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北京首都國際機場股份有限公司

Beijing Capital International Airport Co., Ltd.

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

(Stock Code: 00694)

2022 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half of 2022, the aircraft movements of Beijing Capital Airport reached 75,387 sorties, representing a decrease of approximately 52.3% as compared with the same period of the previous year. The passenger throughput reached 5,522,779 person-times, representing a decrease of approximately 69.7% as compared with the same period of the previous year. The cargo and mail throughput reached 566,975 tonnes, representing a decrease of approximately 14.2% as compared with the same period of the previous year.
- In the first half of 2022, the revenues of the Company were RMB1,101,321,000, representing a decrease of approximately 37.0% as compared with the same period of the previous year.
- In the first half of 2022, the aeronautical business revenues of the Company were RMB348,862,000, representing a decrease of approximately 50.1% as compared with the same period of the previous year.
- In the first half of 2022, the non-aeronautical business revenues of the Company were RMB752,459,000, representing a decrease of approximately 28.2% as compared with the same period of the previous year.
- In the first half of 2022, the operating expenses of the Company were RMB2,764,795,000, representing a decrease of approximately 1.1% as compared with the same period of the previous year.
- In the first half of 2022, the net loss after tax of the Company was RMB1,404,644,000 (the loss per share was RMB0.307), representing an increase of approximately 67.0% as compared with the net loss after tax of RMB840,935,000 for the same period of the previous year.
- The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2022.

The board of directors (the “Board”) of Beijing Capital International Airport Company Limited (the “Company”) announces the unaudited financial position and operating results of the Company as at 30 June 2022 and for the six months ended on that date, which have been reviewed by the Audit and Risk Management Committee of the Company (the “Audit and Risk Management Committee”), together with the comparative figures for the corresponding period of 2021 as follows:

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited	
		For the six months ended 30 June	
		2022	2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenues			
Aeronautical	4	348,862	698,905
Non-aeronautical	4	<u>752,459</u>	<u>1,048,487</u>
		<u>1,101,321</u>	<u>1,747,392</u>
Operating expenses			
Depreciation and amortisation		(778,866)	(802,147)
Aviation safety and security guard costs		(435,738)	(361,569)
Repairs and maintenance		(384,947)	(402,296)
Utilities and power		(262,779)	(275,105)
Staff costs		(246,654)	(244,375)
Operating contracted services		(205,550)	(234,974)
Greening and environmental maintenance		(138,698)	(149,523)
Real estate and other taxes		(118,222)	(116,791)
Concession management fees		(78,381)	(123,953)
Other costs		<u>(114,960)</u>	<u>(84,143)</u>
		<u>(2,764,795)</u>	<u>(2,794,876)</u>
Impairment losses on financial assets		(38,019)	(15,016)
Other income		3,771	4,227
Other loss		<u>(1,034)</u>	<u>—</u>
Operating loss		<u>(1,698,756)</u>	<u>(1,058,273)</u>
Finance income	5	14,118	39,772
Finance costs	5	<u>(185,357)</u>	<u>(102,293)</u>
		<u>(171,239)</u>	<u>(62,521)</u>
Loss before income tax		<u>(1,869,995)</u>	<u>(1,120,794)</u>
Income tax credit	6	<u>465,351</u>	<u>279,859</u>
Loss for the period		<u><u>(1,404,644)</u></u>	<u><u>(840,935)</u></u>

Unaudited
For the six months ended 30 June
2022 2021

Note **RMB'000** **RMB'000**

Other comprehensive income

Item that will not be reclassified subsequently to
profit or loss

Remeasurements of retirement benefit obligations	(17,435)	11,989
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Other comprehensive income, net of tax	(17,435)	11,989
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Total comprehensive loss for the period	(1,422,079)	(828,946)
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Loss per share, basic and diluted (RMB)	7	(0.307)	(0.184)
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INTERIM CONDENSED BALANCE SHEET
AS AT 30 JUNE 2022

		Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
	Note		
ASSETS			
Non-current assets			
Investment properties		2,856,262	2,902,097
Property, plant and equipment		23,847,132	24,483,392
Right-of-use assets		2,098,118	2,206,263
Intangible assets		100,068	115,205
Deferred income tax assets		2,035,694	1,564,531
Other non-current assets		258,667	256,393
		<u>31,195,941</u>	<u>31,527,881</u>
Current assets			
Inventories		212,536	218,341
Trade receivables	8	751,789	857,955
Prepayment		30,952	36,361
Other financial assets at amortised cost		24,855	53,938
Financial assets at fair value through profit or loss		5,833	6,866
Cash and cash equivalents		959,939	2,224,473
Other current assets		197,103	221,521
		<u>2,183,007</u>	<u>3,619,455</u>
Total assets		<u><u>33,378,948</u></u>	<u><u>35,147,336</u></u>
EQUITY			
Capital and reserves			
Share capital		4,579,179	4,579,179
Share premium		6,300,867	6,300,867
Capital reserve	9	229,704	248,715
Other reserve		(13,800)	3,635
Statutory and discretionary reserves		6,809,588	6,809,588
Retained earnings		828,180	2,232,824
Total equity		<u>18,733,718</u>	<u>20,174,808</u>

		Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	948,741	2,788,441
Bonds payable	12	1,298,779	1,298,264
Loans from the Parent Company	13	1,146,450	1,166,899
Lease liabilities		633,158	677,383
Retirement benefit obligations		122,237	103,762
Deferred income		29,196	31,132
		<u>4,178,561</u>	<u>6,065,881</u>
Current liabilities			
Short-term borrowings	11	3,292,133	1,701,132
Trade and other payables	10	6,701,912	6,818,033
Current portion of long-term borrowings	11	1,057	3,308
Current portion of bonds payable	12	39,348	15,236
Current portion of loans from the Parent Company	13	165,068	155,963
Current portion of lease liabilities		258,267	204,503
Current portion of retirement benefit obligations		8,884	8,472
		<u>10,466,669</u>	<u>8,906,647</u>
Total liabilities		<u>14,645,230</u>	<u>14,972,528</u>
Total equity and liabilities		<u><u>33,378,948</u></u>	<u><u>35,147,336</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. GENERAL INFORMATION

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

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

The spread of the COVID-19 pandemic around the world and the localized resurgence of the cases within the PRC will continue to bring pressure on the "prevention of imported COVID-19 cases and its domestic resurgence". The Company will continue to uphold the standards of pandemic prevention, as well as the quality of safety and service.

This condensed interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed interim financial information was approved by the Board for issue on 30 August 2022.

This condensed interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

The Company reported a net loss of RMB1,404,644,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB840,935,000) and a net cash used in operating activities of RMB519,513,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB204,836,000). As at 30 June 2022, the current liabilities of the Company exceeded the current assets by RMB8,283,662,000 (as at 31 December 2021: RMB5,287,192,000). Given the debt obligations and working capital requirements, the management of the Company has thoroughly considered the Company's available sources of funds as follow:

- The Company's continuous cash inflow from operating activities;
- Unutilised financing facilities provided by the Parent Company; and
- Unutilised banking facilities.

Based on the above considerations, the Board is of the opinion that the Company has sufficient available financial resources to continue its operations and to repay its debts as and when they fall due. As a result, the condensed interim financial information of the Company for the six months ended 30 June 2022 has been prepared on a going concern basis.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period. These standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Impact of standards issued but not yet applied by the Company

Standards and amendments that have been issued but not yet effective on 1 January 2022 and not adopted by the Company are as follows:

	Effective for annual periods beginning on or after
IFRS 17 – Insurance contract	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

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

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Company's internal reporting in order to assess performance and allocate resources.

The Company runs a single business of operating and managing an airport and provision of related services in the PRC and resources are allocated based on what is beneficial to the Company in enhancing the value as a whole rather than any special unit. The Board considers the performance assessment of the Company should be based on the results of the Company as a whole. Therefore, management considers that there is only one operating segment under the requirement of IFRS 8.

Analysis of revenue by category	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Aeronautical		
Aircraft movement fees and related charges	258,278	407,601
Passenger charges	90,584	291,304
	<u>348,862</u>	<u>698,905</u>
Non-aeronautical		
Concessions	350,835	528,772
Rentals	359,172	404,807
Resources usage fees (note a)	33,345	103,622
Others	9,107	11,286
	<u>752,459</u>	<u>1,048,487</u>
	<u><u>1,101,321</u></u>	<u><u>1,747,392</u></u>

- (a) According to the contracts and purpose of operation and management, part of revenue was classified as resources usage fees for the six months ended 30 June 2022. For comparison purposes, the related revenues for the six months ended 30 June 2021 have been re-classified.

As the Company is domiciled in the PRC from where all of its revenue from external customers for the six months ended 30 June 2022 and 2021 were derived and in where all of its assets are located, no geographical segment information is shown.

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

5. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Finance income		
Interest income	14,118	22,835
Exchange gains, net	—	16,937
	<u>14,118</u>	<u>39,772</u>
Finance costs		
Exchange loss, net	(67,592)	—
Interest for borrowings	(66,395)	(51,276)
Interest for bonds payable	(24,626)	(24,735)
Interest for lease liabilities	(18,913)	(21,352)
Interest for loans from the Parent Company	(7,267)	(4,318)
Bank charges	(564)	(612)
	<u>(185,357)</u>	<u>(102,293)</u>
Net finance costs	<u>(171,239)</u>	<u>(62,521)</u>

6. INCOME TAX CREDIT

The Company is subject to corporate income tax at a rate of 25% (2021: 25%) on its taxable income as determined in accordance with the relevant PRC income tax laws and regulations.

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current income tax	—	2,047
Deferred income tax credit	465,351	277,812
	<u>465,351</u>	<u>279,859</u>

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

7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of 4,579,179,000 (2021: 4,579,179,000) ordinary shares in issue during the six-month periods.

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

	For the six months ended 30 June	
	2022	2021
Loss attributable to owners of the Company (<i>RMB'000</i>)	(1,404,644)	(840,935)
Basic loss per share (<i>RMB per share</i>)	<u>(0.307)</u>	<u>(0.184)</u>

8. TRADE RECEIVABLES

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Trade receivables		
– CAH's subsidiaries	335,540	272,095
– third parties	<u>870,989</u>	<u>1,013,610</u>
	1,206,529	1,285,705
Less: provision for impairment	<u>(454,740)</u>	<u>(427,750)</u>
	<u>751,789</u>	<u>857,955</u>

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Less than 3 months	331,951	448,364
4 – 6 months	246,322	167,516
7 – 12 months	118,642	258,748
1 – 2 years	184,504	111,953
2 – 3 years	57,634	80,121
Over 3 years	<u>267,476</u>	<u>219,003</u>
	<u>1,206,529</u>	<u>1,285,705</u>

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

9. CAPITAL RESERVE

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

10. TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Trade payables		
Amounts due to related parties		
– CAH's subsidiaries	1,943,417	1,556,219
Repairs and maintenance charges payable	593,364	579,808
Greening and environmental maintenance charges payable	88,310	54,280
Accounts payable for purchases	72,394	104,087
Sub-contracting charges payable	59,025	57,260
Others	246,799	236,713
	3,003,309	2,588,367
Advances and other payables		
Amounts due to related parties		
– CAH	32,301	130,550
– CAH's subsidiaries	82,097	78,420
	114,398	208,970
Accrued liabilities for the title change of the GTC Assets*	1,508,693	1,508,693
Construction payables	731,090	1,019,409
Deed taxes in respect of the acquisition of the Phase III		
Assets**, the Building D of Terminal Three and Ancillary		
Assets and the GTC Assets	465,948	465,948
Deposits received	290,244	295,000
Payroll and welfare payables	275,197	374,503
Advance from customers	268,972	313,526
Receipts on behalf of concession operators	11,481	9,565
Other taxes payable	11,823	11,211
Others	20,757	22,841
	3,698,603	4,229,666
	6,701,912	6,818,033

- * In 2018, the Company acquired the Ground Traffic Centre and its relevant facilities, land and the relevant land use right from the Parent Company, which were collectively referred to as the GTC Assets.
- ** In 2008, the Company acquired the Airfield Assets, Terminal Three of the Beijing Capital Airport (“T3”), T3 related assets, roads within airport area, the driverless electric train system, commercial areas and other relevant equipment, machinery and facilities and the land use rights of the land on which T3 and other related construction are situated (collectively the “Phase III Assets”).

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

	As at 30 June 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Less than 3 months	728,596	1,211,459
4 – 6 months	378,100	294,988
7 – 12 months	986,533	178,829
Over 12 months	910,080	903,091
	<u>3,003,309</u>	<u>2,588,367</u>

11. BORROWINGS

	As at 30 June 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Short-term		
– Principals	3,290,000	1,700,000
– Interest payable within one year	2,133	1,132
	<u>3,292,133</u>	<u>1,701,132</u>
Long-term		
– Current portion	200	400
– Non-current portion	948,741	2,788,441
– Interest payable within one year	857	2,908
	<u>949,798</u>	<u>2,791,749</u>
	<u>4,241,931</u>	<u>4,492,881</u>

The movement in principals of borrowings is analysed as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Opening amount as at 1 January	4,488,841	2,868,909
Proceeds of new borrowings	1,840,000	2,694,852
Repayments of borrowings	(2,089,900)	(1,400,200)
Closing amount as at 30 June	<u>4,238,941</u>	<u>4,163,561</u>

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

12. BONDS PAYABLE

	As at 30 June	As at 31 December
	2022	2021
	RMB'000	RMB'000
Principal amount	1,300,000	1,300,000
Bonds issuance cost	(3,092)	(3,092)
Proceeds received	1,296,908	1,296,908
Interest payable	39,348	15,236
Accumulated amortisation amounts of bonds issuance cost	1,871	1,356
Less: current portion	<u>1,338,127</u> <u>(39,348)</u>	<u>1,313,500</u> <u>(15,236)</u>
Non-current portion	<u>1,298,779</u>	<u>1,298,264</u>

On 19 August 2020, the Company received the approval from the National Association of Financial Market Institutional Investors for the registration of medium-term notes in an aggregate amount of not more than RMB6,000,000,000 to be issued in multiple tranches. On 11 September 2020, the Company issued bonds with a principal amount of RMB1,300,000,000 with maturity period of 3 years. The bonds are interest-bearing at 3.74% per annum. The interest is payable annually and the principal amount is repayable in 2023.

13. LOANS FROM THE PARENT COMPANY

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Loans from the Parent Company	1,311,518	1,322,862
Less: current portion		
– Principals	(163,779)	(155,587)
– Interest payable within one year	(1,289)	(376)
	<u>1,146,450</u>	<u>1,166,899</u>

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

	For the six months ended 30 June 2022 RMB'000	2021 RMB'000
Opening amount as at 1 January	1,322,486	1,512,660
Repayments of borrowings	(80,480)	(76,767)
Currency translation differences	68,223	(17,078)
Closing amount as at 30 June	<u>1,310,229</u>	<u>1,418,815</u>

The loan was previously obtained by the Parent Company from European Investment Bank. The loan is denominated in the US dollar, unsecured and interest bearing at LIBOR plus 0.4% per annum. Following the announcement of LIBOR cessation, the Company expects to complete the replacement of benchmark interest rate by 30 June 2023. The interest is payable semi-annually. The principal amount is repayable by instalments semi-annually commencing 15 December 2010 with maturity through 15 June 2030.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Aeronautical Business

In the first half of 2022, under the continuous impact of the novel coronavirus pandemic (the “COVID-19 Pandemic”), the transportation and operation of China’s civil aviation industry slipped down into the trough, while the air traffic volumes of Beijing Capital Airport also failed to maintain its slight recovery momentum at the beginning of the year and have been decreasing since March 2022.

In the first half of 2022, under the recurring impact of the COVID-19 Pandemic in China and subject to the effect of supporting the Beijing 2022 Olympic and Paralympic Winter Games, the air traffic volumes of domestic routes (excluding Hong Kong, Macau and Taiwan) of Beijing Capital Airport remained at a low level. In respect of the air traffic volumes of international routes, due to the continuous impact of various factors such as the COVID-19 Pandemic and the relevant pandemic prevention and control policies, as well as the demand for international aviation transportation during the current period, the aircraft movements and passenger throughput of international routes continued to decrease as compared with the same period of the previous year. In respect of the air traffic volumes of Hong Kong, Macau and Taiwan routes, benefiting from the slight recovery of the regional routes, the aircraft movements of Hong Kong, Macau and Taiwan routes rebounded slightly as compared with the same period of the previous year. However, the passenger throughput continued to decrease as compared with the same period of the previous year.

Overall, the cumulative aircraft movements in Beijing Capital Airport reached 75,387 sorties, representing a decrease of approximately 52.3% as compared with the same period of the previous year. The cumulative passenger throughput reached 5,522,779 person-times, representing a decrease of approximately 69.7% as compared with the same period of the previous year. The cumulative cargo and mail throughput reached 566,975 tonnes, representing a decrease of approximately 14.2% as compared with the same period of the previous year. Detailed information is set out in the table below:

	For the six months ended 30 June		
	2022	2021 <i>(Note 1)</i>	Change
Aircraft Movements <i>(unit: sorties)</i>	75,387	157,900	-52.3%
Domestic	62,748	144,803	-56.7%
Including: Hong Kong, Macau & Taiwan	2,575	2,307	11.6%
International	12,639	13,097	-3.5%
Passenger Throughput <i>(unit: person-times)</i>	5,522,779	18,237,613	-69.7%
Domestic	5,441,237	18,149,720	-70.0%
Including: Hong Kong, Macau & Taiwan	80,214	87,404	-8.2%
International	81,542	87,893	-7.2%
Cargo and mail Throughput <i>(unit: tonnes)</i>	566,975	660,665	-14.2%
Domestic	274,110	364,709	-24.8%
Including: Hong Kong, Macau & Taiwan	36,309	30,701	18.3%
International	292,865	295,956	-1.0%

Note 1: The above figures of aircraft movements, passenger throughput and cargo and mail throughput were arrived at after adjustment at the end of 2021.

Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2022	2021	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Aircraft movement fees and related charges	258,278	407,601	-36.6%
Passenger charges	90,584	291,304	-68.9%
Total aeronautical revenues	348,862	698,905	-50.1%

In the first half of 2022, as a result of the combined effects of factors such as the resurgence of the COVID-19 Pandemic in the PRC and the relevant pandemic prevention and control policies, the aeronautical business revenues of the Company decreased significantly to a total amount of RMB348,862,000, representing a decrease of approximately 50.1% as compared with the same period of the previous year.

In the first half of 2022, revenues from aircraft movement fees and related charges of the Company were RMB258,278,000, representing a decrease of approximately 36.6% as compared with the same period of the previous year, which was primarily due to the easing of the COVID-19 Pandemic domestically and the fact that the domestic aviation market had been stabilized and recovered during the same period of the previous year, while the aviation market remained sluggish due to the severe impact of the COVID-19 Pandemic during the current period, resulting in a significant decrease in the aircraft movement fees and related charges. However, pursuant to the Notice of CAAC on Policies Consolidating the Success in Containing the Pandemic and Supporting the Stable Development of the Industry (Min Hang Han [2021] No. 57) (《民航局關於鞏固疫情防控成果支持行業穩定發展有關政策的通知》(民航函[2021]57號)), the preferential policy of aircraft movement fee for Category I and Category II airports has expired on 30 June 2021, resulting in a smaller decrease in revenues from aircraft movement fees and related charges as compared to the decrease in the aircraft movements of Beijing Capital Airport during the current period. Revenues from passenger charges were RMB90,584,000, representing a decrease of approximately 68.9% as compared with the same period of the previous year, which was substantially in line with the decrease in passenger throughput.

Non-Aeronautical Revenues

	Unaudited		
	For the six months ended 30 June		
	2022	2021	Change
	RMB'000	RMB'000	
Concessions	350,835	528,772 ^(Note 2)	-33.7%
Including: Advertising	264,959	413,329	-35.9%
Retailing	39,074	21,381	82.8%
Restaurants and food shops	24,191	48,876	-50.5%
Car parking services	7,101	25,707	-72.4%
Other concessions	15,510	19,479 ^(Note 2)	-20.4%
Rentals	359,172	404,807 ^(Note 2)	-11.3%
Resources usage fees	33,345	103,622 ^(Note 2)	-67.8%
Others	9,107	11,286	-19.3%
Total non-aeronautical revenues	752,459	1,048,487	-28.2%

Note 2: The figures of concessions, other concessions and rentals were different from those set out in the 2021 interim report due to the reclassification adjustment of a portion of the revenues as revenues from resources usage fees.

In the first half of 2022, under the continuous impact of the COVID-19 Pandemic, the non-aeronautical business, which is closely related to the air traffic volumes, continued to show a trend of deterioration. The non-aeronautical revenues of the Company were RMB752,459,000, representing a decrease of approximately 28.2% as compared with the same period of the previous year.

In the first half of 2022, the concession revenues of the Company were RMB350,835,000, representing a decrease of approximately 33.7% as compared with the same period of the previous year. Among these, the revenues from advertising were RMB264,959,000, representing a decrease of approximately 35.9% as compared with the same period of the previous year, which is mainly caused by the decrease in the relevant revenues due to the changes of passenger throughput as the calculation of the revenues from advertising was linked to the passenger throughput. The revenues from retailing were RMB39,074,000, representing an increase of approximately 82.8% as compared with the same period of the previous year, which was mainly due to the amortised recognition of certain concession revenues during the current period based on the supplementary agreement of international retail business, resulting in a larger increase in the revenues from retailing during the current period. The revenues from restaurants and food shops were RMB24,191,000, representing a decrease of approximately 50.5% as compared with the same period of the previous year. This was, on the one hand, attributable to the rental waivers granted by the Company to micro-, small- and medium-sized enterprises according to the requirements of the relevant policies such as the Several Policies on Promoting the Recovery and Development of Difficult Industries in the Service Sector (Fa Gai Cai Jin [2022] No. 271) (《關於促進服務業領域困難行業恢復發展的若干政策》(發改財金[2022] 271號)) jointly issued by 14 ministries and commissions including the National Development and Reform Commission and the Several Measures on Providing Further Support to Micro-, Small- and Medium-sized Enterprises to Accelerate the Recovery and Development of the Difficult Enterprises (Jing Zheng Ban Fa [2022] No.14) (《關於繼續加大中小微企業幫扶力度加快困難企業恢復發展的若干措施》(京政辦發[2022] 14號)) issued by the Beijing Municipal People's Government in the first half of 2022. On the other hand, it was attributable to the adjustment of contractual amounts of certain tenants under the guaranteed operation policy adopted by the Company, and the fact that certain tenants did not renew their contracts upon expiry. The revenues from car parking services were RMB7,101,000, representing a decrease of approximately 72.4% as compared with the same period of the previous year, which was mainly due to the significant decline in traffic volume as a result of the decrease in frequency of travelling, and hence leading to a corresponding decrease in revenues from car parking services. The revenues from other concessions were RMB15,510,000, representing a decrease of approximately 20.4% as compared with the same period of the previous year, which was mainly due to the fact that the revenues from other concession businesses, which are generated based on the passenger throughput, have decreased accordingly due to the impacts of the COVID-19 Pandemic.

In the first half of 2022, the rental revenues of the Company were RMB359,172,000, representing a decrease of approximately 11.3% as compared with the same period of the previous year, which was mainly attributable to the significant decrease in Beijing Capital Airport's aircraft movements during the current period as affected by the COVID-19 Pandemic, resulting in a decrease in demand for utilization of certain energy facilities by airlines, coupled with the adjustment of relevant charging policy and contract price, leading to a corresponding decrease in rental revenues.

In the first half of 2022, the revenues from resources usage fees of the Company were RMB33,345,000, representing a decrease of approximately 67.8% as compared with the same period of the previous year, which was mainly caused by the decrease in passenger throughput, as the calculation of the revenues from resources usage fees is linked to the passenger throughput.

In the first half of 2022, other revenues of the Company were RMB9,107,000, representing a decrease of approximately 19.3% as compared with the same period of the previous year, which was also mainly affected by the COVID-19 Pandemic, and hence leading to a decrease in revenues of certain other business which was volume-related.

Operating Expenses

	Unaudited		
	For the six months ended 30 June		
	2022	2021	Change
	RMB'000	RMB'000	
Depreciation and amortisation	778,866	802,147	-2.9%
Aviation safety and security guard costs	435,738	361,569	20.5%
Repair and maintenance	384,947	402,296	-4.3%
Utilities and power	262,779	275,105	-4.5%
Staff costs	246,654	244,375	0.9%
Operating contracted services costs	205,550	234,974	-12.5%
Greening and environmental maintenance costs	138,698	149,523	-7.2%
Real estate tax and other taxes	118,222	116,791	1.2%
Concession management fees	78,381	123,953	-36.8%
General, administrative and other costs	114,960	84,143	36.6%
Operating expenses	<u>2,764,795</u>	<u>2,794,876</u>	<u>-1.1%</u>

In the first half of 2022, the operating expenses of the Company were RMB2,764,795,000, representing a decrease of approximately 1.1% as compared with the same period of the previous year.

In the first half of 2022, the depreciation and amortisation expenses of the Company were RMB778,866,000, representing a decrease of approximately 2.9% as compared with the same period of the previous year, which was mainly due to the reason that certain long-term assets have been fully depreciated.

In the first half of 2022, the aviation safety and security guard costs of the Company were RMB435,738,000, representing an increase of approximately 20.5% as compared with the same period of the previous year, mainly because of the requirements for pandemic prevention and control as well as safety and security control, hence relevant investment on aviation safety and security kept raising.

In the first half of 2022, the repair and maintenance expenses of the Company were RMB384,947,000, representing a decrease of approximately 4.3% as compared with the same period of the previous year, which was mainly due to the decrease in the frequency of using certain equipment for production and operation as a result of the decline in business volume, and the Company's strengthened cost control, leading to a decrease in maintenance costs for equipment and system.

In the first half of 2022, the utilities and power expenses of the Company were RMB262,779,000, representing a decrease of approximately 4.5% as compared with the same period of the previous year, which was mainly due to the energy conservation and consumption reduction measures adopted by the Company and the appropriate adjustments on the duration and area of the provision of cooling services based on the passenger throughput and operating area, which resulted in the corresponding decline in the energy expenses.

In the first half of 2022, the operating contracted services costs of the Company were RMB205,550,000, representing a decrease of approximately 12.5% as compared with the same period of the previous year, which was mainly due to the decrease in passenger throughput as a result of the impact of COVID-19 Pandemic, resulting in the decrease in demand for related operating services in the terminals of Beijing Capital Airport, and hence the operating contracted services costs decreased.

In the first half of 2022, the greening and environmental maintenance costs of the Company were RMB138,698,000, representing a decrease of approximately 7.2% as compared with the same period of the previous year, 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 the first half of 2022, the concession management fees of the Company were RMB78,381,000, representing a decrease of approximately 36.8% as compared with the same period of the previous year, because the substantial decline in passenger throughput led to a significant decrease in concession revenues from businesses such as advertising, retailing and restaurants and food shops, and resulted in the corresponding decrease in the concession management fees that were charged in proportion to the concession revenues.

In the first half of 2022, the general, administrative and other costs of the Company were RMB114,960,000, representing an increase of approximately 36.6% as compared with the same period of the previous year, which was mainly due to the increase in costs related to the pandemic prevention and control as well as supporting for the Beijing 2022 Olympic and Paralympic Winter Games.

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022, the net financial costs of the Company after deduction of the financial incomes were RMB171,239,000, representing an increase of approximately 173.9% as compared with the same period of the previous year. On the one hand, as compared with the same period of the previous year, there were certain new borrowings during the current period, leading to an increase in financial costs; on the other hand, the exchange rate of US dollar against RMB decreased during the first half of 2021, generating exchange gains for the liabilities denominated in US dollar, while the exchange rate of US dollar against RMB increased during the first half of 2022, generating exchange losses for the liabilities denominated in US dollar.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

During the first half of 2022, the global environment tended to be increasingly complex and difficult, while the world economic growth saw a notable sluggish trend. Impacted by the pandemic resurgence, the transportation and operation of China's civil aviation industry slipped down into the trough. Civil aviation industry was at an unprecedentedly hard time. Stepping into the second half of the year, as the COVID-19 Pandemic situation is stabilizing and the macroeconomy reveals a steady growth, a stable recovery trend has been shown in the aviation transportation market. Nonetheless, the accumulating safety and security risks derived from the pandemic as well as the mounting pressure of industry operation will present challenges to the turnaround and development of civil aviation. Despite the pressure and challenges, Beijing Capital Airport will strive to overcome difficulties, boldly navigate and forge ahead.

During the second half of 2022, staying committed to firmly secure the bottom line of safety, the Company will ensure safe and smooth operation. Amid the complex and changing international situation, the Company will continue to enhance its capabilities in risk identification, management and control so as to consolidate the foundation of safe development. The Company will strengthen the ability of fostering operation synergy and allocate operation resources in a scientific manner to drive the operational efficiency of various areas. Confronted with the long-term and complex challenges and uncertainties of the pandemic prevention, the Company will use its best endeavours to contain the pandemic, strictly implement the various required prevention and control measures in an effort to firmly secure prevention from and protection against the pandemic.

During the second half of 2022, the Company will make future planning on its own initiative to enhance the hub quality continuously. Catering to the changes in passenger demands in the post-pandemic era, the Company will accelerate the launch of the necessary services and new products, while improving the travel experience of passengers continuously. It will proactively carry out special project research such as route network planning and flight schedule optimization to facilitate the recovery and development of the industry. Striving to forge a consensus, the Company will put emphasis on enhancing the strategic synergy and operational negotiations with airlines, and mutually develop the high-quality international aviation hub with global competitiveness by pooling efforts of various parties.

In the second half of 2022, the Company will put great efforts in promoting the management efficiency and strictly controlling the operating costs. Actively expanding the aviation market, the Company will step up the cultivation of the “Capital Express”, optimize the rights and interests in the products, enhance the quality of the Express, and launch the marketing campaigns for the aviation products to promote the travel willingness of passengers. In addition, the Company will push forward the innovative operation of the non-aeronautical businesses, consolidate the development of temporary business activities and conduct precision marketing so as to boost the vibrancy of commercial operation and achieve value maximization of commercial resources. Meanwhile, with refined management and control indicators and strict cost and expense control, the Company will strengthen the management of the fixed-asset investment projects and strive to curb operation costs.

INTERIM DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Company had cash and cash equivalents amounting to RMB959,939,000, while the cash and cash equivalents of the Company amounted to RMB2,224,473,000 as at 31 December 2021.

As at 30 June 2022, the Company’s principal amount of short-term and long-term borrowings were RMB3,290,000,000 and RMB948,941,000, respectively, the principal amount of loans from the Parent Company were RMB1,310,229,000 and the amount of bonds payable was RMB1,298,779,000.

As at 30 June 2022, the current ratio of the Company was 0.21, while the current ratio of the Company was 0.41 as at 31 December 2021. Such ratios were computed by dividing the amount of the total current assets by the amount of the total current liabilities as at those respective dates.

As at 30 June 2022, the gearing ratio of the Company was 43.88%, while the gearing ratio of the Company was 42.60% as at 31 December 2021. Such ratios were computed by dividing the amount of total liabilities by the amount of total assets as at those respective dates.

As at 30 June 2022, the capital and reserves of the Company were RMB18,733,718,000, while the capital and reserves of the Company were RMB20,174,808,000 as at 31 December 2021.

For the first half of 2022, the Company’s net cash used in operating activities amounted to RMB519,513,000, while the Company’s net cash used in operating activities amounted to RMB204,836,000 in the same period of the previous year.

For the first half of 2022, the Company’s net cash used in investing activities amounted to RMB312,965,000, while the Company’s net cash used in investing activities amounted to RMB306,287,000 in the same period of the previous year.

For the first half of 2022, the Company's net cash used in financing activities amounted to RMB433,119,000, while the Company's net cash generated from financing activities amounted to RMB1,063,078,000 in the same period of the previous year.

CHARGE ON ASSETS

During the six months ended 30 June 2022, there was no material charge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the six months ended 30 June 2022, the Company had no material merger, acquisition or disposal.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2022, the Company did not purchase, sell and redeem any of the listed securities of the Company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

As at 30 June 2022, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB21,384,000 (as at 31 December 2021: RMB21,361,000), trade and other payables of approximately RMB8,619,000 (as at 31 December 2021: RMB8,188,000), and loans from the Parent Company of approximately RMB1,311,518,000 (as at 31 December 2021: RMB1,322,862,000). For the first half of 2022, the Company recorded net exchange losses of RMB67,592,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 30 June 2022, the total principal amount of the non-current portion and current portion of the Company's loans from the Parent Company was RMB1,310,229,000, which was the borrowings from the European Investment Bank which was assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4%. As at 30 June 2022, the total amount of the Company's principal amount of short-term and long-term borrowings were RMB3,290,000,000 and RMB948,941,000, respectively. The interest rates of the above borrowings were referenced to the benchmark interest rates of the National Interbank Funding Centre. As such, any change in LIBOR and adjustments to the interest rates of the National Interbank Funding Centre will affect the interest expenses and results of the Company.

MATERIAL INVESTMENT, MATERIAL INVESTMENT PLAN AND MATERIAL FINANCING PLAN

During the six months ended 30 June 2022, the Company did not have any material investment, material investment plan or material financing plan.

CONTINGENT LIABILITIES

As at 30 June 2022, the Company did not have any significant contingent liabilities.

EMPLOYEES AND EMPLOYEE WELFARE

- 1. As at 30 June 2022, the number of employees of the Company was as follows, together with the comparative figures for the same date in the previous year:**

	As at 30 June 2022	As at 30 June 2021
Number of employees	<u>1,555</u>	<u>1,558</u>

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

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

Since 1 January 2003, the Company has complied with the regulations of the Beijing Municipal Government for basic medical insurance in Beijing. According to the regulations, the Company pays the basic employee medical insurance (including maternity insurance) for its employees at 9.8%, of the average monthly salaries of its employees in the previous year.

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

3. Staff retirement scheme

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

MATERIAL LITIGATION OR ARBITRATION

During the six months ended 30 June 2022, the Company was not involved in any material litigation or arbitration.

ENTRUSTED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 30 June 2022, the Company did not have any entrusted deposits or uncollected fixed deposits upon maturity placed with any financial institutions or any other entities.

CAPITAL STRUCTURE AND CHANGES

1. Capital Structure

As at 30 June 2022, the total issued share capital of the Company was 4,579,178,977 shares, including:

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

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

As of 30 June 2022, the interests and short positions in shares held by the following persons, other than the directors, supervisors or chief executives of the Company, as recorded in the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) were as follows:

Name of substantial shareholder	Class of shares	Number of shares	Capacity/nature of interest	Percentage of shareholding to the relevant class of shares	Percentage of shareholding to the total issued shares
Capital Airports Holdings Limited (<i>Note 1</i>)	Domestic shares	2,699,814,977 (L)	Beneficial owner	100%	58.96%
Causeway Capital Management LLC (<i>Note 2</i>)	H shares	188,316,000 (L)	Investment manager	10.02%	4.11%
T. Rowe Price Associates, Inc. and its subsidiaries	H shares	167,324,000 (L)	Beneficial owner	8.90%	3.65%
Citigroup Inc.	H shares	162,212,163 (L)	Approved lending agent	8.63%	3.54%
		1,708,856 (S)		0.09%	0.04%
		160,593,977 (P)		8.54%	3.51%
BlackRock, Inc.	H shares	138,109,309 (L)	Interest of corporation controlled by substantial shareholder	7.35%	3.02%
		19,192,000 (S)		1.02%	0.42%
Aberdeen Asset Management PLC and its associates (<i>Note 2</i>)	H shares	114,868,000 (L)	Investment manager	6.11%	2.51%
Mr. Jiang Jinzhi (蔣錦志) (<i>Note 3</i>)	H shares	105,602,000 (L)	Interest of corporation controlled by substantial shareholder	5.62%	2.31%
The Bank of New York Mellon Corporation	H shares	101,684,470(L)	Interest of corporation controlled by substantial shareholder	5.41%	2.22%
		99,992,300(P)		5.32%	2.18%
Hermes Investment Funds PLC	H shares	94,613,662 (L)	Beneficial owner	5.03%	2.07%
Brown Brothers Harriman & Co.	H shares	94,393,357 (L)	Agent	5.02%	2.06%
		94,393,357 (P)		5.02%	2.06%

(L) = Long position

(S) = Short position

(P) = Lending pool

Notes:

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

Mr. Wang Changyi, the chairman of the Board and an executive director of the Company, is a director, the chairman of the board and a member and the secretary of the Party committee of Capital Airports Holdings Limited.

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

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

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

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

2. These shares are held in the capacity of investment manager.
3. Based on the disclosure form dated 26 February 2021 of Mr. Jiang Jinzhi (being the latest disclosure form filed up to 30 June 2022), as at 24 February 2021, among his interests in the shares of the Company, (i) 90,476,000 shares in total were held by Greenwoods China Alpha Master Fund and by Golden China Master Fund; and (ii) 15,126,000 shares were held by Shanghai Greenwoods Asset Management Company Limited. Each of Greenwoods China Alpha Master Fund and Golden China Master Fund was indirectly wholly-owned by Invest Partner Group Limited through Greenwoods Asset Management Hong Kong Limited. Invest Partner Group Limited was directly held as to 84.5% by Mr. Jiang Jinzhi. Shanghai Greenwoods Asset Management Company Limited was wholly-owned by Xizang Jingning Corporate Management Company Limited, which was in turn indirectly held as to 84.5% by Mr. Jiang Jinzhi.
4. The numbers in the above table have been subject to rounding adjustments. Any discrepancies in the number are due to roundings.

SHORT POSITIONS IN SHARES

According to the register required to be kept by the Company under section 336 of the SFO, as at 30 June 2022, save as disclosed above, there were no other person or substantial shareholder holding any short positions in the shares and underlying shares of the Company.

Save as disclosed above, as at 30 June 2022, the register required to be kept under section 336 of the SFO indicated that the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company.

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

As at 30 June 2022, none of the directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). During the six months ended 30 June 2022, none of the directors, supervisors or chief executives of the Company, or their associates, had been granted the right to subscribe for any shares or debentures of the Company nor had any of them exercised any such right during the same period.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

From 1 July 2022 to the date of this announcement, save as disclosed in the profit warning announcement of the Company dated 27 July 2022, there was no material event or transaction affecting the Company and which is required to be disclosed by the Company to its shareholders.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (formerly known as the Audit Committee) was established on 10 January 2000. On 28 June 2017, the Audit Committee was renamed as the Audit and Risk Management Committee, and meanwhile its terms of reference were extended. On 23 June 2020, the eighth session of the Board of the Company re-appointed the members of the Audit and Risk Management Committee whose term would expire on the date of the 2022 annual general meeting. On 24 June 2022, Mr. Liu Guibin resigned as an independent non-executive director and the chairman of the Audit and Risk Management Committee, and Mr. Wang Huacheng was appointed as an independent non-executive director and the chairman of the Audit and Risk Management Committee on 24 August 2022. At present, the Audit and Risk Management Committee is composed of four independent non-executive directors, namely, Mr. Wang Huacheng (chairman of the Audit and Risk Management Committee and professor of the Department of Finance of the Business School of Renmin University of China), Mr. Jiang Ruiming, Mr. Zhang Jiali and Mr. Stanley Hui Hon-chung. Auditors are invited to attend the Audit and Risk Management Committee meetings regularly and they can communicate with the Audit and Risk Management Committee individually, as they deem necessary.

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

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

The Audit and Risk Management Committee has reviewed the Company's condensed interim financial information for the six months ended 30 June 2022, as well as the accounting principles and policies adopted by the Company for the relevant accounts. The Audit and Risk Management Committee considers that the disclosure of the financial information in the unaudited condensed interim financial information and in the interim report complies with the applicable accounting standards and the relevant requirements of the Listing Rules and the laws of Hong Kong.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board confirms that the Company has complied with all the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules, save for the deviation from code provision C.1.6 of the Code due to reasonable grounds (as explained below), for the six months ended 30 June 2022 and up to the date of this announcement.

In respect of code provision C.1.6 of the Code, the Company held its 2021 annual general meeting of the Company (the "Annual General Meeting") on 23 June 2022. Save for Mr. Gao Shiqing, a non-executive director who was absent from the Annual General Meeting due to his other business commitments, all other directors attended the Annual General Meeting. Five ordinary matters were considered at the Annual General Meeting, all of which were successfully passed. After the Annual General Meeting, the Company dispatched the relevant meeting minutes to all members of the Board to keep the absent director(s) informed of the resolutions passed during the Annual General Meeting.

The Company held its extraordinary general meeting of the Company (the "Extraordinary General Meeting") on 24 August 2022. Save for Mr. Gao Shiqing and Mr. Song Kun, being the non-executive directors who were absent from the Extraordinary General Meeting due to their other business commitments, all other directors attended the Extraordinary General Meeting. An ordinary matter was considered at the Extraordinary General Meeting and was successfully passed. After the Extraordinary General Meeting, the Company dispatched the relevant meeting minutes to all members of the Board to keep the absent director(s) informed of the resolution passed during the Extraordinary General Meeting.

COMPLIANCE WITH THE MODEL CODE

The Company has formulated “the Code for Securities Transactions by Directors and Staff” on terms no less exacting than the required standard of the Model Code. For the six months ended 30 June 2022, the Company strictly implemented “the Code for Securities Transactions by Directors and Staff”.

Having made specific enquiries to the directors, supervisors and chief executives of the Company, the Company has confirmed that each of them has complied with the Model Code during the six months ended 30 June 2022.

By order of the Board

Meng Xianwei

Secretary to the Board

Beijing, the PRC

30 August 2022

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

Executive directors: Mr. Wang Changyi, Mr. Han Zhiliang and Mr. Zhang Guoliang

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

Independent non-executive directors: Mr. Jiang Ruiming, Mr. Zhang Jiali, Mr. Stanley Hui Hon-Chung and Mr. Wang Huacheng

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