)		0	0	0
The number of working hours lost due to work-related injury (hour)		2,238.3	304.95	0
Percentage of employees who are protected by collective bargaining agreement (%)		100	100	100
Number of suppliers by geographical region	Domestic (Number)	230	394	439
	Overseas (Number)	0	0	0
Total number of volunteers (person)		147	259	182
Total volunteer hours (hour)		304	1,798	1,136
Number of complaints		35	12	62
Violation of consumer information leakage		/	0	0
Concluded legal cases regarding corruption practice (case)		0	0	0
Anti-corruption training hours (hour)		15,603.5	12,272	14,942.3

## ESG REPORT (CONTINUED)

## HK-ESG INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
<b>A. Environmental</b>		
A1: Emissions		
<b>General Disclosure</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		Climate Change Emissions Management
A1.1	The types of emissions and respective emissions data.	Climate Change Emissions Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions Management
A2: Use of Resources		
<b>General Disclosure:</b> Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Protection
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company does not engage in the use of packaging for manufactured goods, so it is not applicable.

## ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
A3: The Environment and Natural Resources		
<b>General Disclosure:</b> Policies on minimising the issuer’s significant impacts on the environment and natural resources.		Environmental Protection Emissions Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection Emissions Management
A4: Climate Change		
<b>General Disclosure:</b> Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Environmental Protection
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
B1: Employment		
<b>General Disclosure</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Equal Employment
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Equal Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Equal Employment

## ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
<b>B2: Health and Safety</b>		
<b>General Disclosure</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
B2.2	Lost days due to work injury.	Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
<b>B3: Development and Training</b>		
<b>General Disclosure</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		Talent Cultivation
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Cultivation
B3.2	The average training hours completed per employee by gender and employee category.	Talent Cultivation
<b>B4: Labour Standards</b>		
<b>General Disclosure</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Equal Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Equal Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Equal Employment



## ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
<b>Operating Practices</b>		
B5: Supply Chain Management		
<b>General Disclosure</b> Policies on managing environmental and social risks of the supply chain.		ESG Management of Supply Chain
B5.1	Number of suppliers by geographical region.	ESG Management of Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	ESG Management of Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	ESG Management of Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	ESG Management of Supply Chain
B6: Product Responsibility		
<b>General Disclosure</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Safety Management Protection of Intellectual Property Rights (Note: The matters relating to labelling are not applicable due to the nature of the Company's business.)
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company does not engage in the production of goods, so it is not applicable.
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	The Company does not engage in the production of goods, so it is not applicable.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security Customer Privacy Protection

## ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
B7: Anti-corruption		
<b>General Disclosure</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Integrity Governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity Governance
B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Integrity Governance
B7.3	Description of anti-corruption training provided to directors and staff.	Integrity Governance
<b>Community</b>		
B8: Community Investment		
<b>General Disclosure</b> Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Public Welfare and Charity
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Rural Revitalization Public Welfare and Charity
B8.2	Resources contributed (e.g. money or time) to the focus area.	Rural Revitalization Public Welfare and Charity

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED**  
*(incorporated in the People's Republic of China with limited liability)*

## OPINION

### What we have audited

The financial statements of Beijing Capital International Airport Company Limited (the "Company"), which are set out on pages 175 to 261, comprise:

- the balance sheet as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## INDEPENDENT AUDITOR'S REPORT (Continued)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED (Continued)**  
*(incorporated in the People's Republic of China with limited liability)*

### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to the expected credit losses of trade receivables.

## INDEPENDENT AUDITOR'S REPORT (Continued)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED (Continued)**  
*(incorporated in the People's Republic of China with limited liability)*

**Key Audit Matter**

Expected credit losses of trade receivables

Refer to Note 4 – Critical accounting estimates and judgments and Note 12 – Trade receivables to the financial statements.

As at 31 December 2023, the Company had trade receivables amounting to RMB1,748 million, among which, a provision of RMB482 million has been made.

The Company calculates the expected credit losses by the expected loss rates. The expected loss rates are based on the historical credit losses and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified economic policies, macroeconomic conditions, industry risks, probabilities of default and expected operating performance of the debtors to which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Management needs to exercise significant judgments and estimates in assessing the expected credit losses of the trade receivables. Considering the degree of estimation uncertainty and other inherent risk factors, we have therefore identified expected credit losses assessment as an area of focus for the audit.

**How our audit addressed the Key Audit Matter**

We performed the following procedures in relation to management's assessment on the expected credit losses of trade receivables:

- We obtained an understanding of the management's internal control and assessment process of the expected credit losses of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- We assessed the design and operating effectiveness of the Company's controls over assessing the expected credit losses of trade receivables.
- We obtained an understanding of the rationale for recognising individual impaired and grouped impaired trade receivables. We assessed the reasonableness based on the credit risk drivers.
- For individual impaired trade receivables, on a sample basis, we evaluated appropriateness of the assumptions and judgments used by management based on the examination of the historical payment documentation and post-year end settlements, and the evaluation of explanations provided by management in respect of recoverability of trade receivables included checking the financial position and condition of the debtors.
- For grouped impaired trade receivables, on a sample basis, we checked the accuracy of the ageing profile of trade receivables to sales invoices and the past due analysis to credit terms in contracts; we recalculated the historical credit losses and evaluated the appropriateness of adjustments for forward-looking information based on the analysis of macroeconomic factors.
- We verified the mathematical accuracy of the calculation.

Based on the above, we found that the judgments and estimates exercised by management to be supportive with the evidence we obtained as mentioned above.

## INDEPENDENT AUDITOR'S REPORT (Continued)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED (Continued)**  
*(incorporated in the People's Republic of China with limited liability)*

### **OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF DIRECTORS AND THE AUDIT AND RISK MANAGEMENT COMMITTEE FOR THE FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Audit and Risk Management Committee is responsible for overseeing the Company's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (Continued)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED (Continued)**  
*(incorporated in the People's Republic of China with limited liability)*

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDITOR'S REPORT (Continued)



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED (Continued)**  
*(incorporated in the People's Republic of China with limited liability)*

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leong Kin Bong.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 27 March 2024



# BALANCE SHEET

As at 31 December 2023

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	6	2,718,757	2,810,427
Property, plant and equipment	7	22,418,872	23,451,708
Right-of-use assets	8	1,943,536	2,028,119
Intangible assets	9	91,275	113,197
Investment in an associate	10	45,767	–
Deferred income tax assets	25	2,076,363	2,050,195
Other non-current assets		279,113	262,352
		<b>29,573,683</b>	30,715,998
<b>Current assets</b>			
Inventories	11	201,322	218,299
Trade receivables	12	1,266,242	666,898
Prepayments	13	24,216	5,525
Other financial assets at amortised cost	14	38,841	38,562
Financial assets at fair value through profit or loss	15	5,057	6,866
Notes receivables		8,181	58,335
Other current assets	16	189,991	182,504
Cash and cash equivalents	17	1,281,806	1,590,413
		<b>3,015,656</b>	2,767,402
<b>Total assets</b>		<b>32,589,339</b>	33,483,400

## BALANCE SHEET (Continued)

As at 31 December 2023

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	19	4,579,179	4,579,179
Share premium		6,300,867	6,300,867
Capital reserve	20(a)	228,440	235,954
Other reserve	20(b)	(39,672)	(26,857)
Statutory and discretionary reserves	20(c)	6,809,588	6,809,588
Accumulated losses		(2,990,599)	(1,293,811)
<b>Total equity</b>		<b>14,887,803</b>	16,604,920
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	22	1,995,400	198,641
Bonds payable	23	1,498,600	–
Loans from the Parent Company	24	–	1,104,724
Lease liabilities	8	527,755	615,236
Retirement benefit obligations	26	158,087	141,809
Deferred income	27	26,242	28,530
		<b>4,206,084</b>	2,088,940
<b>Current liabilities</b>			
Short-term borrowings	22	6,564,715	6,204,173
Trade and other payables	21	6,674,928	6,923,516
Current portion of long-term borrowings	22	4,430	382
Current portion of bonds payable	23	14,462	1,314,539
Current portion of loans from the Parent Company	24	–	173,139
Current portion of lease liabilities	8	227,734	164,792
Current portion of retirement benefit obligations	26	9,183	8,999
		<b>13,495,452</b>	14,789,540
<b>Total liabilities</b>		<b>17,701,536</b>	16,878,480
<b>Total equity and liabilities</b>		<b>32,589,339</b>	33,483,400

The above balance sheet should be read in conjunction with the accompanying notes on page 181 to 261.

The financial statements on pages 175 to 261 were approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

**Wang Changyi**  
Chairman

**Han Zhiliang**  
Director

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenues			
Aeronautical	5	2,096,878	710,728
Non-aeronautical	5	2,461,646	1,520,220
		<b>4,558,524</b>	2,230,948
Operating expenses			
Depreciation and amortisation	6, 7, 8, 9	(1,549,544)	(1,553,463)
Repairs and maintenance		(923,303)	(894,261)
Aviation safety and security guard costs		(905,762)	(919,371)
Staff costs	28	(561,296)	(530,520)
Utilities and power		(484,271)	(506,526)
Operating contracted services		(441,216)	(426,778)
Concession management fees		(337,850)	(133,743)
Greening and environmental maintenance		(259,729)	(284,981)
Real estate and other taxes		(227,196)	(236,435)
Other costs		(222,842)	(302,666)
	29	<b>(5,913,009)</b>	(5,788,744)
Impairment losses on financial assets		(56,379)	(105,468)
Impairment losses on inventories		(4,133)	–
Other income		4,201	5,688
Other losses		(1,809)	–
<b>Operating loss</b>		<b>(1,412,605)</b>	(3,657,576)
Finance income	30	19,956	22,952
Finance costs	30	(331,289)	(367,511)
		<b>(311,333)</b>	(344,559)
Share of post-tax profit of an associate	10	5,253	–
<b>Loss before income tax</b>		<b>(1,718,685)</b>	(4,002,135)

## STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2023

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Income tax credit	31(a)	<b>21,897</b>	475,500
<b>Loss for the year</b>		<b>(1,696,788)</b>	(3,526,635)
<b>Other comprehensive loss</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		<b>(12,815)</b>	(30,492)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(12,815)</b>	(30,492)
<b>Total comprehensive loss for the year</b>		<b>(1,709,603)</b>	(3,557,127)
Loss per share, basic and diluted (RMB)	32	<b>(0.37)</b>	(0.77)

The above statement of comprehensive income should be read in conjunction with the accompanying notes on pages 181 to 261.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Other reserve RMB'000	Statutory and discretionary reserves RMB'000	Retained earnings/accumulated losses RMB'000	Total equity RMB'000
<b>Balance at 1 January 2022</b>		4,579,179	6,300,867	248,715	3,635	6,809,588	2,232,824	20,174,808
Loss for the year		-	-	-	-	-	(3,526,635)	(3,526,635)
Other comprehensive loss for the year		-	-	-	(30,492)	-	-	(30,492)
Total comprehensive loss for the year		-	-	-	(30,492)	-	(3,526,635)	(3,557,127)
Others	20(a)	-	-	(12,761)	-	-	-	(12,761)
<b>Balance at 31 December 2022</b>		4,579,179	6,300,867	235,954	(26,857)	6,809,588	(1,293,811)	16,604,920
<b>Balance at 1 January 2023</b>		<b>4,579,179</b>	<b>6,300,867</b>	<b>235,954</b>	<b>(26,857)</b>	<b>6,809,588</b>	<b>(1,293,811)</b>	<b>16,604,920</b>
Loss for the year		-	-	-	-	-	(1,696,788)	(1,696,788)
Other comprehensive loss for the year		-	-	-	(12,815)	-	-	(12,815)
Total comprehensive loss for the year		-	-	-	(12,815)	-	(1,696,788)	(1,709,603)
Others	20(a)	-	-	(7,514)	-	-	-	(7,514)
<b>Balance at 31 December 2023</b>		<b>4,579,179</b>	<b>6,300,867</b>	<b>228,440</b>	<b>(39,672)</b>	<b>6,809,588</b>	<b>(2,990,599)</b>	<b>14,887,803</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 181 to 261.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations	34	(614,983)	(1,609,893)
Refund of taxes and surcharges		39,120	108,572
Net cash used in operating activities		(575,863)	(1,501,321)
<b>Cash flows from investing activities</b>			
Investment in an associate		(40,513)	–
Interest received		14,844	40,396
Purchase of property, plant and equipment		(270,925)	(479,307)
Purchase of intangible assets		(22,043)	(40,264)
Net cash used in investing activities		(318,637)	(479,175)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(6,400,641)	(4,290,000)
Repayment of bonds		(1,300,000)	–
Interest paid		(272,380)	(206,275)
Principal and interest elements of lease payments		(193,189)	(176,576)
Repayment of loans from the Parent Company		(1,300,639)	(169,785)
Proceeds from borrowings		10,060,000	6,200,000
Underwriting fees paid		(75)	–
Others		(7,514)	(12,761)
Net cash generated from financing activities		585,562	1,344,603
<b>Net decrease in cash and cash equivalents</b>		<b>(308,938)</b>	<b>(635,893)</b>
Cash and cash equivalents at beginning of the year		1,590,413	2,224,473
Exchange effect on cash and cash equivalents		331	1,833
<b>Cash and cash equivalents at end of the year</b>	17	<b>1,281,806</b>	1,590,413

The above statement of cash flows should be read in conjunction with the accompanying notes on pages 181 to 261.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1 GENERAL INFORMATION

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

The Company is principally engaged in the ownership and operation of the capital 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.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated, and were approved for issue by the Board of Directors on 27 March 2024.

## 2 SUMMARY OF ACCOUNTING POLICIES

This note provides a list of accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### A. Material Accounting Policies

#### (a) Basis of preparation

##### (i) *Compliance with IFRS and the disclosure requirements of HKCO*

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622.

##### (ii) *Historical cost convention*

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (a) Basis of preparation (Continued)

##### *(iii) Going concern*

During the year ended 31 December 2023, the Company reported a net loss for the year of RMB1,696,788,000 (2022: RMB3,526,635,000) and a net cash outflow from operating activities of RMB575,863,000 (2022: RMB1,501,321,000). As at 31 December 2023, the current liabilities of the Company exceeded the current assets by RMB10,479,796,000 (2022: RMB12,022,138,000). Included in the current liabilities were borrowings and bonds totaling RMB6,583,607,000 repayable within one year from the year end date. On the same date, the Company had cash and cash equivalents of RMB1,281,806,000.

Management has given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will have sufficient funds to fulfil its financial obligations and continue as a going concern. As at 31 December 2023, there were sufficient banking facilities available to the Company for its operations and the repayments of the outstanding principals and interests of the aforementioned borrowings and bonds as and when they fall due in the twelve months from the year end date.

Management has prepared a cash flow projection, which covers a period of not less than twelve months from 31 December 2023. The directors of the Company have reviewed the Company's cash flow projection prepared by management and are of the opinion that the Company will have sufficient financial resources, including the above-mentioned banking facilities, to finance its operations and to meet its financial obligations as at and when they fall due within twelve months from 31 December 2023. Accordingly, the Directors of the Company have prepared the financial statements on a going concern basis.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (a) Basis of preparation (Continued)

##### *(iv) New and amended standards adopted by the Company*

The Company has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2023:

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

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

##### *(v) New standards and interpretations not yet adopted*

Certain amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. The Company has already taken initial actions to assess the impact of these new or revised standards, interpretation and amendments, and will make further assessments of the impact in the future.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings and improvements	8-45 years
Runways	40 years
Plant, furniture, fixtures and equipment	5-15 years
Motor vehicles	6-12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (*Note 2A(d)*).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other costs'.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (b) Property, plant and equipment (Continued)

Assets under construction represent buildings and runways under construction and plant and equipment pending installation and are stated at cost. This includes the cost of construction, costs of plant and equipment and other direct costs plus cost of borrowings (including interest charges and exchange differences arising from foreign currency borrowings to the extent these exchange differences are regarded as an adjustment to interest costs) used to finance these projects during the period of construction or installation and testing. Assets under construction are not depreciated until such time as the relevant assets are completed and ready for their intended use.

##### (c) Investment properties

Investment properties, principally Car Park Buildings and the related land use rights, are held for long-term rental yields and are not occupied by the Company. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses), net' in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (d) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

##### (e) Investments and other financial assets

###### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (e) Investments and other financial assets (Continued)

###### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

###### (iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

###### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income or other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (e) Investments and other financial assets (Continued)

##### (iii) Measurement (Continued)

###### *Debt instruments (Continued)*

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

###### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (e) Investments and other financial assets (Continued)

###### (iv) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and note receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 12(b) for further details of trade receivables.

Impairment on other financial assets at amortised cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

##### (f) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

###### **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (f) Current and deferred income tax (Continued)

###### **Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services, stated net of value-added tax, returns, rebates and discounts. The Company recognises revenues when the amount of revenues can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (g) Revenue recognition (Continued)

When the Company recognises revenue according to the completion stage of the service, the part with unconditional collection right obtained is recognised as accounts receivable, and loss provision for accounts receivable shall be recognised on the basis of expected credit losses; if the contract price received or receivable exceeds the completed service, the excess will be recognised as the contract liability. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include contract performance costs and contract acquisition costs. The costs incurred by the Company in the rendering of services are recognised as contract performance costs and are carried forward to the operating expenses of the main operations based on the completion stage in recognising the revenue. The incremental costs incurred by the Company for the acquisition of service contract are recognised as the contract acquisition costs. For the contract acquisition costs with the amortisation period of less than one year, they are included in the profit or loss for the current period when it occurs; for the contract acquisition costs with the amortization period of more than one year, the Company includes them in profit or loss at amortisation on the same basis of recognising service income under relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained in rendering of the service net of the estimated cost to be incurred, the Company makes provision for impairment on the excess and recognises it as asset impairment losses.

- (i) Aeronautical revenues include aircraft and related income and passenger income are recognised when the related airport services are rendered.
- (ii) Concession revenues are recognised based on a percentage of sales or specified minimum guarantees.
- (iii) Rental income is recognised on a straight-line basis over the lease term.
- (iv) Resources usage income is recognised based on a percentage of sales or specified minimum guarantees.

Resources usage income from ground handling are recognised based on mutual negotiations with the franchisee and with reference to the charge rates promulgated by the CAAC.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (h) Leases

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.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (h) Leases (Continued)

For leases of lands, buildings, equipment and vehicles, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in leases have not been included in the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, 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 to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### A. Material Accounting Policies (Continued)

##### (h) Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or rate are recognised in a period which the event or condition that triggers those payments occurs. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. Operating lease receivables recognised by the Company are subject to the derecognition and impairment requirements of IFRS 9 (note 2A(e)). If lease balances are accrued lease payments, such as those that arise from accounting for lease incentives under IFRS 16, that are within the scope of IAS 36's impairment model.

#### B. Other Accounting Policies

##### (a) Investment in associate

Investment in associate is accounted for using the equity method. Under the equity method of accounting, interests in associate is initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interests in the associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### (b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance and position of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (c) Foreign currency translation

###### (i) *Functional and presentation currency*

The financial statements are presented in RMB, which is the Company's functional and presentation currency.

###### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within finance income or cost.

##### (d) Intangible assets

Acquired software and software use rights are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years to 10 years on a straight-line basis.

##### (e) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value of inventories, represented by the spare parts and consumable items, is the expected amount to be realised from use.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (g) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 3 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 12 for further information about the Company's accounting for trade receivables and Note 12(b) for a description of the Company's impairment policies.

##### (h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institution and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (i) Share capital

Ordinary shares are classified as equity (Note 19).

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

##### (j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after reporting period (or in the normal operating cycle of the business if longer). They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after reporting period.

##### (l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

##### (m) Employee benefits

###### (i) Pension obligations

The Company operates various pension schemes.

All of the Company's full-time Chinese employees are covered by a state-sponsored pension plan under which the Company was required to make monthly contributions at certain percentages of the employees' basic salaries.

In addition, the Company also has a retirement benefit plan which is a defined benefit scheme for retirees and an annuity plan (the "Annuity Plan") which includes both the defined contribution schemes as well as the defined benefit schemes for all current participating employees:

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (m) Employee benefits (Continued)

##### (i) Pension obligations (Continued)

- (1) The defined contribution scheme under the Annuity Plan applies to all current participating employees that the Company will make annual contributions determined by a specified level of the salary of the participating employees to a privately administered pension insurance plan.
- (2) The defined benefit scheme under the Annuity Plan represents the additional benefits guaranteed by the Company to certain employees, who have been employed by the Company before 1 January 2011 and whose accumulated fund under the defined contribution scheme of the Annuity Plan will not be able to meet the amount guaranteed by the Company upon their retirement. The Company will provide such employees additional benefits up to the guaranteed amount of pension benefit on their retirement. The Company will make further payments to the trustee, which constitutes plan assets being held in the trust for the purpose of meeting the corresponding additional retirement benefit obligations.

##### *Defined contribution scheme*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee's service in the current and prior periods. The contributions are recognised as staff costs when they are due.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

##### *Defined benefit scheme*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (m) Employee benefits (Continued)

##### (i) Pension obligations (Continued)

###### *Defined benefit scheme (Continued)*

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by the qualified staff (who is Fellow of the Society of Actuaries) of independent actuaries, Aon Enterprise Solutions (Shanghai) Co.,Ltd., using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government bonds that are denominated in RMB, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the statement of comprehensive income in staff costs, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in staff costs in the statement of comprehensive income.

##### (ii) Other post-employment obligations

The Company provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by Aon Enterprise Solutions (Shanghai) Co.,Ltd., the independent qualified actuaries.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (m) Employee benefits (Continued)

###### *(iii) Housing funds and housing subsidies*

All full-time employees of the Company are entitled to participate in a government-sponsored housing fund. The Company contributes on a monthly basis to the fund based on certain percentages of the salaries of the employees. The Company's liability in respect of this fund is limited to the contributions payable in each period.

In addition, the Company provides cash housing subsidies to its employees, which are determined based on a number of factors, including the position, length of service and ability of the employees concerned, as well as the staff quarters that the employees had already obtained from CAH and its related entities prior to the incorporation of the Company and currently occupy. Housing subsidies are recognised in profit or loss in the period in which they are incurred.

###### *(iv) Bonus entitlements*

The expected cost of bonus payments is recognised as a liability when the Company has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

The liability for bonus entitlements is expected to be settled within 12 months and is measured at the amounts expected to be paid when it is settled.

##### (n) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (o) Earnings per share

###### **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- (i) the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- (ii) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

###### **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- (i) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- (ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

##### (p) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

##### (q) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### B. Other Accounting Policies (Continued)

##### (q) Government grants (Continued)

Government grants relating to expenses are deferred and recognised in the profit or loss or deducted against related expenses over the period necessary to match them with the expenses that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

##### (r) Interest income

Interest income on financial assets at amortised cost using the effective interest method is recognised in the statement of comprehensive income as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Company conducts its operations in the Mainland China and accordingly is subject to certain specific risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry. Also, the Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Financial risk management is carried out by a treasury division and a revenue division under the Company's finance department, following the overall directions determined by the Board of Directors. The treasury division identifies and evaluates financial risks in close co-operation with the Company's operating units and makes decisions on portfolio of currencies and term of deposits. The revenue division monitors the Company's exposure to credit risks with respect to its customers and coordinate collection efforts. The Board of Directors provides directions on overall risk management and makes key decisions on matters which may give rise to significant financial risks.

#### (i) Market risk

##### **Foreign exchange risk**

The Company's businesses are principally conducted in RMB. The Company is exposed to foreign exchange risk with respect to primarily US dollar. Foreign exchange risk arises from transactions including payment of part of deposit, repayment of the loans from the Parent Company.

As at 31 December 2023, all of the Company's assets and liabilities were denominated in RMB except that cash and cash equivalents of approximately RMB19,030,000 (2022: RMB20,449,000), trade and other payables of approximately RMB9,096,000 (2022: RMB8,944,000).

As at 31 December 2023, if RMB had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax loss would have decreased/increased by RMB373,000 (2022: increased/decreased by RMB47,369,000), mainly as a result of foreign exchange losses/gains in translation of US dollar denominated cash and cash equivalents, trade and other payables and loans from the Parent Company.

The Company did not enter into any forward contract to hedge its exposure to foreign exchange risk for the years ended 31 December 2023 and 2022.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (i) Market risk (Continued)

###### **Interest rate risk**

The Company has no significant interest-bearing assets, other than cash and cash equivalents. The impact of the changes in interest rate is not expected to be material.

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2023, the borrowings at variable rate were denominated in RMB.

The Company analyses its interest rate exposure on a dynamic basis by simulating various options available for financing and considers an interest rate swap arrangement to hedge its interest rate risk when appropriate.

As at 31 December 2023, if the interest rate on those borrowings with floating interest rates had increased/decreased by 50 basis points with all other variables held constant, post-tax loss and equity would have been higher/lower by RMB20,221,000 (2022: RMB10,513,000).

###### **Price risk**

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at FVPL (note 15).

The Company's equity investments are publicly traded on the Shanghai Stock Exchange Limited (the "Shanghai Stock Exchange").

To manage its price risk arising from investments in equity securities, the Company regularly monitor the price fluctuation and market information to adjust the trading strategies. The trading strategies are decided in accordance with the investment concept of the Company.

As at 31 December 2023, if the equity securities price had increased/decreased by 10% with all other variables held constant, post-tax loss would have been lower/higher by RMB379,000 (2022: lower/higher by RMB515,000).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. The credit risk of the Company mainly arises from debtors and deposits with banks and a financial institution.

In order to minimise the credit risk arising from debtors, management of the Company has delegated a team responsible for determination of credit limits and credit approval. In assessing the credit quality and set credit limits of the customers, the Company considers the customers' financial position, credit history as well as other factors such as market conditions. The utilisation of credit limits is regularly monitored. The Company has policies in place to limit the credit exposure on trade receivables. Debtors with overdue balances will be requested to settle their outstanding balance. The Company measures and determines the expected credit losses of trade receivables at the end of each reporting period. see Note 12(b) for further details.

The Company's deposits are all deposited in state-owned banks/financial institution and other reputable listed banks with high credit quality and note receivables are issued from state-owned banks in the PRC. The credit quality of cash at bank and note receivables has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. Management considers that the credit risk associated with the deposits with banks and a financial institution and note receivables is low and no provision was made as at 31 December 2023(2022: Nil).

The credit quality of other financial assets at amortised costs has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The provision of RMB7,637,000 was made as at 31 December 2023 (31 December 2022: RMB7,637,000).

##### (iii) Liquidity risk

The Company adopts prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents and having available funding through short term banks loans to meet its capital commitments and working capital requirements.

Management maintains rolling forecast of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. In addition, the Company maintains flexibility in funding through having adequate amount of cash and cash equivalents and utilising different sources of financing when necessary.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Financial risk factors (Continued)****(iii) Liquidity risk (Continued)**

As at 31 December 2023 and 2022, 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 Ground Traffic Centre Assets, payroll and welfare payable, advance from customers and tax payable), borrowings, bonds payable, loans from the Parent Company and lease liabilities.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
<b>As at 31 December 2023</b>						
Trade and other payables	4,273,977	-	-	-	4,273,977	4,273,977
Short-term borrowings	6,660,583	-	-	-	6,660,583	6,564,715
Long-term Borrowings	63,323	59,329	943,843	1,208,474	2,274,969	1,999,830
Bonds payable	46,026	45,900	1,531,438	-	1,623,364	1,513,062
Lease liabilities	255,708	103,857	197,658	431,796	989,019	755,489
	<b>11,299,617</b>	<b>209,086</b>	<b>2,672,939</b>	<b>1,640,270</b>	<b>15,821,912</b>	<b>15,107,073</b>
<b>As at 31 December 2022</b>						
Trade and other payables	4,340,329	-	-	-	4,340,329	4,340,329
Short-term borrowings	6,285,035	-	-	-	6,285,035	6,204,173
Long-term Borrowings	6,226	206,148	-	-	212,374	199,023
Bonds payable	1,348,620	-	-	-	1,348,620	1,314,539
Loans from the Parent Company	228,335	225,714	623,616	459,463	1,537,128	1,277,863
Lease liabilities	196,009	127,066	240,018	475,483	1,038,576	780,028
	<b>12,404,554</b>	<b>558,928</b>	<b>863,634</b>	<b>934,946</b>	<b>14,762,062</b>	<b>14,115,955</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the capital risk management process, the Company monitors capital on the basis of the liability-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

The liability-to-asset ratios at 31 December 2023 and 2022 are as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Total liabilities	<b>17,701,536</b>	16,878,480
Total assets	<b>32,589,339</b>	33,483,400
Liability-to-asset ratio	<b>54%</b>	50%

The liability-to-asset ratio increased from 50% to 54%, which is mainly due to the increase in borrowings.

#### (c) Fair values estimation

The financial instruments are categorised into three levels within a fair value hierarchy by level of the inputs to valuation techniques used to measure fair value as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Fair values estimation (Continued)

##### ***Financial instruments in level 1***

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

##### ***Financial instruments in level 2***

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

##### ***Financial instruments in level 3***

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

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(excluded accrued liabilities for the title change of the Ground Traffic Centre Assets, payroll and welfare payable, advance from customers and other tax payable), borrowing and lease liabilities, approximate their fair values, as the impact of discounting is not significant.

The financial assets at fair value through profit or loss represented the Company's investments in equity securities of certain company listed on the Shanghai Stock Exchange, which are quoted in an active market and included in level 1.

The fair value of bonds payable for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, which is included in level 2. Financial liabilities measured at amortized cost differ little from their fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### (a) Impairment of trade receivables

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 12(b).

#### (b) The cost of the Phase III Assets and T3D Assets

- (i) In October 2008, the Company completed the acquisition from CAH, other than Zone D and its ancillary assets, Terminal Three ("T3") and the related assets (collectively the "Phase III Assets"), which include the airfield assets, roads, the driverless train system, and the related equipment, machinery, facilities and land use rights. Pursuant to the relevant agreements, the consideration of acquiring the Phase III Assets should be determined based on a valuation performed by an independent valuer, subject to adjustment based on the final account of construction by a surveyor. As at 31 December 2023, the Parent Company has not yet obtained the land use rights certificates from the Beijing Municipal Bureau of Land and Resource. The final cost of acquisition is therefore subject to future adjustment when the land use rights certificates are obtained. Management currently estimates that the result of the final account would not differ by more than 10% of the cost of the Phase III Assets. Any adjustment will be accounted for prospectively as a change in the accounting estimate.
- (ii) In January 2015, the Company completed the acquisition from CAH of Zone D of T3 and its ancillary assets (the "T3D Assets"). Pursuant to the relevant agreements, the consideration of acquiring the T3D Assets should be determined based on a valuation performed by an independent valuer, subject to adjustment based on the final account of construction by a surveyor. As at 31 December 2023, the Parent Company has not yet obtained the land use rights certificates from the Beijing Municipal Bureau of Land and Resource. The final cost of acquisition is therefore subject to future adjustment when the land use rights certificates are obtained. Management currently estimates that the result of the final account of construction would not differ by more than 10% of the cost of the T3D Assets. Any adjustment will be accounted for prospectively as a change in the accounting estimate.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (c) The accrued liabilities for the title change of the the Ground Traffic Centre Assets

In October 2018, the Company completed the acquisition from CAH of the Ground Traffic Centre ("GTC") and the related facilities and land use rights at the Beijing Capital Airport (collectively the "GTC Assets"). Pursuant to the relevant agreements, the consideration of acquiring GTC Assets consisted of two parts: a current payment consideration which was determined by an independent valuer, and a future payment consideration which will be determined based on the actual amounts necessary to be incurred upon completion of title transfer. Management estimated the future payment consideration based on the forecast land prices for the initial recognition of the costs of the GTC Assets. As at 31 December 2023, the title transfer of the GTC Assets was not completed. The final cost of acquisition is therefore subject to future adjustment when the necessary costs for the title transfer are known. Any adjustment will be accounted for prospectively as a change in the accounting estimate.

#### (d) Estimated useful lives of property, plant and equipment

The Company's major operating assets primarily comprised buildings and improvements, runways and plant, furniture, fixtures and equipment. Management determines the estimated useful lives of its property, plant and equipment based on its industry experience and the conditions of the property, plant and equipment.

During the year ended 31 December 2023, with all other variables held constant, if the useful lives differ by 10% from the estimates by management, the depreciation expenses would be lower/higher by RMB172,267,000/RMB183,973,000 (2022:RMB187,792,000/RMB255,549,000) for the year ended 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (e) Employee benefits – Defined benefit scheme

In addition to the state-sponsored pension plan, the Company also maintained a voluntary retired benefit plan and an annuity plan, which includes a defined benefit scheme for all participating employees (Note 2B(m)). The Company recognises a liability in the balance sheet in respect of defined benefit pension plans based on the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated using the projected unit credit method, which depends on a number of assumptions, including discount rate, pension cost inflation rate, salary inflation rate, employees' withdrawal rate and mortality rate. The discount rate is calculated based on long-term government bonds. The pension cost inflation rate and salary inflation rate are based on the general local economic conditions. The employees' withdrawal rate is based on historical trends of the Company. Mortality rates for male and female employees are made reference to the China Life Incurrence Mortality Table (2010-2013) published by the China Insurance Regulatory Commission (Note 26). Change in any of these assumptions will impact the carrying amount of the pension obligations.

#### (f) Deferred income tax

A deferred income tax asset is recognised on the unused taxable losses to the extent that it is probable that future taxable profits will be available against which the taxable losses can be utilised (Note 25). Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from the previous period in the future period. Estimates and judgments are required in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, an adjustment may be made to the carrying amount of the deferred income tax assets.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**5 REVENUES AND SEGMENT INFORMATION**

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Company's internal reporting in order to assess performance and allocate resources.

The Company is principally engaged in a single business of operating and managing an airport and provision of related services in the Mainland China. Resources are allocated based on what is beneficial to the Company in enhancing the value as a whole rather than any special unit. The Board of Directors considers the performance assessment of the Company should be based on the results of the Company as a whole. Therefore, the Board of Directors considers that there is only one operating segment under the requirement of IFRS 8.

<b>Analysis of revenues by category</b>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Aeronautical:		
Aircraft movement and related income	<b>1,155,603</b>	499,443
Passenger income	<b>941,275</b>	211,285
	<b>2,096,878</b>	710,728
Non-aeronautical:		
Concession revenue <i>(note a)</i>	<b>1,399,417</b>	675,551
Rental income	<b>860,352</b>	741,233
Resources usage income	<b>181,875</b>	85,010
Others	<b>20,002</b>	18,426
	<b>2,461,646</b>	1,520,220
Total revenues	<b>4,558,524</b>	2,230,948

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 5 REVENUES AND SEGMENT INFORMATION (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
Advertising	663,572	480,378
Retailing	465,069	81,229
Restaurants and food shops	96,889	42,908
VIP services	85,292	18,322
Car parking	59,178	22,141
Others	29,417	30,573
	<b>1,399,417</b>	675,551

As the Company is domiciled in the Mainland China from where all of its revenues from external customers for the years ended 31 December 2023 and 2022 were derived and in where all of its assets are located, no geographical segment information is shown.

For the year ended 31 December 2023, approximately 33% (2022: 31%) of the total revenues were derived from one (2022:one) external customer. Other customers did not exceed 10% of the total revenues.

Aeronautical revenues and Non-aeronautical revenues-others are recognised over time by reference to the progress towards complete satisfaction of the respective performance obligation at the reporting date.

### 6 INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
<b>Cost</b>		
At beginning of the year	3,577,325	3,577,325
At end of the year	3,577,325	3,577,325
<b>Accumulated depreciation and impairment</b>		
At beginning of the year	(766,898)	(675,228)
Charge for the year	(91,670)	(91,670)
At end of the year	(858,568)	(766,898)
<b>Net book amount</b>		
At end of the year	2,718,757	2,810,427
Fair value at end of the year	2,770,000	2,891,000

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**6 INVESTMENT PROPERTIES (CONTINUED)****(i) Amounts recognised in revenue for investment properties**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Rental income	<b>45,377</b>	45,377
Concession income	<b>59,178</b>	22,141
	<b>104,555</b>	67,518

As at 31 December 2023, the land use rights for parcels of land with net book value of RMB1,507,972,000 (2022: RMB1,548,882,000) were acquired from the Parent Company as part of the acquisition of the GTC assets. As at 31 December 2023, buildings with net book value of RMB907,952,000 (2022: RMB942,437,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the GTC Assets (note 4(c)). As at the date of approval of the financial statements, the Parent Company is in the process of applying and obtaining the land use rights certificates from the Beijing Municipal Bureau of Land and Resource.

Investment properties are measured initially at cost and stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life. Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term.

As at 31 December 2023, the fair value of the Company's investment properties is based on the valuations performed by Cushman & Wakefield Limited, an independent professional valuers. The investment properties, mainly located in the Mainland China, are valued by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. The fair value falls into the category of fair value measurements using significant unobservable inputs (level 3) including future rental cash inflows and capitalisation rate.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 7 PROPERTY, PLANT AND EQUIPMENT

			<b>2023</b>		2022	
			<b>RMB'000</b>		RMB'000	
Property, plant and equipment in use			<b>22,418,872</b>		23,451,708	
	<b>2023</b>					
	<b>Buildings and improvements</b>	<b>Runways</b>	<b>Plant, furniture, fixtures and equipment</b>	<b>Motor vehicles</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cost</b>						
At beginning of the year	23,372,620	10,726,406	9,643,207	955,446	1,096,537	45,794,216
Additions	-	-	3,050	1,752	156,137	160,939
Transfers	1,815	-	197,394	39,410	(238,619)	-
Disposals	(475)	-	(35,053)	(6,064)	-	(41,592)
Adjustments according to finalisation of construction account by the surveyors	25,660	(51,733)	29,297	(100)	-	3,124
At end of the year	23,399,620	10,674,673	9,837,895	990,444	1,014,055	45,916,687
<b>Accumulated depreciation and impairment</b>						
At beginning of the year	(9,436,448)	(4,217,247)	(8,028,539)	(651,338)	(8,936)	(22,342,508)
Charge for the year	(600,163)	(244,020)	(303,176)	(47,538)	-	(1,194,897)
Disposals	451	-	33,378	5,761	-	39,590
At end of the year	(10,036,160)	(4,461,267)	(8,298,337)	(693,115)	(8,936)	(23,497,815)
<b>Net book amount</b>						
At end of the year	13,363,460	6,213,406	1,539,558	297,329	1,005,119	22,418,872

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2022					
	Buildings and improvements RMB'000	Runways RMB'000	Plant, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Assets under construction RMB'000	Total RMB'000
<b>Cost</b>						
At beginning of the year	23,253,367	10,806,094	9,959,243	968,413	1,070,672	46,057,789
Additions	1,080	–	18,152	3,008	238,821	261,061
Transfers	80,181	11,194	121,581	–	(212,956)	–
Disposals	(2,217)	(449)	(444,659)	(11,738)	–	(459,063)
Adjustments according to finalisation of construction account by the surveyors	40,209	(90,433)	(11,110)	(4,237)	–	(65,571)
At end of the year	23,372,620	10,726,406	9,643,207	955,446	1,096,537	45,794,216
<b>Accumulated depreciation and impairment</b>						
At beginning of the year	(8,835,341)	(3,975,386)	(8,140,906)	(613,828)	(8,936)	(21,574,397)
Charge for the year	(601,853)	(242,012)	(310,167)	(48,773)	–	(1,202,805)
Disposals	746	151	422,534	11,263	–	434,694
At end of the year	(9,436,448)	(4,217,247)	(8,028,539)	(651,338)	(8,936)	(22,342,508)
<b>Net book amount</b>						
At end of the year	13,936,172	6,509,159	1,614,668	304,108	1,087,601	23,451,708

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased assets, where the Company is a lessor, comprise buildings under operating leases with cost and accumulated depreciation as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost	<b>896,000</b>	888,535
Accumulated depreciation	<b>(476,556)</b>	(481,096)
Net book amount	<b>419,444</b>	407,439

Assets used for concession business with cost and accumulated depreciation as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost	<b>310,982</b>	313,776
Accumulated depreciation	<b>(138,913)</b>	(132,883)
Net book amount	<b>172,069</b>	180,893

Assets used for resources usage with cost and accumulated depreciation as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost	<b>364,454</b>	366,840
Accumulated depreciation	<b>(163,868)</b>	(156,489)
Net book amount	<b>200,586</b>	210,351

As at 31 December 2023, buildings with net book value of RMB95,157,000 (2022: RMB99,352,000) 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 31 December 2023, buildings and terminal with a net book value of RMB6,510,799,000 (2022: RMB6,753,240,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the Phase III Assets (note 4(b)(i)). As at 31 December 2023, buildings and terminal with a net book value of RMB771,247,000 (2022: RMB800,322,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the T3D Assets (note 4(b)(ii)). As at 31 December 2023, buildings with net book value of RMB360,844,000 (2022: RMB374,550,000) were situated on parcels of land which had been acquired from the Parent Company as part of the acquisition of the GTC Assets (note 4(c)). As at the date of approval of the financial statements, the Company is in the process of applying for the building ownership certificates of these buildings..

As at 31 December 2023, taxiways, aprons and structures with net book value of RMB521,669,000 (2022: RMB541,797,000) were situated on parcels of allocated land owned by the Parent Company and another party. These parcels of land are occupied by the Company at nil consideration.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**8 LEASES**

This note provides information for leases where the Company is a lessee.

**(a) Right-of-use assets**

	2023					
	Leasehold lands RMB'000	Land use rights – from the government RMB'000	Buildings RMB'000	Equipment RMB'000	Vehicles RMB'000	Total RMB'000
<b>Cost</b>						
At beginning of the year	789,437	1,774,164	277,461	210,617	9,391	3,061,070
Additions	21,143	–	108,114	5,171	–	134,428
At end of the year	810,580	1,774,164	385,575	215,788	9,391	3,195,498
<b>Accumulated depreciation</b>						
At beginning of the year	(265,847)	(405,067)	(240,534)	(117,255)	(4,248)	(1,032,951)
Charge for the year	(70,045)	(39,502)	(65,519)	(42,603)	(1,342)	(219,011)
At end of the year	(335,892)	(444,569)	(306,053)	(159,858)	(5,590)	(1,251,962)
<b>Net book amount</b>						
At end of the year	474,688	1,329,595	79,522	55,930	3,801	1,943,536

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 8 LEASES (CONTINUED)

## (a) Right-of-use assets (Continued)

	2022					Total RMB'000
	Leasehold lands RMB'000	Land use rights – from the government RMB'000	Buildings RMB'000	Equipment RMB'000	Vehicles RMB'000	
<b>Cost</b>						
At beginning of the year	789,437	1,774,164	238,889	210,617	9,391	3,022,498
Additions	–	–	38,572	–	–	38,572
At end of the year	789,437	1,774,164	277,461	210,617	9,391	3,061,070
<b>Accumulated depreciation</b>						
At beginning of the year	(195,227)	(365,566)	(178,965)	(73,569)	(2,908)	(816,235)
Charge for the year	(70,620)	(39,501)	(61,569)	(43,686)	(1,340)	(216,716)
At end of the year	(265,847)	(405,067)	(240,534)	(117,255)	(4,248)	(1,032,951)
<b>Net book amount</b>						
At end of the year	523,590	1,369,097	36,927	93,362	5,143	2,028,119

As at 31 December 2023, the land use rights included parcels of land with net book value of RMB382,440,000 (2022: RMB393,445,000) which were acquired from the Parent Company as part of the acquisition of the Phase III Assets (note 4(b)(i)). As at the date of approval of the financial statements, the Parent Company is in the process of applying and obtaining the land use rights certificates from the Beijing Municipal Bureau of Land and Resource.

As at 31 December 2023, the land use rights for parcels of land with net book value of RMB401,751,000 (2022: RMB413,313,000) were acquired from the Parent Company as part of the acquisition of the T3D assets (note 4(b)(ii)). As at the date of approval of the financial statements, the Parent Company is in the process of applying and obtaining the land use rights certificates from the Beijing Municipal Bureau of Land and Resource.

As at 31 December 2023, the land use rights included parcels of land with net book value of RMB417,292,000 (2022: RMB429,300,000) were acquired from the Parent Company as part of the acquisition of the GTC assets (note 4(c)). As at the date of approval of the financial statements, the Parent Company is in the process of applying and obtaining the land use rights certificates from the Beijing Municipal Bureau of Land and Resource.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**8 LEASES (CONTINUED)****(b) Lease liabilities**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Current	<b>227,734</b>	164,792
Non-current	<b>527,755</b>	615,236
	<b>755,489</b>	780,028
	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Interest expense (included in finance cost) (Note 30)	<b>34,222</b>	36,146
Expense relating to short-term and low value leases (included in operating expenses)	<b>1,108</b>	962

The total cash outflow for leases in 2023 was RMB194,297,000 (2022: RMB178,021,000).

The Company leases various lands, offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 2 to 25 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 other than the security interests in the leased assets that are held by the lessor. Except the land use rights from the government, other leased assets may not be used as security for borrowing purposes.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**9 INTANGIBLE ASSETS**

Intangible assets comprise software and software use rights which are amortised on a straight-line basis between 5 years to 10 years respectively, and their net book values are analysed as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>Cost</b>		
At beginning of the year	<b>560,568</b>	520,304
Additions	<b>22,043</b>	40,264
At end of the year	<b>582,611</b>	560,568
<b>Accumulated amortisation</b>		
At beginning of the year	<b>(447,371)</b>	(405,099)
Amortisation	<b>(43,965)</b>	(42,272)
At end of the year	<b>(491,336)</b>	(447,371)
<b>Net book amount</b>		
At end of the year	<b>91,275</b>	113,197

**10 INVESTMENT IN AN ASSOCIATE**

The Company has interests in an immaterial associate that are accounted for using the equity method.

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Carrying amount of an immaterial associate	<b>45,767</b>	–
The amount of the company's share of:		
Profit from continuing operations	<b>5,253</b>	–
Total comprehensive income	<b>5,253</b>	–

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**11 INVENTORIES**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Current assets		
Spare parts and consumable items	<b>201,322</b>	218,299

**(a) Assigning costs to inventories**

The costs of individual items of inventories are determined using weighted average costs.

**(b) Amounts recognised in profit or loss**

Inventories recognised as an expense during the year ended 31 December 2023 amounted to RMB141,109,000 (2022: RMB114,697,000). These were included in cost of providing services.

**12 TRADE RECEIVABLES**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Trade receivables		
– CAH's subsidiaries (Note 35(a))	<b>392,760</b>	334,909
– third parties	<b>1,355,120</b>	767,243
	<b>1,747,880</b>	1,102,152
Less: provision for impairment	<b>(481,638)</b>	(435,254)
	<b>1,266,242</b>	666,898

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

<b>Currency</b>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
RMB	<b>1,266,242</b>	666,898



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 12 TRADE RECEIVABLES (CONTINUED)

At 31 December 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Less than 3 months	<b>739,970</b>	326,215
4 – 6 months	<b>230,677</b>	167,590
7 – 12 months	<b>182,462</b>	135,015
1 – 2 years	<b>215,922</b>	178,599
2 – 3 years	<b>111,083</b>	32,947
Over 3 years	<b>267,766</b>	261,786
	<b>1,747,880</b>	1,102,152

#### (a) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### (b) Impairment and risk exposure

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical credit losses and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified economic policies, macroeconomic conditions, industry risks, probabilities of default, expected operating performance of the debtors in which it sells its services as well as Consumer Price Index, Broad Money Supply and Fixed Asset Investment to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 12 TRADE RECEIVABLES (CONTINUED)

## (b) Impairment and risk exposure (Continued)

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables:

31 December 2023	No more than 90 days	Between 90 and 180 days	Between 180 and 270 days	Between 270 and 360 days	More than 360 days	Total
<b>Group 1</b>						
Expected loss rate	3.69%	100.00%	100.00%	100.00%	100.00%	
Gross carrying amount- trade receivables	396,360	4,362	586	1,237	16,029	418,574
<b>Loss allowance</b>	14,633	4,362	586	1,237	16,029	36,847
<b>Group 2</b>						
Expected loss rate	7.34%	100.00%	100.00%	100.00%	100.00%	
Gross carrying amount- trade receivables	31,949	337	43	-	8,271	40,600
<b>Loss allowance</b>	2,343	337	43	-	8,271	10,994
<b>Group 3</b>						
Expected loss rate	9.67%	24.76%	36.15%	50.91%	100.00%	
Gross carrying amount- trade receivables	32,281	351	41	41	5,628	38,342
<b>Loss allowance</b>	3,122	87	15	21	5,628	8,873
<b>Group 4</b>						
Expected loss rate	10.10%	19.12%	31.10%	48.79%	64.88%	
Gross carrying amount- trade receivables	57,875	21,734	4,003	94	22,941	106,647
<b>Loss allowance</b>	5,846	4,156	1,245	46	14,885	26,178

As at 31 December 2023, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected loss rate	Loss allowance	Reason
Trade receivables 1	365,965	55.02%	201,355	The likelihood of recovery
Trade receivables 2	145,559	33.19%	48,317	The likelihood of recovery
Trade receivables 3	407,935	11.11%	45,303	The likelihood of recovery
Trade receivables 4	175,284	31.54%	55,277	The likelihood of recovery
Others	48,974	99.02%	48,494	The likelihood of recovery
	<b>1,143,717</b>		<b>398,746</b>	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 12 TRADE RECEIVABLES (CONTINUED)

## (b) Impairment and risk exposure (Continued)

On that basis, the loss allowance as at 31 December 2022 was determined as follows for trade receivables:

31 December 2022	No more than 90 days	Between 90 and 180 days	Between 180 and 270 days	Between 270 and 360 days	More than 360 days	Total
<b>Group 1</b>						
Expected loss rate	4.93%	100.00%	100.00%	100.00%	100.00%	
Gross carrying amount- trade receivables	97,893	180	-	185	18,092	116,350
<b>Loss allowance</b>	4,826	180	-	185	18,092	23,283
<b>Group 2</b>						
Expected loss rate	9.74%	100.00%	100.00%	100.00%	100.00%	
Gross carrying amount- trade receivables	9,004	668	-	-	11,234	20,906
<b>Loss allowance</b>	877	668	-	-	11,234	12,779
<b>Group 3</b>						
Expected loss rate	10.21%	26.29%	37.38%	57.06%	100.00%	
Gross carrying amount- trade receivables	78,392	65,851	-	-	5,628	149,871
<b>Loss allowance</b>	8,000	17,312	-	-	5,628	30,940
<b>Group 4</b>						
Expected loss rate	6.32%	13.82%	24.76%	43.37%	92.17%	
Gross carrying amount- trade receivables	98,032	60,157	35,195	21,017	37,486	251,887
<b>Loss allowance</b>	6,195	8,315	8,713	9,115	34,552	66,890

As at 31 December 2022, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected loss rate	Loss allowance	Reason
Trade receivables 1	320,856	58.90%	188,844	The likelihood of recovery
Trade receivables 2	108,155	44.20%	47,830	The likelihood of recovery
Trade receivables 3	91,136	24.30%	22,177	The likelihood of recovery
Others	42,991	98.90%	42,511	The likelihood of recovery
	563,138		301,362	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**12 TRADE RECEIVABLES (CONTINUED)****(b) Impairment and risk exposure (Continued)**

The movements of the provision for impairment of trade receivables are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
At beginning of the year	<b>435,254</b>	427,750
Provision for impairment of trade receivables	<b>134,462</b>	170,218
Reversal of impairment of trade receivables	<b>(78,083)</b>	(64,750)
Receivables written off during the year as uncollectible	<b>(9,995)</b>	(97,964)
At end of the year	<b>481,638</b>	435,254

**13 PREPAYMENTS**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Prepayments		
– CAH (Note 35(a))	<b>253,704</b>	253,704
– third parties	<b>46,262</b>	11,900
	<b>299,966</b>	265,604
Less: non-current portion	<b>(275,750)</b>	(260,079)
Total	<b>24,216</b>	5,525

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**14 OTHER FINANCIAL ASSETS AT AMORTISED COST**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Interest receivable		
– third parties	<b>12,901</b>	9,941
Other receivables		
– CAH's subsidiaries (Note 35(a))	<b>11,628</b>	8,105
– third parties	<b>21,949</b>	28,153
	<b>46,478</b>	46,199
Less: provision for impairment	<b>(7,637)</b>	(7,637)
	<b>38,841</b>	38,562

**(a) Fair values of other financial assets at amortised cost**

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

**(b) Risk exposure**

All of the financial assets at amortised cost are denominated in RMB. As a result, there is no significant exposure to foreign exchange risk.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****(i) Classification of financial assets at fair value through profit or loss**

The Company classifies equity investments that are held for trading at FVPL.

Financial assets mandatorily measured at FVPL include the following:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Current assets		
– Listed equity securities	<b>5,057</b>	6,866

**(ii) Amounts recognised in profit or loss**

During the year, the following losses were recognised in profit:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Fair value losses on equity investments at FVPL	<b>(1,809)</b>	–

Information about the Company's exposure to price risk is provided in note 3(a). For information about the methods and assumptions used in determining fair value see note 3(c).

**16 OTHER CURRENT ASSETS**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Input VAT to be deducted	<b>165,944</b>	172,980
Input VAT to be verified	<b>24,047</b>	9,524
	<b>189,991</b>	182,504

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 17 CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
<b>Current assets</b>		
Deposits placed with a subsidiary of CAH (Note 35(a) and note a)	33,879	33,661
Bank deposits	1,247,927	1,556,752
	<b>1,281,806</b>	1,590,413

(a) Deposits placed with a subsidiary of CAH, which is a financial institution, bear interest at prevailing market rates.

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

The Company holds the following financial instruments:

	2023 RMB'000	2022 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost		
Cash and cash equivalents (Note 17)	1,281,806	1,590,413
Trade receivables (Note 12)	1,266,242	666,898
Note receivables	8,181	58,335
Other financial assets at amortised cost (Note 14)	38,841	38,562
Financial assets at fair value through profit or loss (Note 15)	5,057	6,866
	<b>2,600,127</b>	2,361,074
<b>Financial liabilities</b>		
Liabilities at amortised cost		
Borrowings (Note 22)	8,564,545	6,403,196
Trade and other payables (excluded accrued liabilities for the title change of the GTC Assets, payroll and welfare payable, advance from customers and other tax payable)	4,273,977	4,340,329
Loans from the Parent Company (Note 24)	–	1,277,863
Bonds payable (Note 23)	1,513,062	1,314,539
Lease liabilities (Note 8)	755,489	780,028
	<b>15,107,073</b>	14,115,955

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**19 SHARE CAPITAL**

	<b>2023</b> <i>Number of shares'000</i>	2022 <i>Number of shares'000</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Registered, issued and fully paid				
Domestic shares, RMB1.00 each	<b>2,699,815</b>	2,699,815	<b>2,699,815</b>	2,699,815
H-shares, RMB1.00 each	<b>1,879,364</b>	1,879,364	<b>1,879,364</b>	1,879,364
As at 1 January and 31 December	<b>4,579,179</b>	4,579,179	<b>4,579,179</b>	4,579,179

The Domestic Shares are ranked pari passu, in all material respects, with the H Shares except that all dividends in respect of H Shares are declared in RMB but are paid in HK dollar. The transfer of Domestic Shares is subject to certain restrictions imposed by the PRC laws.

**20 RESERVES****(a) Capital reserve**

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

**(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 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. As of December 31, 2023, the statutory reserve balance had reached 50% of the Company's registered capital, none of the annual statutory surplus reserve has been set aside.

During the year ended 31 December 2023, pursuant to the shareholders' resolution in the Annual General Meeting on 20 June 2023, no profit was appropriated to the discretionary surplus reserve fund.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**21 TRADE AND OTHER PAYABLES**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Current liabilities</b>		
Trade payables		
Amounts due to related parties		
– CAH's subsidiaries (Note 35(a))	<b>2,115,920</b>	2,039,032
Repairs and maintenance charges payable	<b>557,702</b>	579,259
Accounts payable for purchases	<b>137,182</b>	91,038
Operating contracted services payable	<b>67,120</b>	63,008
Greening and environmental maintenance service payables	<b>47,617</b>	98,629
Other	<b>213,201</b>	249,175
	<b>3,138,742</b>	3,120,141
Advance and other payables		
Amounts due to related parties		
– CAH (Note 35(a))	<b>70,751</b>	31,563
– CAH's subsidiaries (Note 35(a))	<b>48,046</b>	63,122
	<b>118,797</b>	94,685
Accrued liabilities for the acquisition consideration of the GTC Assets (Note 4(c))	<b>1,508,693</b>	1,508,693
Construction payable	<b>739,165</b>	828,312
Deed taxes in respect of the acquisition of the Phase III Assets, the T3D Assets and the GTC Assets	<b>465,948</b>	465,948
Payroll and welfare payables	<b>246,146</b>	330,234
Deposits received	<b>243,927</b>	265,189
Advances from customers	<b>162,391</b>	264,736
Receipts on behalf of concession operators	<b>19,284</b>	9,399
Other tax payables	<b>15,139</b>	11,611
Others	<b>16,696</b>	24,568
	<b>3,536,186</b>	3,803,375
	<b>6,674,928</b>	6,923,516

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**21 TRADE AND OTHER PAYABLES (CONTINUED)**

As at 31 December 2023, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Less than 3 months	<b>1,237,030</b>	1,215,505
4 – 6 months	<b>323,412</b>	308,932
7 – 12 months	<b>284,174</b>	333,237
Over 12 months	<b>1,294,127</b>	1,262,467
	<b>3,138,743</b>	3,120,141

**22 BORROWINGS**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Short-term		
– Principals	<b>6,560,000</b>	6,200,000
– Interest payable within one year	<b>4,715</b>	4,173
	<b>6,564,715</b>	6,204,173
Long-term		
– Non-current portion	<b>1,995,400</b>	198,641
– Current portion	<b>2,800</b>	200
– Interest payable within one year	<b>1,630</b>	182
	<b>1,999,830</b>	199,023
	<b>8,564,545</b>	6,403,196

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 22 BORROWINGS (CONTINUED)

The movement in principals of borrowings is analysed as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Opening amount as at 1 January	<b>6,398,841</b>	4,488,841
Proceeds of new borrowings	<b>8,560,000</b>	6,200,000
Repayments of borrowings	<b>(6,400,641)</b>	(4,290,000)
Closing amount as at 31 December	<b>8,558,200</b>	6,398,841

As at 31 December 2023, bank borrowings with principals totaling RMB8,258,200,000 (2022: RMB1,500,000,000) are unsecured, repayable by instalments until 2030 and bear an average coupon of 2.49% annually (2022: 2.91% annually).

As at 31 December 2023, other borrowings with principals totaling RMB300,000,000 (2022: RMB4,898,841,000) are unsecured, repayable by instalments until 2024 and bear an average coupon of 2.25% annually (2022: 2.14% annually).

As at 31 December 2023, the Company's principals of borrowings are repayable as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 1 year	<b>6,562,800</b>	6,200,200
Between 1 and 2 years	<b>2,800</b>	198,641
Between 2 and 5 years	<b>839,600</b>	–
Over 5 years	<b>1,153,000</b>	–
	<b>8,558,200</b>	6,398,841

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**23 BONDS PAYABLE**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Principal amount	<b>1,500,000</b>	1,300,000
Bonds issuance cost	<b>(1,565)</b>	(3,092)
Net proceeds	<b>1,498,435</b>	1,296,908
Interest payable	<b>14,462</b>	15,235
Accumulated amortisation amounts of bonds issuance cost	<b>165</b>	2,396
	<b>1,513,062</b>	1,314,539
Less: current portion	<b>(14,462)</b>	(1,314,539)
Non-current portion	<b>1,498,600</b>	–

On 31 August 2023, the Company has received approval from the National Association of Financial Market Institutional Investors for the registration of medium-term notes in an aggregate amount of no more than RMB4,000,000,000 to be issued in multiple tranches and super short-term notes in an aggregate amount of no more than RMB4,000,000,000 to be issued in multiple tranches. On 8 September 2023, the Company issued the first tranche of medium-term bonds with a principal amount of RMB1,500,000,000 with a maturity period of 3 years. The bonds are unsecured and interest-bearing at 3.06% per annum. The interest is payable annually and the principal amount is wholly repayable on 8 September 2026.

**24 LOANS FROM THE PARENT COMPANY**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**24 LOANS FROM THE PARENT COMPANY (CONTINUED)**

The movements in the principal of the loans from the Parent Company is analysed as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Opening amount as at 1 January	<b>1,274,681</b>	1,322,486
Repayments of borrowings	<b>(1,300,639)</b>	(169,785)
Currency translation differences	<b>25,958</b>	121,980
Closing amount as at 31 December	–	1,274,681

As at 31 December 2023, the Company's principals of loans from the Parent Company are repayable as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 1 year	–	169,957
Between 1 and 2 years	–	169,957
Between 2 and 5 years	–	509,871
Over 5 years	–	424,896
	–	1,274,681

This loan was denominated in US dollar, unsecured and interest bearing at LIBOR plus 0.4% per annum. The interest is payable semi-annually. The principal amount is repayable by semi-annual instalments commencing on 15 December 2010 with maturity on 15 June 2030. On 15 June 2023, the Company early repaid the loans from the parent company.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**25 DEFERRED INCOME TAXES**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2022: 25%).

The movements of the deferred income tax account is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
At beginning of the year	<b>2,050,195</b>	1,564,531
Credited to income tax expenses	<b>21,897</b>	475,500
Charged to other comprehensive income	<b>4,271</b>	10,164
At end of the year	<b>2,076,363</b>	2,050,195

The movement in deferred income tax assets and liabilities during the year is as follows:

<b>Deferred income tax assets</b>	<b>Retirement benefit obligations</b> <i>RMB'000</i>	<b>Accelerated accounting depreciation</b> <i>RMB'000</i>	<b>Provision</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i>	<b>Accruals and others</b> <i>RMB'000</i>	<b>Loss credit</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
As at 1 January 2022	56,180	19,840	111,192	220,471	684,255	824,601	1,916,539
Credited/(charged) to income tax expense	886	(76)	1,765	(25,465)	103,434	344,992	425,536
Charged to other comprehensive income	10,164	-	-	-	-	-	10,164
As at 31 December 2022	67,230	19,764	112,957	195,006	787,689	1,169,593	2,352,239
As at 1 January 2023	<b>67,230</b>	<b>19,764</b>	<b>112,957</b>	<b>195,006</b>	<b>787,689</b>	<b>1,169,593</b>	<b>2,352,239</b>
Credited/(charged) to income tax expense	<b>1,379</b>	<b>(862)</b>	<b>12,629</b>	<b>(6,134)</b>	<b>(21,609)</b>	-	<b>(14,597)</b>
Charged to other comprehensive income	<b>4,271</b>	-	-	-	-	-	<b>4,271</b>
As at 31 December 2023	<b>72,880</b>	<b>18,902</b>	<b>125,586</b>	<b>188,872</b>	<b>766,080</b>	<b>1,169,593</b>	<b>2,341,913</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 25 DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax liabilities	Accelerated tax depreciation <i>RMB'000</i>	Right of use assets <i>RMB'000</i>	Other temporary differences <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	148,188	199,703	4,117	352,008
Credited to income tax expense	(15,068)	(34,661)	(235)	(49,964)
As at 31 December 2022	133,120	165,042	3,882	302,044
As at 1 January 2023	<b>133,120</b>	<b>165,042</b>	<b>3,882</b>	<b>302,044</b>
Credited to income tax expense	<b>(21,342)</b>	<b>(11,270)</b>	<b>(3,882)</b>	<b>(36,494)</b>
As at 31 December 2023	<b>111,778</b>	<b>153,772</b>	–	<b>265,550</b>

Deductible losses that are not recognised as deferred income tax assets are analysed as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Deductible losses	<b>3,695,368</b>	2,085,784

Deductible losses that are not recognised as deferred income tax assets will expire in the following years:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
2027	<b>2,085,784</b>	2,085,784
2028	<b>1,609,584</b>	–

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Deferred income tax assets	<b>2,341,913</b>	2,352,239
Deferred income tax liabilities	<b>(265,550)</b>	(302,044)
	<b>2,076,363</b>	2,050,195

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**25 DEFERRED INCOME TAXES (CONTINUED)**

The amounts shown in the deferred income tax include the following:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Deferred income tax assets to be recovered after more than 12 months	<b>2,253,911</b>	2,151,801
Deferred income tax liabilities to be settled after more than 12 months	<b>191,705</b>	136,767

**26 RETIREMENT BENEFIT OBLIGATIONS**

As at 31 December 2023, the retirement benefit obligations recognised in the balance sheet are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Pension subsidies (Note a)	<b>53,095</b>	46,215
Post-retirement medical benefits (Note b)	<b>114,175</b>	104,593
	<b>167,270</b>	150,808
Less: amounts due within one year included in current liabilities	<b>(9,183)</b>	(8,999)
	<b>158,087</b>	141,809

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Pension subsidies (Note a)	<b>4,370</b>	4,250
Post-retirement medical benefits (Note b)	<b>7,778</b>	5,750
Total, charged to staff costs (Note 28)	<b>12,148</b>	10,000
Pension subsidies (Note a)	<b>14,186</b>	13,278
Post-retirement medical benefits (Note b)	<b>2,900</b>	27,378
Total, charged to other comprehensive income	<b>17,086</b>	40,656



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**26 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)****(a) Pension subsidies**

The amounts recognised in the balance sheet are determined as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Present value of the Annuity Plan	<b>102,912</b>	94,064
Present value of unfunded obligations	<b>108,201</b>	104,805
Present value of plan assets	<b>(158,018)</b>	(152,654)
Liability in the balance sheet	<b>53,095</b>	46,215

The movement in the liability recognised in the balance sheet is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
At beginning of the year	<b>46,215</b>	39,754
Cost recognized in profit and loss	<b>4,370</b>	4,250
Other comprehensive loss – actuary gain and loss	<b>14,186</b>	13,278
Contributions to fund the plan assets	<b>(6,140)</b>	(5,628)
Payments made in the year	<b>(5,536)</b>	(5,439)
At end of the year	<b>53,095</b>	46,215

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Service cost	<b>3,067</b>	3,046
Net interest cost	<b>1,303</b>	1,204
	<b>4,370</b>	4,250

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**26 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)****(a) Pension subsidies (Continued)**

The principal actuarial assumptions at the balance sheet date are as follows:

	<b>2023</b>	2022
Discount rate	<b>2.75%</b>	3.00%
Pension cost inflation rate for the participating employees under the Annuity Plan	<b>3.00%</b>	3.00%
Salary inflation rate for the participating employees under the Annuity Plan	<b>5.00%</b>	5.00%
Employee withdrawal rate	<b>2.85%</b>	2.85%
Mortality rate	<b>note</b>	note

Note: Mortality rates for male and female were referenced to the China Life Incurrence Mortality Table (2010-2013) published by the China Insurance Regulatory commission in 2016.

Plan assets are comprised as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Pension product	<b>121,189</b>	131,344
Cash and cash equivalents	<b>20,427</b>	21,148
Bond investment	<b>14,462</b>	–
Others	<b>1,940</b>	162
Total	<b>158,018</b>	152,654

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**26 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)****(b) Post-retirement medical benefits**

The movement in the liability recognised in the balance sheets is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
At beginning of the year	<b>104,593</b>	72,480
Cost recognized in profit and loss	<b>7,778</b>	5,750
Other comprehensive loss – actuary gain and loss	<b>2,900</b>	27,378
Payments made in the year	<b>(1,096)</b>	(1,015)
At end of the year	<b>114,175</b>	104,593

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Service cost	<b>4,657</b>	3,407
Net Interest cost	<b>3,121</b>	2,343
	<b>7,778</b>	5,750

The principal actuarial assumptions at the balance sheet date are as follows:

	<b>2023</b>	2022
Discount rate	<b>2.75%</b>	3.00%
Inflation rate of average medical benefit	<b>7.00%</b>	7.00%
Employee withdrawal rate	<b>2.85%</b>	2.85%
Mortality rate	<b>note</b>	note

*note:* Mortality rates for male and female were referenced to the China Life Incurrence Mortality Table (2010-2013) published by the China Insurance Regulatory commission in 2016.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**26 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)**

- (c) **The sensitivity of the retirement benefit obligations to changes in the weighted principal assumptions is:**

	Impact on defined benefit obligation		
	Change in assumption	Impact on change in obligation if increase in assumption	Impact on change in obligation if decrease in assumption
Discount rate	1%	Decrease by 17%	Increase by 22%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the retirement benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis do not change compared to the previous period.

- (d) **Through its retirement benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:**

Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risk	The retirement benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities.

- (e) **As at 31 December 2023, the present value of defined benefit obligation was RMB211,113,000 and this exceeds the fair value of plan assets by RMB53,095,000, giving a funding level of 75%. The Company believes the deficit is immaterial, and will continue to make further contributions to the plan to meet future payment obligations.**
- (f) **Expected contributions to the pension subsidies for the year ending 31 December 2024 are RMB5,000,000.**
- (g) **The weighted average duration of the retirement benefit obligations is 24 years (2022: 23 years).**

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**27 DEFERRED INCOME**

The Company received grants from the government to subsidise all or part of the costs of construction projects or future expenses. Such grants are deferred and recognised in the statement of comprehensive income over the estimated useful lives of the related fixed assets, recognised in profit or loss, or deducted against related expenses in reporting the related expenses.

**28 STAFF COSTS**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Salaries and welfare	<b>354,848</b>	333,319
Pension costs – defined contribution scheme under statutory pension plan ( <i>note a</i> )	<b>53,817</b>	51,904
Housing fund	<b>40,240</b>	38,796
Pension costs – defined contribution scheme under the Annuity Plan	<b>26,998</b>	26,610
Pension costs – defined benefit scheme under the Annuity Plan and others ( <i>Note 26</i> )	<b>12,148</b>	10,000
Other allowances and benefits	<b>73,245</b>	69,891
	<b>561,296</b>	530,520

- (a) All of the Company's full-time Chinese employees have participated the state-sponsored pension plan and are entitled to a monthly pension at their retirement dates. The PRC government is responsible for the pension liability to these retired employees. The Company is required to make monthly contributions to the state-sponsored retirement plan at certain percentages of 16% (2022:16%) of the employees' basic salaries subject to a cap determined by the state on an annual basis.

There were no forfeited contributions utilised to offset employers' contributions for the year ended 31 December 2023 (2022: nil). There was no forfeited contribution available to reduce the contributions payable in the future years as at 31 December 2023 (2022: nil).

- (b) Staff costs include emoluments payable to the Company's directors and supervisors as set out in Note 36.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 28 STAFF COSTS (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments are the highest in the Company for the year include one supervisor (2022: one director and one supervisor). The emoluments of the director and supervisor are reflected in the analysis presented in Note 36.

The emoluments payables to the remaining four (2022: three) non-director individuals during the year are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Salaries, housing allowances, other allowances and benefits in kind	<b>3,397</b>	2,740
Contributions to pension scheme	<b>514</b>	364
	<b>3,911</b>	3,104

During the year ended 31 December 2023, no emoluments were paid by the Company to the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office (2022: nil).

The emoluments fell within the following bands:

<b>Emolument bands (in HK dollar)</b>	<b>Number of individuals</b>	
	<b>2023</b>	2022
HK\$1,000,001 – HK\$1,500,000	<b>4</b>	3

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**29 EXPENSES BY NATURE**

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

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Depreciation on property, plant and equipment (Note 7)	<b>1,194,897</b>	1,202,805
Depreciation of rights-of-use assets (Note 8)	<b>219,012</b>	216,716
Depreciation on investment properties (Note 6)	<b>91,670</b>	91,670
Amortisation of intangible assets (Note 9)	<b>43,965</b>	42,272
Loss on disposal of property, plant and equipment	<b>2,002</b>	24,369
Auditor's remunerations – Audit services	<b>3,430</b>	3,430

**30 FINANCE INCOME/(COSTS)**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Finance income		
Interest income on bank deposits	<b>19,956</b>	22,952
Finance costs		
Interest expenses on borrowings	<b>(191,116)</b>	(129,118)
Exchange losses, net	<b>(48,707)</b>	(49,659)
Interest expenses on bonds payable	<b>(34,222)</b>	(36,146)
Interest expenses on lease liabilities (Note 8)	<b>(30,941)</b>	(30,526)
Interest expenses on loans from the Parent Company	<b>(25,780)</b>	(120,906)
Bank charges	<b>(523)</b>	(1,156)
	<b>(331,289)</b>	(367,511)
Net finance costs	<b>(311,333)</b>	(344,559)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**31 TAXATION****(a) Corporate income tax**

The Company is subject to corporate income tax at a rate of 25% (2022: 25%) on its taxable income as determined in accordance with the relevant PRC income tax laws and regulations.

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Deferred income tax (Note 25)	<b>(21,897)</b>	(475,500)

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

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Loss before income tax	<b>(1,718,685)</b>	(4,002,135)
Tax calculated at a tax rate of 25% (2022: 25%)	<b>(429,671)</b>	(1,000,534)
Deductible tax losses for which no deferred income tax asset was recognised	<b>402,396</b>	521,446
Expenses not deductible for tax purpose	<b>5,378</b>	3,588
Tax credit	<b>(21,897)</b>	(475,500)



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 31 TAXATION (CONTINUED)

#### (b) Value added tax

Since 1 May 2016, aeronautical revenues and revenues of 400Hz power fees and air condition fees from domestic airliners, concession revenues and other non-aeronautical revenues of the Company are subject to value added tax, and the applicable tax rate is 6%; rental income (excluding rental income of tangible movable assets under operating lease) from immovable assets which are obtained before 30 April 2016 and revenues of car parking fees which are generated from the assets obtained before 30 April 2016 could be chosen to be subject to value added tax of 5% based on the simplified method for tax calculation; rental revenues of tangible movable assets under operating lease, which the assets are obtained before 30 April 2016, could be chosen to be subject to value added tax of 3% based on the simplified method for tax calculation; the revenues of aeronautical revenues and revenues of 400Hz power fees and air condition fees from international, Hong Kong, Macau and Taiwan airliners are exempt from paying any value added tax. Since 1 May 2018, the applicable tax rate of rental income (excluding rental income of tangible movable assets under operating lease) and revenues of car parking fees of the Company is adjusted from 11% to 10%; the applicable tax rate of rental revenues of tangible movable assets under lease is adjusted from 17% to 16%. Since 1 April 2019, the above applicable tax rates are adjusted from 10% to 9% and 16% to 13% respectively.

#### (c) Real estate tax

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

### 32 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to the owners of the Company by the weighted average number of 4,579,178,977 (2022: 4,579,178,977) ordinary shares in issue during the year.

Diluted loss per share equals basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

	2023	2022
Loss for the year (RMB'000)	<b>(1,696,788)</b>	(3,526,635)
Basic loss per share (RMB per share)	<b>(0.37)</b>	(0.77)

The Board did not propose a final dividend for the year ended 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 33 COMMITMENTS

#### Capital commitments

Capital commitments primarily relate to the construction of and the equipment for the airport terminal and other airport facilities upgrade projects. Significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Property, plant and equipment	<b>386,845</b>	199,608
Intangible assets	<b>3,332</b>	26,798
	<b>390,177</b>	226,406

#### Operating lease arrangements – where the Company is the lessee

As at 31 December 2023, the future minimum lease payments under non-cancellable operating leases of properties not recognised in the financial statements are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Within 1 year	<b>273</b>	526
Between 1 and 5 years	–	273
	<b>273</b>	799

#### Operating lease arrangements – where the Company is the lessor

As at 31 December 2023, the future minimum lease payment receivables under non-cancellable operating leases for areas around terminals and equipment were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Within 1 year	<b>319,831</b>	594,540
Between 1 and 5 years	<b>414,790</b>	455,151
Over 5 years	<b>324,445</b>	374,360
	<b>1,059,066</b>	1,424,051

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**33 COMMITMENTS (CONTINUED)****Concession revenue arrangements**

As at 31 December 2023, the future minimum concession revenue receivable under non-cancellable agreements were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 1 year	<b>334,748</b>	160,171
Between 1 and 5 years	<b>120,060</b>	242,992
Over 5 years	<b>35,510</b>	40,972
	<b>490,318</b>	444,135

**Resources usage income arrangement**

As at 31 December 2023, the future minimum resources usage income under non-cancellable resources usage were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 1 year	<b>36,909</b>	13,898
Between 1 and 5 years	<b>61,427</b>	4,864
	<b>98,336</b>	18,762

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 34 NOTES TO STATEMENT OF CASH FLOWS

## (a) Cash used in operations

Reconciliation of loss before income tax to cash used in operations:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Loss before income tax	<b>(1,718,685)</b>	(4,002,135)
Adjustments for:		
Depreciation on property, plant and equipment	<b>1,194,897</b>	1,202,805
Depreciation of rights-of-use assets	<b>219,011</b>	216,716
Depreciation of investment properties	<b>91,670</b>	91,670
Amortisation of intangible assets	<b>43,965</b>	42,272
Provision for impairment of trade and other receivables	<b>56,379</b>	105,468
Write-down of inventories to net realisable value	<b>4,133</b>	–
Share of post-tax profits of an associate	<b>(5,253)</b>	–
Fair value losses of financial instruments at fair value through profit or loss	<b>1,809</b>	–
Loss on disposal of fixed assets	<b>2,002</b>	24,369
Finance income	<b>(19,956)</b>	(22,952)
Interest costs	<b>305,509</b>	246,605
Foreign exchange losses, net	<b>25,780</b>	120,906
Retirement benefit obligations	<b>(624)</b>	(2,082)
Deferred income	<b>(2,288)</b>	(2,602)
Changes in working capital:		
Inventories	<b>12,844</b>	42
Trade receivables, prepayments, notes receivable and other financial assets at amortised cost	<b>(622,667)</b>	52,950
Other current assets	<b>(46,607)</b>	(69,555)
Trade and other payables	<b>(156,902)</b>	385,630
Cash used in operations	<b>(614,983)</b>	(1,609,893)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 34 NOTES TO STATEMENT OF CASH FLOWS (CONTINUED)

## (b) Net debt reconciliation

This section sets out an analysis of net debt and the movement in net debt for each of the period presented.

Net debt	2023 RMB'000	2022 RMB'000
Cash and cash equivalents	1,281,806	1,590,413
Gross debt – repayable within one year	(6,811,341)	(7,857,025)
Gross debt – repayable after one year	(4,021,755)	(1,918,601)
Net debt	(9,551,290)	(8,185,213)
Cash and cash equivalents	1,281,806	1,590,413
Gross debt – fixed interest rates	(2,569,432)	(6,797,686)
Gross debt – variable interest rates	(8,263,664)	(2,977,940)
Net debt	(9,551,290)	(8,185,213)

	Other assets Cash and cash equivalents RMB'000	Liabilities from financing activities			Total RMB'000
	Borrowings RMB'000	Lease RMB'000	Bonds payable RMB'000		
Net debt as at 1 January 2022	2,224,473	(5,815,743)	(881,886)	(1,313,500)	(5,786,656)
Cash flows	(635,893)	(1,582,560)	176,576	48,620	(1,993,257)
New leases	–	–	(38,572)	–	(38,572)
Foreign exchange adjustments	1,833	(121,980)	–	–	(120,147)
Other changes	–	(160,776)	(36,146)	(49,659)	(246,581)
Net debt as at 31 December 2022	1,590,413	(7,681,059)	(780,028)	(1,314,539)	(8,185,213)
Net debt as at 1 January 2023	1,590,413	(7,681,059)	(780,028)	(1,314,539)	(8,185,213)
Cash flows	(308,938)	(851,183)	193,189	(200,000)	(1,166,932)
New leases	–	–	(134,428)	–	(134,428)
Foreign exchange adjustments	331	(25,958)	–	–	(25,627)
Other changes	–	(6,345)	(34,222)	1,477	(39,090)
Net debt as at 31 December 2023	1,281,806	(8,564,545)	(755,489)	(1,513,062)	(9,551,290)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

*For the year ended 31 December 2023*

### **35 RELATED PARTY TRANSACTIONS**

The Company is controlled by CAH. The Directors of the Company consider CAH, which is incorporated in Beijing and a PRC state-owned enterprise under the control of the CAAC, to be the ultimate holding company. In 2023, the ownership interest is 58.96% (2022: 58.96%).

CAH 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.

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

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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**35 RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Balances with related parties**

As at 31 December 2023, balances with related parties comprised:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade receivables from CAH's subsidiaries (Note 12 and Note i)	<b>392,760</b>	334,909
Prepayment to CAH (Note 13)	<b>253,704</b>	253,704
Other financial assets at amortised costs from CAH's subsidiaries (Note 14 and Note i)	<b>11,628</b>	8,105
Deposit placed with a subsidiary of CAH (Note 17 and Note ii)	<b>33,879</b>	33,661
Trade and other payables to CAH (Note 21 and Note i)	<b>70,751</b>	31,563
Trade and other payables to CAH's subsidiaries (Note 21 and Note i)	<b>2,163,966</b>	2,102,154
Loans from the Parent Company (Note 24)	–	1,277,863
Borrowings from CAH	<b>300,206</b>	4,703,119
Borrowings from a subsidiary of CAH	–	199,023
Lease liabilities to CAH and its subsidiaries	<b>501,024</b>	467,764

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**35 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Transactions with related parties**

The following transactions occurred with related parties:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Transactions with CAH, CAH's subsidiaries		
Revenues: <i>(Note i)</i>		
Resources usage	<b>171,004</b>	82,277
Rental income	<b>103,953</b>	93,943
Asset management	<b>7,750</b>	–
Waste water treatment income	<b>6,228</b>	8,972
Concessions revenue	<b>3,437</b>	3,753
Agency fee	<b>533</b>	521
Finance income:		
Interest income	<b>218</b>	413
Expenses: <i>(Note i)</i>		
Aviation safety and security guard services and maintenance of security equipments	<b>857,619</b>	857,911
Utilities and power	<b>480,279</b>	505,010
Maintenance services	<b>386,915</b>	374,848
Concession management services	<b>338,148</b>	133,743
Certain sanitary services, baggage cart, car park operation management services, management services, greening and environmental maintenance services, customs on-site services	<b>204,933</b>	227,635
Accessorial power and energy services	<b>194,783</b>	201,497
On-site joint inspection services	<b>56,793</b>	68,370
Commuter buses and passengers transport services	<b>51,714</b>	53,804
Airport guidance services	<b>37,375</b>	37,075
Baggage storage, lost and found services	<b>9,323</b>	9,916
Canteen management and hourly charged lounge services	<b>9,367</b>	8,581
Beverage services	<b>4,285</b>	4,945
Rental expenses	<b>441</b>	458
General Technology Services	<b>254</b>	–
Agency services	<b>160</b>	110
Contingency shuttle bus service during Automated People Mover ("APM") failure	–	755



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**35 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Transactions with related parties (Continued)**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Other:		
Borrowings from CAH	<b>300,000</b>	4,700,000
Repayment to a subsidiary of CAH	<b>198,841</b>	1,190,200
Recognition of right-of-use assets on leased assets owned by related parties	<b>99,819</b>	38,572
Interest charges on loans from the Parent Company (Note 30)	<b>30,941</b>	30,526
Interest charges on borrowings from CAH and its subsidiaries	<b>79,729</b>	70,018
Interest charges on lease liabilities to CAH and its subsidiaries	<b>23,579</b>	23,083
Provision of construction services	<b>7,904</b>	3,118

(i) These transactions constitute connected transactions or continuing connected transactions under the Listing Rules.

These transactions of revenues, expenses in nature and construction services are based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed between the Company and the parties in concern.

**(c) Commitment with related parties****Operating lease arrangements – where the Company is the lessee**

As at 31 December 2023, the future aggregate minimum lease payments under non-cancellable operating leases payable to CAH and its subsidiaries were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Within 1 year	<b>273</b>	467
Later than 1 year and no later than 5 years	–	273
	<b>273</b>	740

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**35 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Commitment with related parties (Continued)****Operating lease arrangements – where the Company is the lessor**

As at 31 December 2023, the future minimum lease payment receivables under non-cancellable operating leases for buildings and equipment from CAH's subsidiaries were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Within 1 year	<b>86,531</b>	39,575
Between 1 and 5 years	<b>66,892</b>	26,759
	<b>153,423</b>	66,334

**Resources usage fee arrangement**

As at 31 December 2023, the future minimum resources usage income under non-cancellable resources usage were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Within 1 year	<b>36,908</b>	13,898
Between 1 and 5 years	<b>61,427</b>	4,864
	<b>98,335</b>	18,762

**Purchase of services arrangements**

As at 31 December 2023, the future minimum expense payables under non-cancellable agreements to CAH's subsidiaries were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Within 1 year	<b>663,973</b>	655,439
Between 1 and 5 years	<b>367,167</b>	60,253
	<b>1,031,140</b>	715,692

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**35 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Commitment with related parties (Continued)****Purchase of assets arrangements**

As at 31 December 2023, the future minimum payables for purchase of assets under non-cancellable agreements to CAH were as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Purchase of assets	<b>51,644</b>	51,644

**(d) Key management compensation**

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Salaries, allowances and other benefits	<b>7,135</b>	6,419

**36 BENEFITS AND INTERESTS OF DIRECTORS****(a) Directors' and Supervisors' emoluments**

The aggregated amounts of emoluments payable to directors and supervisors of the Company during the year are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Fees	<b>920</b>	808
Salaries, housing allowances, other allowances and benefits in kind	<b>2,258</b>	2,570
to pension scheme	<b>355</b>	403
Total	<b>3,533</b>	3,781

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

## 36 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

## (a) Directors' and Supervisors' emoluments (Continued)

The emoluments of each director and supervisor of the Company for the year ended 31 December 2023 are set out below:

Name of director	Fees RMB'000	Salary RMB'000	Social security costs excluding pension costs RMB'000	Housing allowance RMB'000	Employer's contribution to retirement benefit schemes RMB'000
<i>Chairman</i>					
Wang Changyi (Note i)	-	-	-	-	-
<i>Executive directors</i>					
Han Zhiliang (Note ii)	-	408	46	47	127
<i>Non-executive directors</i>					
Gao Shiqing (Note i)	-	-	-	-	-
Jia Jianqing (Note i)	-	-	-	-	-
Song Kun (Note i)	-	-	-	-	-
<i>Independent Non-executive directors</i>					
Zhang Jiali	180	-	-	-	-
Stanley Hui Hon-chung	180	-	-	-	-
Wang Huacheng	180	-	-	-	-
Duan Donghui (Note iii)	180	-	-	-	-
<b>Name of supervisor</b>					
Liu Jiliang (Note ii)	-	481	46	47	122
Wu Xiaoli	-	603	46	58	106
Jiang Ruiming (Note iv)	100	-	-	-	-
Japhet Sebastian Law	100	-	-	-	-
	<b>920</b>	<b>1,492</b>	<b>138</b>	<b>152</b>	<b>355</b>
<b>Total</b>					<b>3,057</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**36 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)****(a) Directors' and Supervisors' emoluments (Continued)**

The emoluments of each director and supervisor of the Company for the year ended 31 December 2022 are set out below:

Name of director	Fees RMB'000	Salary RMB'000	Social security costs excluding pension costs RMB'000	Housing allowance RMB'000	Employer's contribution to retirement benefit schemes RMB'000
<i>Chairman</i>					
Wang Changyi (Note i)	–	–	–	–	–
<i>Executive directors</i>					
Han Zhiliang (Note ii)	–	408	41	43	116
Zhang Guoliang	–	328	33	36	77
<i>Non-executive directors</i>					
Gao Shiqing (Note i)	–	–	–	–	–
Jia Jianqing (Note i)	–	–	–	–	–
Song Kun (Note i)	–	–	–	–	–
<b>Independent Non-executive directors</b>					
Jiang Ruiming	155	–	–	–	–
Liu Guibin	75	–	–	–	–
Zhang Jiali	155	–	–	–	–
Stanley Hui Hon-chung	155	–	–	–	–
Wang Huacheng	68	–	–	–	–
<b>Name of supervisor</b>					
Liu Jiliang (Note ii)	–	476	40	43	115
Wu Xiaoli	–	540	40	54	95
Wang Xiaolong (Note v)	100	–	–	–	–
Japhet Sebastian Law	100	–	–	–	–
	808	1,752	154	176	403
Total					3,293

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

### 36 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

#### (a) Directors' and Supervisors' emoluments (Continued)

Note:

- (i) The emoluments of these directors and supervisors, which were not included in directors' and supervisors' emoluments, were paid by the Parent Company.
- (ii) According to the results of the performance appraisal of the previous year in 2023, the performance compensation of Mr. Han Zhiliang, and Liu Jiliang in the previous year (2022) was confirmed, with the amounts of RMB174,000 and RMB302,000 respectively.
- (iii) Mrs. Duan Donghui was appointed as independent non-executive director with effect from 20 June 2023.
- (iv) Mr. Jiang Ruiming resigned as independent non-executive director and was appointed as supervisor with effect from 20 June 2023.
- (v) Mr. Wang Xiaolong resigned as independent non-executive director with effect from 20 June 2023.

No directors waived or agreed to waive any emoluments during the year.

During the year ended 31 December 2023, no emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office (2022: nil).

#### (b) Directors' and supervisors' retirement benefits

During the year ended 31 December 2023, no retirement benefits were paid or receivable by any director or supervisor in respect of their services as a director or supervisor of the Company (2022: nil).

#### (c) Directors' and supervisors' termination benefits

During the year ended 31 December 2023, no termination benefits were paid or receivable by any director or supervisor as compensation for their early termination of the appointment (2022: nil).

#### (d) Consideration provided to third parties for making available directors' and supervisors' services

During the year ended 31 December 2023, no payment was made to the former employer of directors or supervisors for making available the service as a director or supervisor of the Company (2022: nil).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

**36 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)****(e) Information about loans, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors.**

During the year ended 31 December 2023, there was no loans, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors (2022: nil).

**(f) Directors' and supervisors' material interests in transactions, arrangements or contracts**

During the year ended 31 December 2023, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: nil).

Directors' emoluments are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Aggregate emoluments paid to or receivable by directors in respect of their		
– services as directors, whether of the Company undertaking	<b>720</b>	608
– other services in connection with the management of the affairs of the Company undertaking	<b>802</b>	1,494
<b>Total</b>	<b>1,522</b>	2,102

# COMPANY INFORMATION

## COMPANY INFORMATION

Registered name:	北京首都國際機場股份有限公司
English name:	Beijing Capital International Airport Company Limited
First registration date:	15 October 1999
Registered address:	Capital Airport, Beijing, the People's Republic of China
Principal address of business in Hong Kong:	37/F, One Taikoo Place, Taikoo Bay, Hong Kong
Legal representative:	Mr. Wang Changyi
Joint company secretaries:	Ms. Li Bo and Ms. Liu Jiong (appointed on 28 December 2023)
Contact for the Company's investor relations:	Secretariat to the Board
Major banks:	Bank of China Industrial and Commercial Bank of China
Auditor:	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i>

## BOARD OF DIRECTORS

### Executive Directors

Wang Changyi (*Chairman*)  
Han Zhiliang (*General Manager*)

### Non-executive Directors

Jia Jianqing  
Song Kun  
Du Qiang (appointed on 20 June 2023)

## Independent Non-executive Directors

Zhang Jiali  
Stanley Hui Hon-chung  
Wang Huacheng  
Duan Donghui (appointed on 20 June 2023)

## COMMITTEES

### Audit and Risk Management Committee

Wang Huacheng (*Chairman*)  
Zhang Jiali  
Stanley Hui Hon-chung  
Duan Donghui (appointed on 20 June 2023)

### Remuneration and Evaluation Committee

Stanley Hui Hon-chung (*Chairman*)  
Zhang Jiali  
Wang Huacheng  
Duan Donghui (appointed on 20 June 2023)  
Jia Jianqing

### Nomination Committee

Zhang Jiali (*Chairman*)  
Stanley Hui Hon-chung  
Wang Huacheng  
Duan Donghui (appointed on 20 June 2023)  
Wang Changyi  
Han Zhiliang

### Strategy and Sustainable Development (ESG) Committee

Wang Changyi (*Chairman*)  
Han Zhiliang  
Zhang Jiali



## COMPANY INFORMATION (Continued)

### SHAREHOLDER INFORMATION:

Website: www.bcia.com.cn  
E-mail address: ir@bcia.com.cn  
Fax number: 8610 6450 7700  
Contact address: Secretariat to the Board  
Beijing Capital International Airport  
Company Limited,  
Beijing, China  
Zip Code: 100621  
Registrar and  
Transfer Office: Hong Kong Registrars Limited  
1712-1716, 17th Floor, Hopewell  
Centre,  
183 Queen's Road East, Wanchai,  
Hong Kong

### FINANCE CALENDAR OF 2023

Announcement of interim results: 29 August 2023  
Announcement of final results: 30 March 2023

### SHARE INFORMATION

Name of H shares: Beijing Airport  
Stock code: 00694

## PRICE AND TURNOVER HISTORY

Year	Price per share		Turnover of share (in million)
	High (HK\$)	Low (HK\$)	
<b>2023</b>			
January	6.54	5.60	175.4
February	6.10	5.65	151.1
March	6.44	5.62	140.9
April	6.16	5.59	95.5
May	6.24	5.35	79.8
June	5.72	4.75	82.1
July	5.31	4.81	61.9
August	5.11	4.08	107.4
September	4.22	3.51	138.6
October	3.63	2.71	166.5
November	3.35	2.76	464.4
December	2.92	2.13	364.2



**BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED**

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