



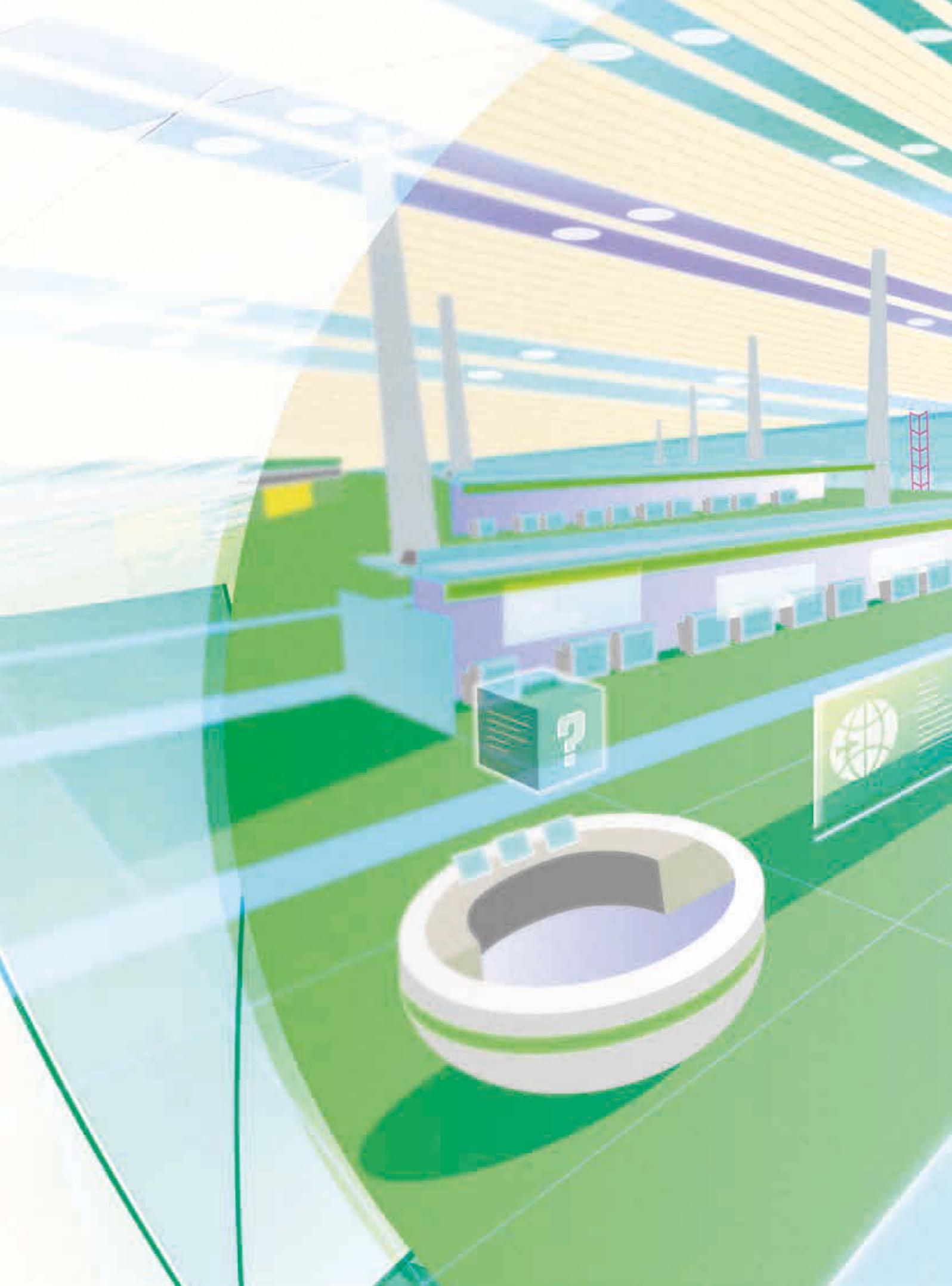
Beijing Capital International Airport Company Limited

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

Stock Code: 00694

ANNUAL REPORT 2022







CONTENTS

3	Financial Summary
4	Company Profile
6	Chairman's Statement
13	Report of the Board
53	Management Discussion and Analysis
61	Corporate Governance Report
80	Report of the Supervisory Committee
82	ESG Report
157	Independent Auditor's Report
163	Balance Sheet
165	Statement of Comprehensive Income
167	Statement of Changes in Equity
168	Statement of Cash Flows
169	Notes to the Financial Statements
246	Company Information
248	Price and Turnover History

FINANCIAL SUMMARY



FINANCIAL SUMMARY (CONTINUED)



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

	2022	2021	2020	2019	2018
Operating Results					
Revenue	2,230,948	3,344,709	3,587,136	10,810,484	11,262,512
(LBITDA)/EBITDA	(2,203,223)	(1,027,944)	(1,107,898)	4,789,354	5,375,970
(Loss)/Profit before tax	(4,002,135)	(2,820,414)	(2,710,120)	3,229,333	3,828,591
Tax	475,500	703,877	675,469	(809,960)	(956,536)
(Loss)/Profit after tax	(3,526,635)	(2,116,537)	(2,034,651)	2,419,373	2,872,055
Attributable to:					
Equity holders of the Company	(3,526,635)	(2,116,537)	(2,034,651)	2,419,373	2,872,055
Non-controlling interests	-	-	-	-	-
(Losses)/Earnings per share					
- basic and diluted (RMB)	(0.77)	(0.46)	(0.44)	0.55	0.66
Return on Equity	-21.24%	-10.49%	-9.15%	9.69%	12.27%
Financial Position					
Assets					
Non-current assets	30,715,998	31,527,881	31,727,442	31,361,320	30,565,679
Current assets	2,767,402	3,619,455	3,695,474	3,383,099	4,132,430
Total	33,483,400	35,147,336	35,422,916	34,744,419	34,698,109
Equity and liabilities					
Shareholders' equity					
Non-controlling interests	-	-	-	-	-
Non-current liabilities	2,088,940	6,065,881	3,587,927	2,733,264	1,950,858
Current liabilities	14,789,540	8,906,647	9,596,755	7,050,257	9,334,060
Total	33,483,400	35,147,336	35,422,916	34,744,419	34,698,109



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 Limited (formerly known as Capital Airports Holding Company) (the "Parent Company") holds 2,500,000,000 domestic shares, representing 65% of the total share capital; the public investors hold 1,346,150,000 H shares, representing 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 the 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 holds 2,451,526,000 domestic shares, representing 56.61% of the total share capital; the public investors hold 1,879,364,000 H shares, representing 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 nonaeronautical 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 2022, there were 85 airliners operating fixed commercial flights at Beijing Capital Airport, including 26 domestic airliners (including Hong Kong, Macau and Taiwan) and 59 airliners from foreign countries.

As at the end of 2022, there were 207 flight points from 47 countries and regions linking with Beijing Capital Airport, including 144 domestic flight points (including Hong Kong, Macau and Taiwan) and 63 international flight points.

The Company's non-aeronautical business includes the franchise-based operation 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



Wang Changyi
Chairman

We will take a proactive role, insist on safety first and focus on increasing the quality and efficiency during this critical recovery period of the industry, striving to open a new chapter of the high-quality development of Beijing Capital Airport.

TO SHAREHOLDERS:

In 2022, we faced a complex international environment and a slowdown in the global economy. Under the pressure of ensuring safety, coupled with pandemic prevention and control, operating loss and other factors, China's civil aviation sector stood the test of adversity by making progress while maintaining stability.

Confronted with multiple challenges, Beijing Capital Airport accomplished the mission of providing crucial support to the Winter Olympics and Paralympics with meticulous organization and all-round services. We maintained safe and steady operation and continued to upgrade our service quality. With constant progress in aviation hub construction and effectiveness in cost control, we laid a solid foundation for high-quality growth.

I hereby present the report on the operations and financial conditions of the Company for 2022 and the prospects for 2023 to all shareholders.

PRODUCTION AND OPERATION REMAINED UNDER PRESSURE WHILE COST CONTROL EFFORTS WERE EFFECTIVE

In 2022, China's civil aviation industry was presented with huge challenges in terms of transportation and operation. Beijing Capital Airport recorded a significant year-on-year decline in core business volume, with its cumulative aircraft movements for the year dropping to 157,630 sorties, which represents a decrease of approximately 47.1% as compared with the previous year. The cumulative passenger throughput amounted

CHAIRMAN'S STATEMENT (CONTINUED)



to 12,703,342 person-times, representing a drop of approximately 61.1% as compared with the previous year. The cumulative cargo and mail throughput was 988,675 tonnes, representing a decrease of approximately 29.4% as compared with the previous year.

Under the impact of multiple factors, the annual revenues from principal operations of the Company fell significantly to RMB2,230,948,000, representing a decrease of approximately 33.3% as compared with the previous year. Among them, the aeronautical revenues were RMB710,728,000, representing a decrease of approximately 47.1% as compared with the previous year. The non-aeronautical revenues were RMB1,520,220,000, representing a decrease of approximately 24.1% as compared with the previous year.



Given that the business volume was low and the revenues from principal businesses remained sluggish, the Company focused on enhancing operation and management efficiency. For the purpose of stepping up cost management, it exercised stringent cost and expense control, created detailed budget plans and reviewed fixed investments. It also reduced finance costs effectively by seeking financing at low costs and adopted a scientific approach to manage various expenses. Throughout the year, the total operating expenses of the Company were RMB5,788,744,000, representing a decrease of approximately 4.3% as compared with the previous year.

CONSOLIDATING THE FOUNDATION FOR SAFETY AND CONTINUING TO IMPROVE OPERATIONAL QUALITY

In 2022, the Company continued to implement the requirement of "zero-tolerance to safety hazards". It conducted in-depth safety inspections and performed specific checks and rectifications for preventing and mitigating material risks. Meanwhile, safety accountability was strictly enforced and safety management was enhanced on all fronts. To strengthen the safety baseline, the Company upgraded the intelligent safety system and actively developed and applied new safety technology to ensure safety at Beijing Capital Airport.

CHAIRMAN'S STATEMENT (CONTINUED)

The Company also enhanced operating synergy and offered better operational safeguards. It continued to refine the response measures for special weather conditions and solved the pain points and problems in business operations. In addition, it provided substantial support to the resumption of international direct flights and strengthened the synergy for operational intelligence to guarantee safe and smooth operation. The Company strived to boost operating quality and create a convenient travel environment for domestic and international tourists, with a view to preparing for rapid business recovery and growth.

STEADY PROGRESS IN AVIATION HUB DEVELOPMENT AND COMPREHENSIVE ENHANCEMENT OF SERVICE QUALITY

In 2022, the Company pushed forward with the key projects and accelerated to overcome its shortcomings in terms of facilities. At the same time, it continued to optimize the infrastructure and improve operational safety.

Apart from launching the six new express routes with Air China Limited, the Company optimized and upgraded resources to provide exclusive support services and pioneered the offering of ticket amendment services in the quarantine area. In collaboration with Hainan Airlines and Sichuan Airlines, it introduced the Beijing-Qionghai and Beijing-Chengdu Express Routes and rolled out the free amendment service for interline tickets so that passengers can take off as soon as they arrive at the airport. The "Connect Flight via Capital" transit products underwent three upgrades for quality enhancement and expanded the service scope. By tapping into the potential of the aviation business intensely, the Company sought to bolster the competitiveness of Beijing Capital Airport.

With the aim of attracting more passengers, Beijing Capital Airport continued to raise the benchmark standards for "Service in China", step up service management, target the concerns of passengers and enhance their travel experience.



北京欢迎您
welcome to Beijing

CHAIRMAN'S STATEMENT (CONTINUED)

FUTURE PROSPECTS

2023 is the opening year for the comprehensive implementation of the spirit of the 20th National Congress of the Party, the bridging year for the continuation of the "14th Five-Year Plan", and a crucial year for the high-quality development of civil aviation. Recently, the civil aviation industry is embracing a remarkable recovery with overall positive outlook, in light of the stronger travel demand and renewed market confidence. The industry is presented with ample development opportunities.

Nonetheless, at the same time, we are also profoundly aware that the risk of the external environment still exists, which may disrupt the operation and development of the industry. While the industry is rapidly recovering, it will take time for it to fully recover as there is increased pressure on the coordination of safety and development. Therefore, we may be faced with ups and downs and challenges in terms of the increase in business volume and the enhancement of operational performance of Beijing Capital Airport.

In 2023, given the new circumstances in terms of changes in external environment and policies, Beijing Capital Airport will enter a new starting point and face a new phase, new task and new mission. In view of the foregoing, we will take a proactive role, insist on safety first and focus on increasing the quality and efficiency during this critical recovery period of the industry. Furthermore, by pushing forward key tasks such as the ongoing enhancement of safe operation capabilities, the building of consensus to promote aviation hub development, the development of a benchmark service standard of China, and the innovation of business operation to boost corporate effectiveness, we will strive to open a new chapter of the high-quality development of Beijing Capital Airport.



CHAIRMAN'S STATEMENT (CONTINUED)

As shown by preliminary statistics, for the first two months of 2023, Beijing Capital Airport's aircraft movements have increased by approximately 31.1% as compared with the corresponding period of the previous year, of which domestic routes (including Hong Kong, Macau and Taiwan) have grown by approximately 41.8% as compared with the corresponding period of the previous year. In terms of international routes, aircraft movements have decreased by approximately 51.8% as compared with the corresponding period of the previous year, which was attributable to the larger base figure of international cargo flights during the corresponding period of the previous year. Passenger throughput increased by approximately 88.9% as compared with the corresponding period of the previous year, of which domestic routes (including Hong Kong, Macau and Taiwan) increased by approximately 86.3% as compared with the corresponding period of the previous year. Regarding international routes, international passenger throughput increased by approximately 274.1% as compared with the corresponding period of the previous year by virtue of the continuous relaxation of travel restrictions and the increasing international mobility. Since March, the aviation business at Beijing Capital Airport has continued to demonstrate a strong recovery trend. Both aircraft movements and passenger throughput for the month increased significantly year-on-year with an increase of approximately 135.9% and approximately 300.7%, respectively. In particular, driven by the continuous stable and favourable trend of international

passenger flights recovery, the international passenger throughput for the month has improved significantly with an increase of approximately 1,826.3% as compared with the corresponding month of the previous year. With the arrival of the summer flight season, various airlines will resume more domestic and international passenger flights at Beijing Capital Airport. The Company currently expects that the market demand under pressure could be fully released.

In 2023, the Company will continue to enhance the safe operation capabilities and facilitate the recovery and development of the industry in an orderly manner. It will firmly establish the concept of safe development, reinforce the responsibility of safety management, continue to improve potential risk management and put in all efforts to carry out safety protection during the period of business recovery. At the same time, it will proactively conduct compatibility study on flight route network structure, airspace capacity and ground operation resources to continuously enhance operating capability and quality.

In 2023, the Company will focus on enhancing hub quality and promoting development of the aviation hub with concerted efforts. It will actively promote



CHAIRMAN'S STATEMENT (CONTINUED)



the key projects of hub construction and continuously improve the functions of the hub. The Company will gradually strengthen the aviation product system by continuing to build the “Capital Express” brand and enhancing its brand competitiveness. To fully seize the opportunities arising from market recovery, the Company will conduct a series of marketing activities under the name of “aviation +” and strengthen the influence of transit products under the name of “via the Capital”. Focusing on the base carriers’ needs of the aviation hub development, it will build consensus for the mutual development of a world-class aviation hub.

In 2023, the Company will strive to develop a benchmark service standard of China, with a view to continuously enhancing its market competitiveness and appeal to passengers. The Company will continue to refine the “No.1 Gateway” service standard system. Through carrying out actions to enhance specific services, fostering a service culture and expanding service training, the Company will converge its services towards the core concept so as to solve the pain points of passengers’ travel, enhance their travel experience, and create and stimulate effective demand with its supplies and services of higher quality.



CHAIRMAN'S STATEMENT (CONTINUED)

In 2023, the Company will tap its management potential to promote the opening of a new chapter of innovative business operation. Being market-oriented, it will carry out active marketing and integrated marketing. Leveraging the development of its principal aeronautical business, it will strive to drive the integration and upgrade of non-aeronautical goods, services and products in an effort to achieve commercial revenue growth. The Company will upgrade and improve the commercial business environment to maximize the value of resources, as well as innovate the commercial business model of the airport to stimulate the momentum of operations. The Company will enhance its comprehensive budget management and upgrade the level of integration of business and finance. The Company will further explore the potential of cost reduction, improve its lean management and address market demand and changes to step up the generation of revenue and benefits in its endeavour to improve its profitability.

In 2023, the Company will continue to fully implement its new development concept through comprehensive planning, good governance and sound coordination, and insist on deepening reform and innovation. In order to fulfil its responsibility as the national gateway, the Company will pay attention to the important issues of sustainability, safeguard its long-term value by continuing to improve governance capabilities and standards, and promote its high-quality and sustainable development.

Looking back to 2022, the business volumes of Beijing Capital Airport remained low and its operation was under immense pressure due to various factors. I would like to express sincere gratitude to all employees for their dedication and devotion in the difficult environment last year and thank our shareholders for their long-term trust and support. Standing at the historical juncture where the old meets the new in the cycle of change, the Company will demonstrate greater resilience and stamina, forge ahead with perseverance and usher in the recovery and development of the civil aviation industry.



王长益

Wang Changyi
Chairman

Beijing, the PRC, 30 March 2023



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 2022.

BUSINESS MODEL AND STRATEGIC OBJECTIVES

With the operation 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 2022 and the financial position of the Company as at 31 December 2022 prepared based on International Financial Reporting Standards (“IFRS”) are set out on pages 163 to 245 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 2022 is provided in the “Management Discussion and Analysis” on pages 53 to 60 of this annual report.

Description of other principal risks and uncertainties facing the Company can be found in the “Exposure to Fluctuations in Exchange Rates” and “Exposure to Fluctuations in Interest Rates” on page 58 of this annual report.

The likely future business development of the Company is discussed in the paragraph headed “Future Prospects” on pages 9 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 initiative, and adopts certain measures including prioritising use of clean energy, improving 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 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” 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 happening of events which will violate the laws and the regulations and materially influence the reputation of the Company.

During the year ended 31 December 2022 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.

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 promote the Beijing – Tianjin – Hebei coordinated development, takes active steps in response to the “Belt and Road” initiative, 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 enterprises 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 the Procurement Management Regulation to standardize 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 2022, the Company formed a strategic cooperation team with Air China Limited, through which the Company aims to build up synergy by optimizing infrastructure and providing consistent services. By optimizing 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 2022, 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 2022 and their changes for the year ended 31 December 2022 are set out in Note 7 to the Financial Statements.

REPORT OF THE BOARD (CONTINUED)

INVESTMENT PROPERTIES

The following table sets out the 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 1)	Commercial and office	Long-term lease (Note 1, Note 2)

Note 1: As at the date of this Report of the Board, the Parent Company is in the process of applying 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.

Note 2: As at the date of this Report of the Board, the Company has acquired the No.3 car parking building from the Parent Company, but the procedures for change of title are not yet completed.

RESERVES

Changes in reserves of the Company for the year ended 31 December 2022 are set out in Note 19 to the Financial Statements.

ACCUMULATED LOSSES/DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company had no distributable reserves available for distribution as dividends, while the accumulated losses of the Company amounted to RMB1,293,811,000.

ISSUED SHARE CAPITAL

The Company did not issue any share capital during the year ended 31 December 2022. The disclosure of issued share capital of the Company as at 31 December 2022 is set out on pages 36 to 37 of this annual report.

TAXATION

The details of taxation of the Company for the year ended 31 December 2022 are set out in Note 30 to the Financial Statements.

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company during the year ended 31 December 2022.

ENTRUSTED LOANS AND OVERDUE FIXED DEPOSITS

As at 31 December 2022, the Company had no entrusted loans or any fixed deposits matured but not yet withdrawn placed in financial institutions or other entities.

REPORT OF THE BOARD (CONTINUED)

DIVIDEND

As disclosed on page 58 of this annual report, the Board did not propose to distribute final dividend for the year ended 31 December 2022.

MAJOR CUSTOMERS AND SUPPLIERS

The largest customer, Air China Limited, and the five largest customers of the Company represented 31.16% and 58.09%, respectively, of the total revenues of the Company for the year ended 31 December 2022.

The largest supplier, Capital Airport Aviation Security Co., Ltd. and the five largest suppliers of the Company represented 14.82% and 39.14%, respectively, of the total operating expenses of the Company for the year ended 31 December 2022.

To the knowledge of the Board, 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 2022. The Parent Company held the equity interests of the five largest suppliers of the Company as follows: it held 100% equity interest of Capital Airport Aviation Security Co., Ltd.; it held 100% equity interest of Capital Airports Power and Energy Co., Ltd.; it held 60% equity interest of Beijing Bowei Airport Support Ltd.; it held 100% equity interest of Beijing Capital Airport Property Management Co., Ltd.; and it held 100% equity interest of Capital Airport Group Media Co., Ltd.

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) (the "Equipment

Operation and Maintenance Company") and Zhong Hang Xin Gang Guarantee Co., Ltd. (中航鑫港擔保有限公司) (the "Guarantee Company") established a joint venture company (the "JV Company"). In particular, the Company, Inner Mongolia Airport Group, the Equipment Operation and Maintenance Company and the Guarantee Company hold 31%, 31%, 31% and 7% interests in the JV Company, respectively. The registration of the JV Company was completed on 11 October 2021, but the capital contributions have not yet been completed. The registered name of the JV Company is Beijing Chuanglian Civil Aviation Technology Co., Ltd. (北京創聯民航技術有限公司). The registered capital is RMB130,687,700, among which the Company is expected to contribute RMB40,513,200, representing 31% of the total registered capital of the JV Company. For details, please refer to the announcement of the Company dated 23 September 2021.

Save as disclosed above, the Company had no subsidiary, joint venture or associate as at 31 December 2022.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the period from 1 January 2023 to 30 March 2023 (i.e. the date of this Report of the Board), save as disclosed in the profit warning announcement of the Company dated 27 February 2023 and the inside information announcement of the Company dated 30 March 2023 in relation to the profit distribution adjustment proposal, there was no material event or transaction affecting the Company and which is required to be disclosed by the Company to its shareholders.

TRADE RECEIVABLES

As at 31 December 2022, the Company's trade receivables were RMB666,898,000, representing a decrease of 22.3% as compared with the same period of the previous year. The details of the Company's trade receivables are set out in Note 11 to the Financial Statements.

The policies relating to the trade receivables and the impairment are set out in Note 11 to the Financial Statements.

REPORT OF THE BOARD (CONTINUED)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, 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.

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 2022 are set out as follows:

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
1 The Company and Beijing Capital Airport Commercial & Trading Co., Ltd. ("BACT") entered into the Domestic Retail Resources Usage Agreement on 28 December 2020 with effect from 1 January 2021 to 31 December 2023, pursuant to which BACT is 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 is expected to operate the retail resources designated by Beijing Capital Airport in a more effective manner, which in turn will enhance commercial satisfaction and service quality of Beijing Capital Airport. This agreement was supplemented by the Flexible Retail and F&B Resources Usage Agreement executed on 13 August 2021, details of which are included in item 7 below. 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.	The Parent Company holds 100% equity interest of BACT.	36,240	100,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap 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 with effect 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. In view of the fees waiver policy in relation to rentals and operating fees for certain businesses at Beijing Capital Airport as disclosed in the inside information announcement of the Company dated 13 December 2021, this agreement was supplemented by the 2021 Supplemental Traveller Services Resources Usage Agreement entered into by the same parties on 29 December 2021, pursuant to which the resources usage fee payable by CAVIP to the Company for the year ended 31 December 2021 shall be reduced. In addition, 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. For details of the relevant transactions, please refer to the Company's announcements dated 28 December 2020, 29 December 2021 and 1 August 2022.</p>	<p>The Parent Company holds 100% equity interest of CAVIP.</p>	<p>38,835</p>	<p>58,000</p>

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>3 The Company entered into the Terminal Premises Leasing Framework Agreement with Beijing Aviation Ground Services Co., Ltd. ("BGS") on 28 December 2021, with effect from 1 January 2022 to 31 December 2022, pursuant to which the Company agreed to lease certain premises of the terminals of the 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 announcement dated 28 December 2021.</p>	<p>The Parent Company holds 51% equity interest of BGS.</p>	53,371	65,000
<p>4 The Company and Capital Jet Co., Ltd. ("CACL") entered into the Business Jet Ground Services Joint Operation Agreements on 30 September 2021 with effect from 1 October 2021 to 30 September 2024, pursuant to which the Company agreed to permit CACL to conduct ground services and other relevant services for the take-off and landing of business jets at Beijing Capital Airport. The execution of this agreement enables the Company to advance the utilization 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>	20,564	30,500

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<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 with effect 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 operate the food and beverage premises in Beijing Capital Airport in a more effective manner, which in turn will enhance food and beverage satisfaction and service quality of Beijing Capital Airport. This agreement was supplemented by (i) the Flexible Retail and F&B Resources Usage Agreement executed on 13 August 2021, details of which are included in item 7 below; and (ii) the 2021 Supplemental F&B Resources Usage Agreement entered into by the Company and BAFM on 29 December 2021, pursuant to which the guaranteed resources usage fee payable by BACT to the Company for the year ended 31 December 2021 shall be reduced in view of the fees waiver policy in relation to rentals and operating fees for certain businesses at Beijing Capital Airport as disclosed in the inside information announcement of the Company dated 13 December 2021. In addition, on 28 September 2022, in view of the 2022 Rental Waiver Policy for Businesses (as amended by the Amendments to the 2022 Rental Waiver Policy for Businesses) as disclosed in the inside information announcements of the Company dated 7 July 2022 and 23 August 2022, the Company and BAFM entered into the 2022 Supplemental F&B Resources Usage Agreement, pursuant to which the guaranteed resources usage fee payable by BAFM to the Company for the six months ended 30 June 2022 under the Food and Beverage Resources Usage Agreement (as amended by the Flexible Retail and F&B Resources Usage Agreement and the 2021 Supplemental F&B Resources Usage Agreement) shall be reduced. 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.</p>	<p>The Parent Company holds 100% equity interest of BAFM.</p>	<p>2,971</p>	<p>20,000</p>

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>6 The Company and Beijing Capital Airport Tourism Business Co., Ltd. ("BATB") entered into the Tourism Business Resources Usage Agreement on 28 December 2021 with effect 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, and BATB agreed to provide hotel consultation and reservation services, tourism consultation services and related services (including photocopying, printing and facsimile services) to the passengers at the terminals of Beijing Capital Airport. 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.</p>	<p>The Parent Company holds 100% equity interest of BATB.</p>	3,718	6,000
<p>7 The Company and BACT and BAFM entered into the Flexible Retail and F&B Resources Usage Agreement on 13 August 2021 with effect from the effective date 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 enhance 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.</p>	<p>The Parent Company holds 100% equity interests of BACT and BAFM.</p>	7,688	20,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>8 The Company and BACT entered into the International Retail Management Agreement on 3 November 2020 with effect from 1 January 2021 to 31 December 2023, pursuant to which BACT agreed to provide to the Company with the operation and management services of 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 relatively strong capability in attracting and managing retail business as well as in retail operation and management, the execution of this agreement is expected to enhance the value of retail resources of Beijing Capital Airport. 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 BACT.</p>	18,127	658,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>9 The Company and Capital Airports Aviation Security Co., Ltd. ("CAAS") entered into the Supply of Aviation Safety and Security Guard Services Agreement on 30 October 2019 with effect from 1 January 2020 to 31 December 2022, 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. Given that the estimated amount of service fee payable pursuant to the existing terms of the agreement is insufficient to cover the actual costs for providing such services, on 18 October 2021, the parties entered into a supplemental agreement to the Supply of Aviation Safety and Security Guard Services Agreement, pursuant to which certain terms including the calculation method and payment arrangement of service fees are amended. For details of the relevant transactions, please refer to the Company's announcements dated 30 October 2019 and 18 October 2021, as well as the circulars dated 3 December 2019 and 30 November 2021.</p>	<p>The Parent Company holds 100% equity interest of CAAS.</p>	857,911	924,480

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>10 The Company and Capital Airports Power and Energy Co., Ltd. ("CAPE") entered into the Supply of Power and Energy Agreement on 3 November 2020 with effect from 1 January 2021 to 31 December 2023, pursuant to which CAPE agreed to provide power and energy, including the provision of water, electricity, steam power, natural gas, and heating and cooling 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>	524,967	763,100
<p>11 The Company and Beijing Bowei Airport Support Limited ("Boweï") entered into the Operation and Maintenance Services Framework Agreement on 23 December 2019, with effect from 1 January 2020 to 31 December 2022, 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 23 December 2019.</p>	<p>The Parent Company directly and indirectly holds 100% equity interest of Bowei.</p>	362,962	555,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
12 The Company and Beijing Capital Airport Property Management Co., Ltd. ("BAPM") entered into the Supply of Miscellaneous Property Services Agreement on 31 December 2020 with effect 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.	The Parent Company holds 100% equity interest of BAPM.	229,580	380,000
13 The Company and CAPE entered into the Supply of Operation and Maintenance Services of Power and Energy Facilities Agreement on 30 December 2020 with effect 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 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 of sewage disposal and garbage incineration facilities and other relevant services as requested by the Company, which in turn will ensure the daily operation and stability of service quality of Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 30 December 2020.	The Parent Company holds 100% equity interest of CAPE.	190,512	225,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
14 The Company and Capital Airport Group Media Co., Ltd. ("CAGM", formerly known as Beijing Capital Airport Advertising Company Limited) entered into the Advertising Management Agreement on 30 December 2020 with effect 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. For details of the relevant transactions, please refer to the Company's announcement dated 30 December 2020.	The Parent Company holds 100% equity interest of CAGM.	102,432	250,000
15 The Company and BAFM entered into the Food and Beverage Management Agreement on 29 December 2020 with effect 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. For details of the relevant transactions, please refer to the Company's announcement dated 29 December 2020.	The Parent Company holds 100% equity interest of BAFM.	8,970	110,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
16 The Company and the Parent Company entered into the Trademark License Agreement on 29 November 2019 with effect from 1 December 2019 to 30 November 2022, pursuant to which the Parent Company agreed to grant the Company the non-exclusive right to use the trademarks in the PRC in the goods and services under the registered classes of the trademarks. This agreement was entered into because the continual use of the trademarks will ensure the continuity of the brand and image of the Company and Beijing Capital Airport, thereby ensuring that the services and businesses of the Company will be better recognized by the market. For details of the relevant transactions, please refer to the Company's announcement dated 29 November 2019.	The Parent Company holds 58.96% equity interest of the Company.	–	95,000
17 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 with effect from 1 February 2021 to 31 January 2024, pursuant to which the Aviation Services Company provided 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 T3D of Beijing Capital Airport. The execution of this agreement can ensure the normal daily operations of the terminals of Beijing Capital Airport and further optimize the traffic order and improve the service experience of travellers. For details of the relevant transactions, please refer to the Company's announcement dated 29 January 2021.	The Parent Company indirectly holds 100% equity interest of the Aviation Services Company.	68,370	84,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>18 The Company and CAVIP entered into the Purchase of Services for Travellers Agreement on 31 December 2020 with effect 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 improve travellers' experience, attract air passenger flow, increase travellers' consumption in the airport and enhance Beijing Capital Airport's image of being the best departure airport for air passengers. For details of the relevant transactions, please refer to the Company's announcement dated 31 December 2020.</p>	<p>The Parent Company holds 100% equity interest of CAVIP.</p>	33,603	49,500
<p>19 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, with effect 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>	20,384	21,300

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
20 The Company and Bowei entered into the Bridge-borne Equipment Operation Services Agreement on 29 December 2021 with effect from 1 January 2022 to 31 December 2022, pursuant to which Bowei agreed to position and remove bridge-borne equipment, including the power supply equipment for aircrafts and the ground air conditioning equipment for aircrafts, in accordance with the existing procedures of the Company for flights of airlines included in this agreement. The execution of this agreement is conducive to ensuring the smooth day-to-day operation and stable service quality and catering the operational needs in professionalism and efficiency of the Beijing Capital Airport. For details of the relevant transactions, please refer to the Company's announcement dated 29 December 2021.	The Parent Company directly and indirectly holds 100% equity interest of Bowei.	8,439	14,000
21 The Company entered into the Construction Projects Framework Agreement with China Airport Construction Group Company Limited ("CACG") and its subsidiaries on 28 December 2020, with effect 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 does not exceed the construction investment amount. For details of the relevant transactions, please refer to the Company's announcement dated 28 December 2020.	The Parent Company holds 31.48% equity interest of CACG.	2,652	51,000

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>22 The Company entered into the Frequent Traveller Paid Membership Management Agreement with CAVIP on 1 August 2022, with effect 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 consolidate resources for the frequent traveller business with the existing business related to the VIP travellers' services, which can maximize the resources' value in Beijing Capital Airport, stabilize the revenue of the Company and 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. For details of the relevant transactions, please refer to the Company's announcement dated 1 August 2022.</p>	<p>The Parent Company holds 100% equity interest of CAVIP.</p>	4,214	10,000
<p>23 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, with effect 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>	372	600

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
<p>24 The Company and the Parent Company entered into the Property Leasing Framework Agreement on 28 December 2020 for the leasing of certain properties, including but not limited to the information technology centre at Terminal Three (the "ITC Property") and the armed police property, from the Parent Company, with effect from 1 January 2021 to 31 December 2023. The execution of this agreement is expected to facilitate the administration and daily operation of the Company to achieve overall steady operation of Beijing Capital Airport. Subsequently, the Company and the Parent Company entered into the Assets Leasing Agreement on 30 September 2022, details of which are set out on page 35 of this Report of the Board, and the Property Leasing Framework Agreement was terminated from the commencement date of the term of the Assets Leasing Agreement. For details of the relevant transactions, please refer to the Company's announcements dated 28 December 2020 and 30 September 2022.</p>	<p>The Parent Company holds 58.96% equity interest of the Company.</p>	–	42,667
<p>25 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 to the Airfield Land Lease 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 and the circular dated 17 November 2006.</p>	<p>The Parent Company holds 58.96% equity interest of the Company.</p>	28,000	28,000 Note 1

REPORT OF THE BOARD (CONTINUED)

Description of the transactions and date of the relevant announcements and circulars	Relationship between contracting parties	Total transaction amounts for the year ended 31 December 2022 RMB'000	Annual Cap RMB'000
26 The Company and BAPM entered into the Leasing Framework Agreement on 29 December 2021 with effect from 1 January 2022 to 31 December 2022, pursuant to which the Company agreed to lease certain properties from BAPM. The execution of this agreement can facilitate the administration and daily operation of Beijing Capital Airport, thereby maintaining overall steady operation. For details of the relevant transactions, please refer to the Company's announcement dated 29 December 2021.	The Parent Company holds 100% equity interest of BAPM.	2,872	8,640
27 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 dated 21 January 2000 regarding the listing of H shares on the Hong Kong Stock Exchange.	The Parent Company holds 58.96% equity interest of the Company.	10,932	10,932 Note 2
28 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.	The Parent Company directly and indirectly holds 100% equity interest of BAGF.	183,846	Cap of deposit services: 500,000 for maximum daily deposit balance Note 3

REPORT OF THE BOARD (CONTINUED)

- 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. The Company had entered into leasing agreements with the Parent Company before the date on which the new leasing standards under IFRS 16 became effective in January 2019. In line with the relevant requirements of the Listing Rules, the relevant disclosure of the continuing connected transactions was based on actual lease rentals for the year.
- 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. The Company had entered into leasing agreements with the Parent Company before the date on which the new leasing standards under IFRS 16 became effective in January 2019. In line with the relevant requirements of the Listing Rules, the relevant disclosure of the continuing connected transactions was based on actual lease rentals for the year.
- 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 RMB413,098.54 as at 31 December 2022.

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 aforesaid continuing connected transactions that were conducted during the year ended 31 December 2022.

The aforesaid continuing connected transactions were reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid continuing connected transactions have 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 OF THE BOARD (CONTINUED)

The Company's auditor was engaged to report on the Company's continuing connected transactions 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 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 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; 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 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 2022 are set out as follows:

Description of the transactions and date of the relevant announcements	Relationship between contracting parties	Consideration of the connected transaction <i>RMB'000</i>
<p>1 The Company and the Parent Company entered into the Assets Leasing Agreement on 30 September 2022, pursuant to which (i) the Company agreed to lease the ITC Property, the armed police property and the lounge property from the Parent Company for a term of 3 years from 1 October 2022 to 30 September 2025; and (ii) both parties agreed to terminate the Property Leasing Framework Agreement dated 28 December 2020 with effect from the commencement date of the term of the Assets Leasing Agreement. As the leased assets contemplated under the Assets Leasing Agreement have been recognised as right-of-use assets of the Company in accordance with IFRS 16, the transaction contemplated thereunder has been classified as an acquisition of right-of-use assets by the Company and therefore constitutes a one-off connected transaction of the Company under the Listing Rules. Pursuant to IFRS 16, the total value of the right-of-use assets contemplated under the Assets Leasing Agreement is estimated to be not more than RMB42,000,000. The execution of the Assets Leasing Agreement and the termination of the Property Leasing Framework Agreement is expected to consolidate leased assets and optimise assets management, and facilitate the administration and daily operation of Beijing Capital Airport, thereby achieving overall steady operation. For details of the relevant transactions, please refer to the Company's announcements dated 28 December 2020 and 30 September 2022.</p>	<p>The Parent Company holds 58.96% equity interest of the Company.</p>	<p>35,701 (with the maximum consideration not exceeding 42,000)</p>

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 2022.

Details of the related party transactions of the Company undertaken in the normal course of business are disclosed under Note 34 to the Financial Statements. Save for the continuing connected transactions and connected transactions as disclosed above, none of these related party transactions constitute discloseable connected or continuing connected transactions as defined under Chapter 14A of the Listing Rules. The Company confirms that in respect of these transactions which are both (i) related party transactions; and (ii) connected or continuing connected transactions, it has complied with the relevant disclosure 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 mentioned above.

REPORT OF THE BOARD (CONTINUED)

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022, 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 2022, the interests and short positions held by the following persons, other than the directors, supervisors or the general manager 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 Limited (Note 1)	Domestic shares	2,699,814,977	Beneficial owner	100%	58.96%
Causeway Capital Management LLC (Note 2)	H shares	187,186,700(L)	Investment manager	9.96%	4.09%
Citigroup Inc.	H shares	167,927,437(L)	Interest of corporation controlled by substantial shareholder	8.93%	3.67%
		1,196,614(S)	Interest of corporation controlled by substantial shareholder	0.06%	0.03%
		166,997,261(P)	Interest of corporation controlled by substantial shareholder	8.88%	3.65%
BlackRock, Inc.	H shares	155,893,101(L)	Interest of corporation controlled by substantial shareholder	8.29%	3.40%
		16,608,000(S)	Interest of corporation controlled by substantial shareholder	0.88%	0.36%
T. Rowe Price Associates, Inc. and its affiliates	H shares	149,526,000(L)	Beneficial owner	7.96%	3.27%
The Bank of New York Mellon Corporation	H shares	131,663,844(L)	Interest of corporation controlled by substantial shareholder	7.01%	2.88%
		129,919,097(P)	Interest of corporation controlled by substantial shareholder	6.91%	2.84%

REPORT OF THE BOARD (CONTINUED)

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
Aberdeen Asset Management plc and its associates (Note 2)	H shares	114,868,000(L)	Investment manager	6.11%	2.51%
JPMorgan Chase & Co.	H shares	109,625,779(L)	Interest of corporation controlled by substantial shareholder	5.83%	2.39%
	H shares	21,951,524(S)	Interest of corporation controlled by substantial shareholder	1.16%	0.48%
	H shares	71,274,037(P)	Interest of corporation controlled by substantial shareholder	3.79%	1.56%
Mr. Jiang Jinzhi (Note 3)	H shares	105,602,000(L)	Interest of corporation controlled by substantial shareholder	5.62%	2.31%
Hermes Investment Funds PLC	H shares	94,613,662(L)	Beneficial owner	5.03%	2.07%
Employees Provident Fund Board	H shares	94,470,000(L)	Beneficial owner	5.02%	2.06%

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

Notes:

- 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, 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. 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.
- 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 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.
- The numbers in the above table have been subject to rounding adjustments. Any discrepancies in the number are due to roundings.

REPORT OF THE BOARD (CONTINUED)

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE GENERAL MANAGER

As at 31 December 2022, none of the directors, supervisors or the general manager of the Company had any interests or short positions in any shares, any 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “Model Code”). During the year ended 31 December 2022, none of the directors, supervisors or the general manager of the Company, or their associates, had been granted the right to subscribe for any shares or debentures of the Company, nor had any of them exercised such rights during the same period.

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

During the year ended 31 December 2022, 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 16 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 2022, 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.

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, four of the directors of the Company hold the position of director, the chairman of the board, secretary of the Party Committee, or deputy general manager concurrently in the Parent Company, 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 Non-competition”), 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 nonaeronautical 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 nonaeronautical businesses of Daxing Airport. As the Company is engaged in the operation of aeronautical and non-aeronautical businesses of Beijing Capital Airport, certain businesses of the Parent Company are competing with the business of the Company.

REPORT OF THE BOARD (CONTINUED)

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 with the directors of the Company (other than the independent non-executive directors) having 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 2022 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

Save for those transactions disclosed in the note headed "Related Party Transactions" in the Note 34 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 16 to the Listing Rules) during the year ended 31 December 2022:

- (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 2022, 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 2022 are set out in Notes 27 and 35 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 2022.

PUBLIC FLOAT

As at 30 March 2023, the date of this Report of the Board, the Board confirmed that 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.

REPORT OF THE BOARD (CONTINUED)

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 2019, 2020 and 2021, 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 2021 Annual General Meeting (“AGM”) of the Company held on 23 June 2022, to act as the Company’s auditors for the year ended 31 December 2022.

The Board will present a resolution for the reappointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company’s auditors for the year ending 31 December 2023 at the forthcoming 2022 AGM.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

At the 2019 AGM convened on 23 June 2020, the election of Mr. Liu Xuesong, Mr. Han Zhiliang, Mr. Zhang Guoliang, Mr. Gao Shiqing, Mr. Jia Jianqing, Mr. Song Kun, Mr. Jiang Ruiming, Mr. Liu Guibin, Mr. Zhang Jiali and Mr. Stanley Hui Hon-chung as members of the eighth session of the Board was considered and approved. The term of office of the eighth session of the Board commences from the date of conclusion of the 2019 AGM and ends on the date of convening the 2022 AGM.

At the 2019 AGM convened on 23 June 2020, the election of Mr. Song Shengli, Mr. Wang Xiaolong, and Mr. Japhet Sebastian Law as members of the eighth session of the supervisory committee of the Company (the “Supervisory Committee”) was considered and approved. The other members of the eighth session of the Supervisory Committee comprise Mr. Liu Shaocheng and Mr. Chang Jun, who are supervisors representing employees of the Company. The term of office of the eighth session of the supervisory committee commences from the date of conclusion of 2019 AGM and ends on the date of convening the 2022 AGM.

On 23 June 2020, the eighth session of the Board appointed Mr. Han Zhiliang as the general manager of the Company, Mr. Zhang Guoliang, Mr. Zhang Wei, Mr. Deng Xianshan, Mr. Wang Weiyu, Mr. Du Qiang 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 21 September 2020, Mr. Zhang Wei and Mr. Deng Xianshan resigned as the deputy general managers of the Company due to work adjustment.

REPORT OF THE BOARD (CONTINUED)

On 12 November 2020, Mr. Du Qiang resigned as the deputy general manager of the Company due to work adjustment.

On 28 June 2021, Mr. Mok Chung Kwan, Stephen resigned as a joint company secretary of the Company, and Mr. Meng Xianwei, the then joint company secretary of the Company served as the sole company secretary of the Company with effect from the same date upon prior confirmation of his qualification to act as the company secretary of the Company by the Hong Kong Stock Exchange.

On 13 December 2021, Mr. Liu Jiliang and Ms. Wu Xiaoli were elected as the supervisors representing employees of the Company. Mr. Liu Shaocheng and Mr. Chang Jun resigned as the supervisors representing employees of the Company due to adjustment of work arrangements on the same date.

On 16 December, 2021, Mr. Wang Changyi was appointed as the executive director and chairman of the Board of the eighth session of the Board. Mr. Liu Xuesong resigned as the executive director and chairman of the Board of the eighth session of the Board due to work arrangements on the same date.

On 16 December 2021, Mr. Liu Chunchen was appointed as a shareholder representative supervisor and the chairman of the Supervisory Committee of the eighth session of the Supervisory Committee. Mr. Song Shengli resigned as a shareholder representative supervisor and the chairman of the Supervisory Committee of the eighth session of the Supervisory Committee due to work arrangements on the same date.

On 23 June 2022, Mr. Liu Guibin resigned as an independent non-executive director and the chairman of the audit and risk management committee of the Company in order to devote more time to his other business commitments.

On 24 August 2022, Mr. Wang Huacheng was appointed as an independent non-executive director of the eighth session of the Board and was elected as the chairman of the audit and risk management committee.

On 16 September 2022, Mr. Deng Xianshan and Ms. Li Chun were appointed as the deputy general managers of the Company.

On 15 November 2022, Mr. Zhang Guoliang resigned as the deputy general manager of the Company since he had reached 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 2022 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 Company has received the confirmation of independence from all independent non-executive directors of the Company 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. 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 58, was appointed as an executive director of the Company and elected as the chairman of the Board on 16 December 2021. 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 58, a senior economist, was re-appointed as an executive director of the Company on 23 June 2020. 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 60, was appointed as an executive director of the Company on 23 June 2020. 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 61, was appointed as a non-executive director of the Company on 28 June 2017 and re-appointed as a non-executive director of the Company on 23 June 2020. 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 57, is a senior accountant and was appointed as a non-executive director of the Company on 23 June 2020. 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 Zhong Hang 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 Zhong Hang 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 51, a senior engineer, was appointed as a non-executive director of the Company on 23 June 2020. 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 manager 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)

Independent Non-executive Directors

Mr. Jiang Ruiming, aged 57, was appointed as an independent non-executive director of the Company on 15 June 2011 and was re-appointed as an independent non-executive director of the Company on 23 June 2020. 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.

Mr. Liu Guibin, aged 57, was appointed as an independent non-executive director of the Company on 15 June 2011 and was re-appointed as an independent non-executive director of the Company on 23 June 2020. He resigned as an independent non-executive director of the Company on 24 June 2022. He graduated from Zhongnan University of Economics and Law (中南財經政法大學) in 1989, is a Certified Public Accountant and one of the first group of senior members (practicing) of CICPA. Mr. Liu is a senior partner at Ruihua Certified Public Accountants, in charge of internal training, risk quality control and operation instruction of major projects of the firm. Mr. Liu has served as a CPA for nearly 30 years and has extensive experience and theoretical knowledge. He is an expert in financial audit and consultancy. Meanwhile, Mr. Liu has accumulated abundant experience in restructuring and listing of enterprises and has profound research and unique point of view in restructuring and listing of enterprises as well as finance and securities. From June 2015 to June 2021, Mr. Liu served as an independent non-executive director of China Resources and Environment Co., Ltd. (listed on the Shanghai Stock Exchange).

Mr. Zhang Jiali, aged 68, 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 23 June 2020. 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.

REPORT OF THE BOARD (CONTINUED)

Mr. Stanley Hui Hon-chung, aged 72, 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. 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).

Mr. Wang Huacheng, aged 60, 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. 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. Mr. Wang has served as an independent director of Huaxia Bank Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 600015) since February 2014; an independent director of China Great Wall Securities Co., Ltd. (listed on the Shenzhen Stock Exchange, Stock Code: 002939) since July 2016; an independent director of Tsinghua Tongfang Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 600100) since February 2020; and an independent director of Wanhua Chemical Group Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 600309) since April 2022. Mr. Wang previously served as an independent director of China Railway Construction Corporation Limited (listed on the Main Board of the Stock Exchange (Stock Code: 1186) and the Shanghai Stock Exchange (Stock Code: 601186)) from October 2014 to December 2021 and an independent director of BOE Technology Group Co., Ltd. (listed on the Shenzhen Stock Exchange, Stock Codes: 000725 and 200725) from June 2019 to May 2021. In addition, Mr. Wang has previously served as an external director (as a director appointed by the State-owned Assets Supervision and Administration Commission of the State Council acting on behalf of state-owned capital) of companies such as Sinotrans Container Lines Co., Ltd., Sinotrans & CSC Holdings Co. Ltd. and China Salt Group Corporation Limited, and an independent director of companies such as Huatai Securities Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 601688) and Yunnan Baiyao Group Co., Ltd. (listed on the Shenzhen Stock Exchange, Stock Code: 000538). Currently, Mr. Wang also serves as the vice-chairman of the China Cost Research Association and other academic positions.

REPORT OF THE BOARD (CONTINUED)

Members of the Supervisory Committee

Mr. Liu Chunchen, aged 57, a senior engineer, was appointed as a supervisor of the Company and elected as the chairman of the Supervisory Committee on 16 December 2021. 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 55, 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 Beijing Capital Airport Aviation Security Co., Ltd. from April 2015 to April 2018; the director, chairman and Party secretary of Beijing Aviation Ground Services Co., Ltd. from April 2018 to February 2019; the Party secretary of Beijing Aviation Ground Services Co., Ltd. from February 2019 to September 2021; the director and chairman of Beijing Aviation Ground Services Co., Ltd. from February 2019 to November 2021; and has been the deputy secretary of the Party committee and the secretary of the Discipline Inspection Commission of the Company since September 2021, as well as the chairman of the Labour Union of the Company since December 2021. Mr. Liu currently also serves as the director and chairman of Beijing CAH SATS Aviation Services Co., Ltd.

REPORT OF THE BOARD (CONTINUED)

Mr. Wang Xiaolong, aged 67, was appointed as a supervisor of the Company on 28 June 2017 and was re-appointed as a supervisor of the Company on 23 June 2020. 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 71, was appointed as a supervisor of the Company on 23 June 2020. 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 non-executive 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). 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)

Ms. Wu Xiaoli, aged 38, 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.

Other Senior Management

Mr. Deng Xianshan, aged 57, 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 appointed as a deputy general manager of the Company on 16 September 2022. 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.

REPORT OF THE BOARD (CONTINUED)

Mr. Wang Weiyu, aged 59, was re-appointed as the deputy general manager of the Company on 23 June 2020. 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 since April 2015.

Ms. Li Chun, aged 49, is a senior economist and corporate legal adviser. She was appointed as a deputy general manager of the Company on 16 September 2022. 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 Capital Airports Holding 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.

REPORT OF THE BOARD (CONTINUED)

Mr. Li Zhiyong, aged 49, a senior accountant, was appointed as the Chief Financial Officer of the Company on 20 May 2020 and was reappointed as the Chief Financial Officer of the Company on 23 June 2020. 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.

Ms. Zhao Ying, aged 48, was re-appointed as the deputy general manager of the Company on 23 June 2020. 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.

REPORT OF THE BOARD (CONTINUED)

Mr. Meng Xianwei, aged 47, was re-appointed as the secretary to the Board of the Company on 23 June 2020, appointed as the joint company secretary of the Company on 28 June 2018 and has served as the company secretary of the Company since 28 June 2021. 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.

Company Secretary

The profile of the company secretary of the Company, Mr. Meng Xianwei, is set out in the section headed "Other Senior Management".

Save as disclosed in the paragraphs headed "Directors, Supervisors and Senior Management" of this Report of the Board, there were no changes in the information of the directors, supervisors or general manager subsequent to the Company's last published interim report and up to the date of this annual report that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The details of emoluments of directors and supervisors mentioned above are set out in Note 35 to the Financial Statements.

During the year ended 31 December 2022, the Company paid the annual emoluments of the above senior management (including those who also serve as directors), among which 7 members were each paid in an amount less than HKD1,000,000 (equivalent to approximately RMB893,000), and 3 members were each paid in an amount between HKD1,000,001 and HKD1,500,000 (equivalent to approximately RMB1,339,500).

By order of the Board
Wang Changyi
Chairman

Beijing, the PRC, 30 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2022, the Company's business performance continued to face great challenges. As for the revenues, the revenues from principal operations were RMB2,230,948,000, representing a decrease of approximately 33.3% as compared with the previous year. In particular, under the impact of the external environment and industry landscape, the transportation and operation of China's civil aviation industry slipped down into the trough, while the air traffic volumes of Beijing Capital Airport continued to decrease. The aeronautical revenues recorded a significant decrease to RMB710,728,000, representing a decrease of approximately 47.1% as compared with the previous year. Under the continuous impact of the external environment on the passenger throughput and commercial resources, the non-aeronautical revenues amounted to RMB1,520,220,000, representing a decrease of approximately 24.1% as compared with the previous year. As for the costs, as the majority of building repair projects were completed in the previous year, the repair and maintenance expenses for the year decreased accordingly. In addition, the non-aeronautical concession revenue continued to decrease, which led to a corresponding decrease in the concession management fees. Due to the combined effects of these factors, the operating expenses of the Company in 2022 were RMB5,788,744,000, representing a decrease of approximately 4.3% from the previous year.

OVERVIEW OF AERONAUTICAL BUSINESS

In 2022, under the impact of the industry landscape, 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 external environment and the demand for international aviation transportation, the aircraft movements and passenger throughput of international routes continued to decrease as compared with 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 previous year. However, the passenger throughput continued to decrease as compared with the previous year.

In 2022, the cumulative aircraft movements at Beijing Capital Airport reached 157,630 sorties, representing a decrease of approximately 47.1% as compared with the previous year. The cumulative passenger throughput reached 12,703,342 person-times, representing a decrease of approximately 61.1% as compared with the previous year. The cumulative cargo and mail throughput reached 988,675 tonnes, representing a decrease of approximately 29.4% as compared with the previous year. Detailed information is set out in the table below:

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

	2022	2021	Change
Aircraft Movements (unit: sorties)	157,630	298,176	-47.1%
Domestic	136,725	269,166	-49.2%
Including: Hong Kong, Macau & Taiwan	4,978	4,957	0.4%
International	20,905	29,010	-27.9%
Passenger Throughput (unit: person-times)	12,703,342	32,639,013	-61.1%
Domestic	12,451,999	32,452,805	-61.6%
Including: Hong Kong, Macau & Taiwan	204,363	209,607	-2.5%
International	251,343	186,208	35.0%
Cargo and Mail Throughput (unit: tonnes)	988,675	1,401,313	-29.4%
Domestic	510,193	726,760	-29.8%
Including: Hong Kong, Macau & Taiwan	66,987	67,278	-0.4%
International	478,482	674,553	-29.1%

AERONAUTICAL REVENUES

	2022 RMB'000	2021 RMB'000	Change
Aircraft movement fees and related income	499,443	821,902	-39.2%
Passenger service income	211,285	521,067	-59.5%
Total aeronautical revenues	710,728	1,342,969	-47.1%

In 2022, the total aeronautical revenues of the Company were RMB710,728,000, representing a decrease of approximately 47.1% as compared with the previous year. In particular, revenues from aircraft movement fees and related income were RMB499,443,000, representing a decrease of approximately 39.2% as compared with the previous year, which was primarily attributable to the fact that the aviation market remained sluggish during the year, resulting in a significant decrease in the aircraft movement fees and related income. Meanwhile, due

to the longer ground time of aircrafts at the airport, the parking income was not reduced in proportion with the decrease in aircraft movements. Therefore, the extent of decrease in revenues from aircraft movement fees and related income was smaller than the extent of decrease in aircraft movements. Revenues from passenger service income were RMB211,285,000, representing a decrease of approximately 59.5% as compared with the previous year, which was substantially in line with the decrease in passenger throughput.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

NON-AERONAUTICAL REVENUES

	2022 RMB'000	2021 RMB'000	Change
Concessions	675,551	951,269	-29.0%
Including: Advertising	480,378	720,192	-33.3%
Retailing	81,229	55,016	47.6%
Restaurants and food shops	42,908	98,158	-56.3%
Car parking services	22,141	40,733	-45.6%
VIP services	18,322	–	100.0%
Other concessions	30,573	37,170	-17.7%
Rental income	741,233	861,138	-13.9%
Resources usage income	85,010	165,738	-48.7%
Others	18,426	23,595 ^(Note 1)	-21.9%
Non-aeronautical revenues	1,520,220	2,001,740	-24.1%

Note 1: The figure of other revenues was different from those set out in the 2021 annual report as the original revenues from car parking fees were consolidated into other revenues.

In 2022, the non-aeronautical revenues of the Company were RMB1,520,220,000, representing a decrease of approximately 24.1% as compared with the previous year. In 2022, the concession revenues of the Company were RMB675,551,000, representing a decrease of approximately 29.0% as compared with the previous year. Among these, the revenues from advertising were RMB480,378,000, representing a decrease of approximately 33.3% as compared with the previous year, which is mainly caused by the decrease in the relevant revenues due to the changes in passenger throughput given that the calculation of the revenues from advertising was linked to passenger throughput and that the operating fees for advertising business were partially waived under the relief and waiver policy of the Company for eligible advertising business operators. The revenues from retailing were RMB81,229,000, representing an increase of approximately 47.6% as compared with the previous year, which was mainly due to the amortised recognition of relevant concession revenues based on the supplementary agreement relating to international retail business, resulting in a significant growth in the revenues from retailing as compared with the previous year. The revenues from restaurants and food shops were RMB42,908,000, representing a decrease of approximately 56.3% as compared with the previous

year. This was, firstly, attributable to the adjustment of contractual amounts under the guaranteed operation policy adopted by the Company for certain tenants, and the fact that certain tenants did not renew their contracts upon expiry; and, secondly, attributable to the rental waivers granted by the Company to micro-, small- and medium-sized enterprises pursuant to the requirements of the relevant policies issued in the first half of 2022, 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. The revenues from car parking services were RMB22,141,000, representing a decrease of approximately 45.6% as compared with the previous year, which was mainly due to the significant decline in traffic volume as a result of the decrease in frequency of travelling

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

under the impact of the external environment, hence leading to a corresponding decrease in revenues from car parking services. The revenues from VIP services amounted to RMB18,322,000, representing an increase of 100.0% as compared with the previous year. This was largely attributable to the revenues from the newly added frequent traveller's paid membership business of the Company. The revenues from other concessions were RMB30,573,000, representing a decrease of approximately 17.7% as compared with the previous year, which was mainly due to the decrease in business volume of other concessions that are linked to the passenger throughput.

In 2022, the rental revenues of the Company were RMB741,233,000, representing a decrease of approximately 13.9% as compared with the previous year, which was mainly due to the recognition of related revenues for the previous years in respect of

rentals of terminals and departure system services that were agreed between the Company and certain customers last year. As a result, the larger base figure for the previous year resulted in a decrease in rental revenues for the current year.

In 2022, the revenues from resources usage income of the Company were RMB85,010,000, representing a decrease of approximately 48.7% as compared with the previous year, which was mainly caused by the decrease in passenger throughput, as the calculation of the revenues from resources usage income is linked to the passenger throughput.

In 2022, other revenues of the Company were RMB18,426,000, representing a decrease of approximately 21.9% as compared with the previous year, which was also mainly affected by the decrease in other revenues related to the application for certificates.

OPERATING EXPENSES

	2022 RMB'000	2021 RMB'000	Change
Depreciation and amortisation	1,553,463	1,572,645	-1.2%
Aviation safety and security guard costs	919,371	920,343	-0.1%
Repair and maintenance	894,261	1,009,467	-11.4%
Staff costs	530,520	550,101	-3.6%
Utilities and power	506,526	546,704	-7.3%
Operating contracted services costs	426,778	444,930	-4.1%
Greening and environmental maintenance costs	284,981	295,319	-3.5%
Real estate tax and other taxes	236,435	235,205	0.5%
Concession management fees	133,743	221,231	-39.5%
General, administrative and other costs	302,666	250,644 ^(note 2)	20.8%
Operating expenses	5,788,744	6,046,589	-4.3%

Note 2: The figure of general, administrative and other costs was different from those set out in the 2021 annual report as rental expenses were consolidated into general, administrative and other costs.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2022, the operating expenses of the Company were RMB5,788,744,000, representing a decrease of approximately 4.3% as compared with the previous year.

In 2022, the depreciation and amortisation expenses of the Company were RMB1,553,463,000, representing a decrease of approximately 1.2% as compared with the previous year, which was mainly due to the reason that certain long-term assets have been fully depreciated.

In 2022, the aviation safety and security guard costs of the Company were RMB919,371,000, representing a decrease of approximately 0.1% as compared with the previous year.

In 2022, the repair and maintenance expenses of the Company were RMB894,261,000, representing a decrease of approximately 11.4% as compared with the previous year, which was mainly due to the completion of the majority of building repair projects in the previous year which led to a decrease in the related expenses during the year, and the Company's strengthened cost control which led to a decrease in maintenance costs for equipment and system.

In 2022, the staff costs of the Company were RMB530,520,000, representing a decrease of approximately 3.6% as compared with the previous year, which was mainly attributable to the decline in the results of the Company as affected by the external environment and the industry landscape, contributing to a corresponding decrease in the bonus provided with reference to the operating results.

In 2022, the utilities and power expenses of the Company were RMB506,526,000, representing a decrease of approximately 7.3% as compared with the previous year, which was mainly due to the energy conservation and consumption reduction measures adopted by the Company and the appropriate adjustments to the duration and area for the provision of cooling services based on the passenger throughput and operating area, which resulted in the corresponding decrease in energy expenses.

In 2022, the operating contracted services costs of the Company were RMB426,778,000, representing a decrease of approximately 4.1% as compared with the previous year, which was mainly due to the decrease in passenger throughput, 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 2022, the greening and environmental maintenance costs of the Company were RMB284,981,000, representing a decrease of approximately 3.5% 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 2022, the real estate tax and other taxes of the Company were RMB236,435,000, representing an increase of approximately 0.5% as compared with the previous year.

In 2022, the concession management fees of the Company were RMB133,743,000, representing a decrease of approximately 39.5% as compared with the previous year, which was mainly due to the substantial decline in passenger throughput as affected by the external environment and the industry landscape, which led to a significant decrease in concession revenues from advertising, 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 2022, the general, administrative and other costs of the Company were RMB302,666,000, representing an increase of approximately 20.8% as compared with the previous year, which was mainly due to the increase in costs related to the support for the Beijing 2022 Winter Olympic Games and Winter Paralympic Games.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OTHER ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

In 2022, the other income of the Company was RMB5,688,000, representing a decrease of approximately 60.6% as compared with the previous year, which was mainly due to the larger base figure for the previous year as a result of the receipt of subsidies from the Beijing Organizing Committee for the Winter Olympic Games for the use of premises at Beijing Capital Airport.

In 2022, the net finance costs of the Company after netting off the finance income were RMB344,559,000 as compared with the net finance costs of RMB140,192,000 in 2021. It was mainly due to the fact that the exchange rate of US dollar against RMB continued to increase in 2022, while the exchange rate of US dollar against RMB decreased in 2021, which resulted in an exchange loss from the liabilities denominated in US dollar in 2022.

In 2022, the income tax credit of the Company was RMB475,500,000, representing a decrease of approximately 32.4% as compared with the previous year.

LOSS FOR THE YEAR

For the financial year ended 31 December 2022, the net loss after tax for the year of the Company amounted to RMB3,526,635,000, representing an increase of approximately 66.6% as compared with the net loss after tax for the previous year of the Company.

DIVIDEND

In 2022, the Company continue to record a loss from operations as affected by the external environment and industry landscape. The Board did not propose to distribute any final dividend for the year ended 31 December 2022.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

According to the overall plan of the acquisition of the Phase III Assets, the Company assumed the US dollar denominated loans from the European Investment Bank in respect of the Phase III Assets and the interest thereof as at 31 December 2022. Therefore, the fluctuations in exchange rate of RMB against the US dollar will affect the financial results of the Company.

As at 31 December 2022, the assets and liabilities of the Company denominated in US dollars included cash and cash equivalents of approximately RMB20,449,000 (2021: RMB21,361,000), trade and other payables of approximately RMB8,944,000 (2021: RMB8,188,000), and loans from the Parent Company of approximately RMB1,277,863,000 (2021: RMB1,322,862,000). During 2022, the Company recorded a net exchange loss of RMB120,906,000.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 31 December 2022, total principal amount of the Company's loans from the Parent Company was RMB1,274,681,000, which was the borrowings from the European Investment Bank assumed from the Parent Company at an interest rate of six-month LIBOR plus 0.4%. In respect of the Company's short-term and long-term borrowings which were determined with reference to the benchmark interest rates announced by the People's Bank of China, the total principal amounts were RMB1,698,841,000. As such, any change in LIBOR and adjustments to the interest rates of the People's Bank of China would affect the interest expenses and results of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITIES

As at 31 December 2022, the Company had no significant contingent liabilities.

LIQUIDITY AND FINANCIAL RESOURCES

In 2022, the Company's net cash used in operating activities amounted to RMB1,501,321,000, representing an increase of RMB879,836,000 as compared with RMB621,485,000 for the year of 2021. In 2022, the Company's net cash outflow from investing activities amounted to RMB479,175,000. In 2022, the Company's net cash generated from financing activities amounted to RMB1,344,603,000.

As at 31 December 2022, the Company had cash and cash equivalents amounting to the total sum of RMB1,590,413,000, while the cash and cash equivalents of the Company amounted to RMB2,224,473,000 as at 31 December 2021.

As at 31 December 2022, the principal amount of the Company's short-term and long-term borrowings were RMB6,398,841,000, the principal amount of the loans from the Parent Company were RMB1,274,681,000 and the principal amount of the bonds payable was RMB1,299,304,000.

As at 31 December 2022, the current ratio of the Company was 0.19, 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 31 December 2022, the gearing ratio of the Company was 50.40%, while the gearing ratio of the Company was 42.60% as at 31 December 2021. 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 2022, the capital and reserves of the Company were RMB16,604,920,000, while the capital and reserves of the Company were RMB20,174,808,000 as at 31 December 2021.

EMPLOYEES AND EMPLOYEE WELFARE

1. The number of employees of the Company is set out as follows, together with a comparison with that in the previous year:

	2022	2021
Total number of employees	1,542	1,567

The remuneration policy of employees of the Company is determined by the management based on market practice. The Company adopted a position performance-based salary system, which was based on the value of the position with performance appraisal as its core. Such remuneration system took into account the external competition and internal fairness

under dynamic management, with which the increase in employee's salaries could be in line with the Company's economic development and the increase of labor remuneration could be in line with the increase of labour productivity.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 and mutual insurance for large sum medical expenses for its employees at approximately 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 policies of the state. Pursuant to the corporate pension scheme, the Company and the staff who participates in the scheme shall make monthly contributions to the corporate pension funds according to a certain proportion.

CHARGE ON ASSETS

During the year ended 31 December 2022, there was no charge or pledge on the assets of the Company.

MERGER, ACQUISITION AND DISPOSAL

During the year ended 31 December 2022, the Company did not conduct any material merger, acquisition or disposal of any subsidiary, associated company or joint venture.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2022, 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 2022).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2022, save as disclosed in this annual report, the Company had no other plan for material investments and capital assets.

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 2022 (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 of the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from 1 January 2022 to 31 December 2022, save for the deviation from code provision C.1.6 of the CG Code due to reasonable grounds (as explained below).

In respect of code provision C.1.6 of the CG Code:

- (i) 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 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 its extraordinary general meetings of the Company (the "Extraordinary General Meetings") on 24 August 2022 and 22 December 2022. Save for Mr. Gao Shiqing and Mr. Song Kun, being the non-executive directors who were absent from the Extraordinary General Meetings due to their other business commitments, all other directors attended the Extraordinary General Meetings. A total of three ordinary resolutions and one special resolution were considered at

the Extraordinary General Meetings and were successfully passed. After the Extraordinary General Meetings, 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 Meetings.

With effect from 24 June 2022, Mr. Liu Guibin ("Mr. Liu") resigned as an independent non-executive director. Mr. Liu also ceased to be (i) the chairman of the Audit and Risk Management Committee ("Audit and Risk Management Committee") and (ii) a member of each of the nomination committee (the "Nomination Committee") and the remuneration and evaluation committee (the "Remuneration and Evaluation Committee") of the Board with effect from the same date. Further details of such resignation and its implications under the Listing Rules were set out in the announcement of the Company dated 24 June 2022.

With effect from the conclusion of the Extraordinary General Meeting on 24 August 2022, Mr. Wang Huacheng ("Mr. Wang") has been appointed as (i) an independent non-executive director; (ii) the chairman of the Audit and Risk Management Committee; and (iii) a member of each of the Nomination Committee and the Remuneration and Evaluation Committee. Following the appointment of Mr. Wang as an independent non-executive director and the chairman of the Audit and Risk Management Committee:

- (i) each of the Board and the Audit and Risk Management Committee comprises at least one independent non-executive director who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules; and
- (ii) the Audit and Risk Management Committee is chaired by an independent non-executive director in accordance with Rule 3.21 of the Listing Rules.

As a result, the composition of the Board and the Audit and Risk Management Committee has complied with the requirements of Rule 3.10(2) and Rule 3.21 of the Listing Rules.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CORPORATE GOVERNANCE CULTURE

The Company is committed to shouldering responsibility for “A cause to link sky and earth, A gateway to great China” and adheres 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.

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 2022.

BOARD OF DIRECTORS

Composition and Term of Office

During the Reporting Period, the eighth session of the Board of the Company consists of ten directors, including three 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 eighth session of the Board of the Company was established on 23 June 2020 and was elected by the shareholders of the Company at the 2019 AGM, save for one director who was elected at the extraordinary general meeting on 16 December 2021 and one director who was elected at the extraordinary general meeting on 24 August 2022. With the exception of one director whose term of office was terminated by resignation on 16 December 2021 and one director whose term of office was terminated by resignation on 24 June 2022, the term of office of all directors (including non-executive directors) will end on the date of convening the 2022 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.

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 considers that all independent non-executive directors are independent for the purpose of Rule 3.13 of 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. The members of the Board are equipped with skills, experience and diverse background relevant to the Company's strategy, governance and operation. At the same time, in respect of the single gender Board, the Company is actively promoting and ensuring the realization of gender diversity of the Board of the Company within the specified time limit. Details of the Board diversity policy of the Company are set out in the paragraphs headed "Policy Statement" and "Monitoring and Reporting" on pages 69 to 71 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 130 to 132 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 132 of this annual report).

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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.

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 2022, the Board of the Company held 19 meetings (of which 15 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 2022.

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 2022:

		General meetings attendance rate (Number of meetings attended/number of meetings held)	Board meetings attendance rate (Number of meetings attended/number of meetings held)
Wang Changyi	Chairman, executive director	3/3	19/19
Han Zhiliang	General manager, executive director	3/3	18/19
Zhang Guoliang	Executive director	3/3	19/19
Gao Shiqing	Non-executive director	0/3	16/19
Jia Jianqing	Non-executive director	3/3	19/19
Song Kun	Non-executive director	1/3	17/19
Jiang Ruiming	Independent non-executive director	3/3	19/19
Liu Guibin (<i>Note 1</i>)	Independent non-executive director (resigned on 24 June 2022)	1/1	3/3
Zhang Jiali	Independent non-executive director	3/3	19/19
Stanley Hui Hon-chung	Independent non-executive director	3/3	19/19
Wang Huacheng (<i>Note 2</i>)	Independent non-executive director (appointed on 24 August 2022)	2/2	11/11

Note 1: Mr. Liu Guibin resigned as the independent non-executive director of the Company with effect from 24 June 2022, thus did not attend all future meetings.

Note 2: Mr. Wang Huacheng was appointed as the independent non-executive director of the Company with effect from 24 August 2022, thus did not attend all previous meetings.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Chairman and General Manager

For the year ended 31 December 2022 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.

During the year ended 31 December 2022, the records of training received by directors of the Company are summarized as follows:

	Corporate Governance	Regulatory Rules	Operation and Management	Other relevant trainings
Executive directors				
Mr. Wang Changyi	✓	✓	✓	✓
Mr. Han Zhiliang	✓	✓	✓	✓
Mr. Zhang Guoliang	✓	✓	✓	✓
Non-executive directors				
Mr. Gao Shiqing	✓	✓	✓	✓
Mr. Jia Jianqing	✓	✓	✓	✓
Mr. Song Kun	✓	✓	✓	✓
Independent non-executive directors				
Mr. Jiang Ruiming	✓	✓	✓	✓
Mr. Liu Guibin (<i>Note 1</i>)	✓	✓	✓	✓
Mr. Zhang Jiali	✓	✓	✓	✓
Mr. Stanley Hui Hon-chung	✓	✓	✓	✓
Mr. Wang Huacheng (<i>Note 2</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. Liu Guibin ceased to be an independent non-executive director of the Company with effect from 24 June 2022.

Note 2: Mr. Wang Huacheng was appointed as an independent non-executive director of the Company with effect from 24 August 2022.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMMITTEES TO 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 23 June 2020, the eighth 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 2022 annual general meeting. On 24 June 2022, Mr. Liu Guibin terminated his term of office as a member of the Remuneration and Evaluation Committee by resignation. On 24 August 2022, the eighth session of the Board of the Company appointed Mr. Wang Huacheng as a member of the Remuneration and Evaluation Committee, with his term of office to end on the day of convening of the 2022 annual general meeting. At present, the Remuneration and Evaluation Committee is comprised of six members including four independent non-executive directors, one non-executive director and one executive director, namely, Mr. Stanley Hui Honchung (chairman of the Remuneration and Evaluation Committee), Mr. Jiang Ruiming, Mr. Zhang Jiali, Mr. Wang Huacheng, Mr. Gao Shiqing and Mr. Zhang Guoliang.

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:

Members	Attendance rate (Number of meetings attended/number of meetings held)
Stanley Hui Hon-chung (<i>Chairman</i>)	1/1
Jiang Ruiming	1/1
Zhang Jiali	1/1
Liu Guibin (<i>Note 1</i>)	0/0
Wang Huacheng (<i>Note 2</i>)	1/1
Gao Shiqing	1/1
Zhang Guoliang	1/1

Note 1: Mr. Liu Guibin ceased to be a member of the Remuneration and Evaluation Committee with effect from 24 June 2022.

Note 2: Mr. Wang Huacheng was appointed as a member of the Remuneration and Evaluation Committee on 24 August 2022.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Nomination Committee

Composition and Term of Office

The Nomination Committee (the “Nomination Committee”) was established on 26 March 2007. On 23 June 2020, the eighth session of the Board of the Company appointed the members of the Nomination Committee with their term of office to end on the day of convening of the 2022 annual general meeting. On 24 June 2022, Mr. Liu Guibin terminated his term of office as a member of the Nomination Committee by resignation. On 24 August 2022, the eighth session of the Board of the Company appointed Mr. Wang Huacheng as a member of the Nomination Committee, with his term of office to end on the day of convening of the 2022 annual general meeting. At present, the Nomination Committee is comprised of seven members, including four independent non-executive directors and three executive directors, namely, Mr. Jiang Ruiming (chairman of the Nomination Committee), Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung, Mr. Wang Huacheng, Mr. Wang Changyi, Mr. Han Zhiliang and Mr. Zhang Guoliang.

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.

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

The Nomination Committee will report annually, 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 2022, 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
100%	–

2. Age group

51 to 55	56 to 60	61 to 65	Over 66
10%	60%	10%	20%

3. Education background

Bachelor's degree holder	Master's degree holder	Doctoral degree holder
30%	70%	–

4. Professional experience, skills, knowledge

Engineering and Science	Economics and Business	Administration Accounting	Law	Language and Humanities
60%	50%	10%	10%	10%

5. Length of Service

1 to 5 years	6 to 10 years	More than 10 years
80%	10%	10%

The Nomination Committee has noted that the goal of gender diversity within the Board of the Company has not yet been achieved. The Company will appoint at least one female director no later than 31 December 2024 in strict compliance with the requirements of the Listing Rules, with an aim to achieve gender diversity of the Board. The Nomination Committee would 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 and local recommended best practices, and strive to increase the gender ratio of female directors. It will also continue to optimize the pipeline of successors to the Board for attaining gender diversity. In addition, 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 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 one meeting 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 the nomination of candidates for the directors of the Company.

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

Members	Attendance rate (Number of meetings attended/number of meetings held)
Jiang Ruiming (<i>Chairman</i>)	1/1
Liu Guibin (<i>Note 1</i>)	0/0
Wang Huacheng (<i>Note 2</i>)	0/0
Zhang Jiali	1/1
Stanley Hui Hon-chung	1/1
Wang Changyi	1/1
Han Zhiliang	1/1
Zhang Guoliang	1/1

Note 1: Mr. Liu Guibin ceased to be a member of the Nomination Committee with effect from 24 June 2022.

Note 2: Mr. Wang Huacheng was appointed as a member of the Nomination Committee on 24 August 2022.

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 23 June 2020, the eighth 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 2022 annual general meeting. On 24 June 2022, Mr. Liu Guibin terminated his term of office as the chairman of the Audit and Risk

Management Committee by resignation. On 24 August 2022, the eighth session of the Board of the Company appointed Mr. Wang Huacheng as the chairman of the Audit and Risk Management Committee, with his term of office to end on the day of convening of the 2022 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. Jiang Ruiming, Mr. Zhang Jiali and Mr. Stanley Hui Hon-chung.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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:
 - 1. any changes in accounting policies and practices;
 - 2. major judgemental areas;
 - 3. significant adjustments resulting from audit;
 - 4. the going concern assumptions and any qualifications;
 - 5. compliance with accounting standards; and
 - 6. compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (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
 - 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;
- (vi) to review the Company's financial controls, and to review the Company's risk management and internal control systems;
- (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;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- (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;
- (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;
- (x) to review the Company's financial and accounting policies and practices;
- (xi) to review the external auditor's management letter, 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
- (xiv) to consider other topics, as defined by the Board.

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:

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

Note 1: Mr. Wang Huacheng was appointed as the Chairman of the Audit and Risk Management Committee on 24 August 2022.

Note 2: Mr. Liu Guibin ceased to be the Chairman of the Audit and Risk Management Committee with effect from 24 June 2022.

The work performed by the Audit and Risk Management Committee for 2022 is summarized as follows:

During the year of 2022, the Audit and Risk Management Committee reviewed the annual results report of the Company for the year of 2021 and the interim results report of the Company for the year of 2022, as well as the financial audit report for the year of 2021 and the interim financial review report for the year of 2022; 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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.

Strategy Committee

Composition and Term of Office

The strategy committee of the Board (the "Strategy Committee") was established on 12 June 2002. On 23 June 2020, the eighth 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 2022 annual general meeting. On 16 December 2021, Mr. Liu Xuesong terminated his term of office as the chairman and member of the Strategy Committee by resignation. On the same day, the eighth session of the Board of the Company appointed Mr. Wang Changyi as the chairman and member of the Strategy Committee, with his term of office to end on the day of convening of the 2022 annual general meeting. At present, the Strategy Committee is comprised of four members, including three executive directors and one independent nonexecutive director, namely, Mr. Wang Changyi (chairman of the Strategy Committee), Mr. Han Zhiliang, Mr. Zhang Guoliang and Mr. Zhang Jiali.

Duties

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

- (i) to investigate the operating environment and resources of the Company, and to formulate the basic direction, goal and implementation plan for the future development of the Company;
- (ii) to regularly assess the work of managing staff to ensure that their works are in line with the requirements under the mid-term and long-term development strategy of the Company;

- (iii) to analyze and prepare the research report on the capital expenditure items which may pose material impacts on the development strategy of the Company, and to formulate the basic implementation plan and present it to the Board for consideration and approval; and
- (iv) to consider other matters as required by the Board.

On 25 February 2022, the Board approved certain proposals in relation to the enhancement and optimisation of the Board's environmental, social and governance ("ESG") related working framework and contents with effect from the same date. Since then, the Strategy Committee has and will also review and recognise the Company's ESG performance and report the adequacy of the related resources, staff qualifications and experience at the annual meetings. For details, please refer to the announcement of the Company dated 25 February 2022.

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 157 to 162.

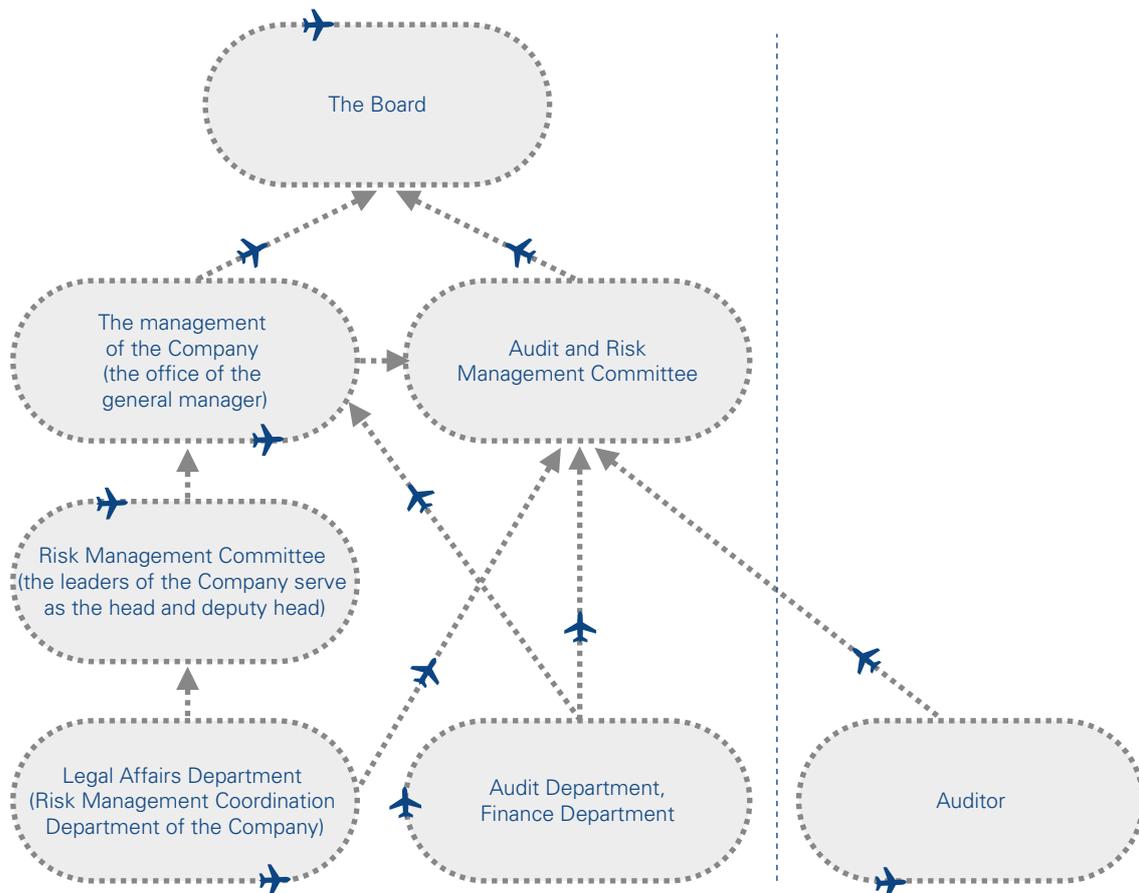
CORPORATE GOVERNANCE REPORT (CONTINUED)

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 reviewing their effectiveness. 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 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 no 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 142 to 144 of this annual report.

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 the 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 keep audit 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 2022 is summarized as follows:

In 2022, 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 2022, 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 2022, 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 2022. During the year ended 31 December 2022, 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 2022.

COMPANY SECRETARY

Mr. Meng Xianwei has served as the sole company secretary of the Company with effect from 28 June 2021. Mr. Meng Xianwei is familiar with the Company's daily business operation. The company secretary 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. Mr. Meng Xianwei confirmed that he had 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 in November 2019, which has been approved by the shareholders of the Company at the extraordinary general meeting of the Company convened on 19 December 2019. Pursuant to the profit distribution policy, the annual cash dividend ratio of the Company will be not less than 45% of the net profit of that year for the four financial years from 2019 to 2022. The amount of annual dividend of the Company will be not less than RMB700 million for each of the financial years from 2020 to 2022. Subsequent to 2022, the Company may re-assess and adjust the profit distribution plan based on the actual circumstances at an appropriate time.

In view of the fact that in 2022, 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 2022.

On 30 March 2023, the Company issued an inside information announcement in relation to adjustment to its profit distribution policy. After re-evaluating the Company's profit distribution plan, the Board approved and adopted a new adjustment proposal of profit distribution policy which was subject to approval by the shareholders of the Company.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2022, there were no material amendments to the constitutional documents of the Company.

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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
- (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 2022, the Company attended nearly 40 investor conferences/communication meetings held by various investment banking institutions through online meeting, received over 50 phone enquiries from investors and maintained efficient and sound communication with a total of over 400 shareholders and 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 2022, the Company is of the view that such policy is effective and has been properly implemented.

REPORT OF THE SUPERVISORY COMMITTEE

To all shareholders,

During 2022, 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 2022 and continuously improved the Company's governance practices.

The eighth session of the Supervisory Committee of the Company was established on 23 June 2020. As at 31 December 2022, the eighth 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. Wang Xiaolong and Mr. Japhet Sebastian Law as external supervisors. Among them, Mr. Liu Chunchen was elected as a supervisor representing the shareholders at an extraordinary general meeting of the Company held on 16 December 2021; 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. Wang Xiaolong and Mr. Japhet Sebastian Law were elected as external supervisors at the 2019 annual general meeting of the Company held on 23 June 2020. The term of office of all supervisors will end on the date of convening the 2022 annual general meeting.

On 16 December 2021, 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 one meeting.

On 24 March 2022, the Supervisory Committee convened the first meeting of the year, at which the work of the Supervisory Committee in 2021 was summarized, and the Report of the Supervisory Committee of the Company for the year of 2021 was considered and approved, and the secretary to the Board of the Company was authorized to incorporate the report into the 2021 annual report for review by the Company's shareholders.

During the Reporting Period, the Company held four on-site 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 2022.

Meanwhile, the Supervisory Committee carefully reviewed the Report of the Board, the financial statements and the profit distribution proposal to be submitted at the 2022 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, the Law of Commercial Banks 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 2022, in view of the increasing uncertainties brought about by the unstable international situation and the significant slowdown in global economic growth, the civil aviation industry was exposed to unprecedented pressure and challenges. Due to various factors, the passenger throughput of Beijing Capital Airport has dropped significantly which put the Company's operation under severe challenges. The Company would like to express its sincere gratitude to all shareholders for their understanding, trust and support, 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. By actively seizing potential market opportunities, we will usher in the bloom of industry recovery, forge ahead with perseverance and maintain steady and sustainable progress, striving to create a new landscape for high-quality development of Beijing Capital Airport.

By order of the Supervisory Committee
Liu Chunchen
Chairman of the Supervisory Committee

Beijing, the PRC, 30 March 2023

ESG 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 2022. 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" in this report refers to Capital Airports Holdings Limited.

Reporting Period

The reporting period spans the calendar year from 1 January 2022 to 31 December 2022, 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 12th 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 *the Appendix 27 (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)



ESG REPORT (CONTINUED)

Response to HKEX-ESG Principles

Principle of Materiality

In accordance with *Appendix 27 (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 20 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

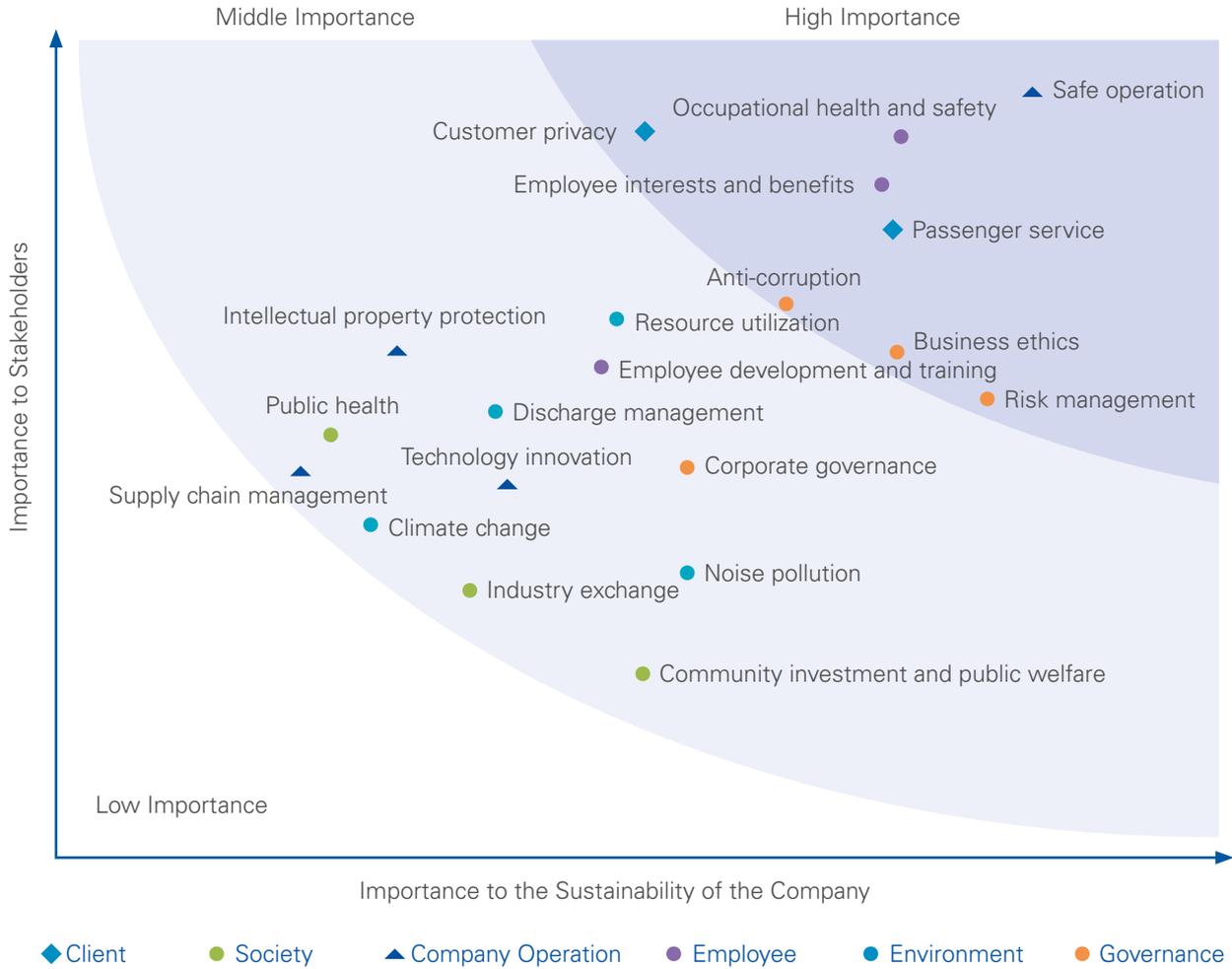
The Company identified and prioritized important sustainability issues that are highly relevant to the Company's stakeholders. The selected issues were approved by the Board of Directors, which provide important references for the Company's sustainability strategy, management actions and information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

ESG REPORT (CONTINUED)

Importance	ESG Materiality Issues	Sustainable Development Goals (SDGs)	
High Importance	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	
Middle Importance	9	Corporate governance	
	10	Noise pollution	
	11	Resource utilization	
	12	Employee development and training	
	13	Discharge management	   
	14	Public health	
	15	Technology innovation	   
	16	Intellectual property protection	  
	17	Industry exchange	
	18	Climate change	
	19	Supply chain management	
	20	Community investment and public welfare	

ESG REPORT (CONTINUED)

Materiality Matrix of the Company



ESG REPORT (CONTINUED)

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.

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.

ESG REPORT (CONTINUED)

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

ESG REPORT (CONTINUED)

Statement by the Board of Directors

The Board of Directors of the Company places significant emphasis on sustainable development management, and has established a robust ESG governance mechanism. The Company is committed to creating long-term and stable environmental and social values for society and achieving sustainable and high-quality development.

In 2022, the Company continued to improve its ESG governance structure. The highest governance body, the Board of Directors, authorized the Strategy Committee of the Board to oversee ESG-related matters of the Company. Additionally, the Company established an ESG Leading Group under the Committee to coordinate and plan the ESG-related strategies of the Company, guide the ESG planning and implementation, and report regularly to the Board of Directors and the Strategy Committee. Meanwhile, the Company established an office under the ESG Leading Group, which is responsible for formulating annual ESG work plans, coordinating the implementation of these plans across different departments of the Company, and ensuring orderly implementation of ESG work in various areas.

The Company conducts regular materiality identification and analysis, and evaluates and prioritises the ESG risks and opportunities. The Company integrates the key issues into the Company's overall strategy and regularly manages and supervises them. In 2022, the Board of Directors reviewed and supervised ESG material issues such as climate change, emissions management, use of resources, passenger services, occupational health and safety, employee rights and benefits, anti-corruption, and supply chain risks. The Board was updated on the fulfillment of the ESG targets related to the Company's business (including climate change and resource and energy use) and the implementation of its related action plans, in order to promote the enhancement of the Company's sustainability performance in an orderly manner. This report discloses detailed information on the progress and results of the Company's ESG work in 2022, and is verified and adopted by the Board on 17 April 2023.



ESG REPORT (CONTINUED)

ESG Governance

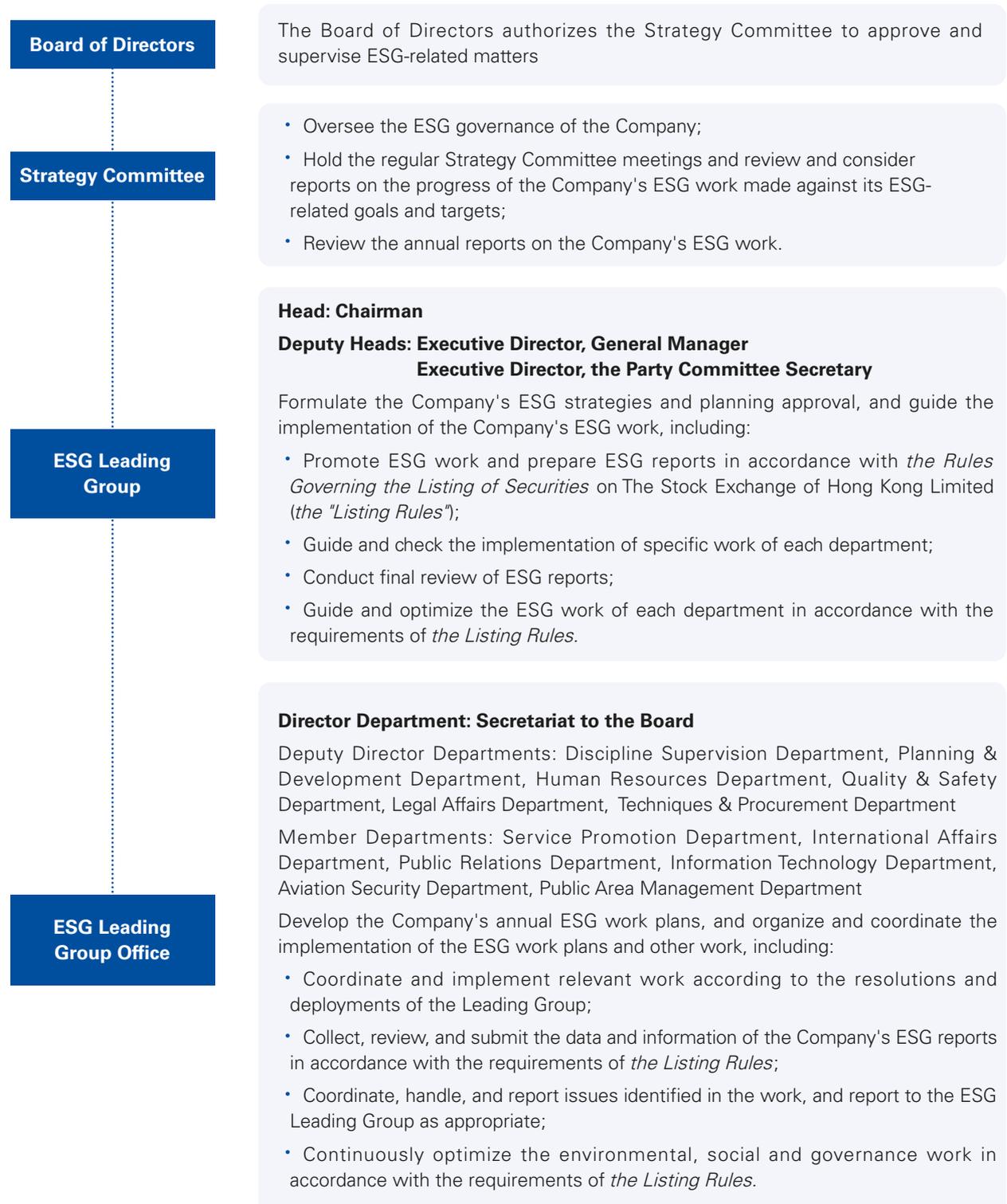
The Company is committed to the strategic goal of "building Beijing Capital International Airport into a large international hub airport" and integrates the concept of sustainable development into its development strategy and routine operations. The Company seeks to serve the national strategy, local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

In 2022, the Company continued to strengthen the ESG responsibilities of the Board of Directors, optimize its governance structure and content of ESG-related work, and disclosed such information in an announcement of the Company on the websites of The Stock Exchange of Hong Kong Limited and the Company after consideration and approval by the Board of Directors. Internally, the Company issued *the Notice on the Establishment of the Company's ESG Leading Group and its Office* to establish the ESG Leading Group and its office, which are responsible for specifically promoting the Company's ESG work, reporting to the Strategy Committee of the Board, and preparing annual ESG reports, etc.



ESG REPORT (CONTINUED)

ESG Governance Structure and Related Responsibilities



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

Climate Change

The Company proactively responds to the national "dual carbon" strategy of "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060". The Company recognizes its global responsibility to address climate change and has implemented low-carbon development strategies to achieve this goal. Using the framework and recommendations of *the Task Force on Climate-related Financial Disclosures (TCFD)*, the Company has fully considered the impacts of climate change on the airport industry and implemented climate change management from perspectives such as of climate governance, climate strategy, climate risk management, and climate-related metrics and targets, comprehensively improving its capability to address this challenge.

ESG REPORT (CONTINUED)

Climate Governance

In response to the severe challenges posed by climate change, the Company has implemented proactive measures, and continuously improves its governance in this area. In recent years, the Company has gradually developed and explored the climate change governance structure, continuously focused on climate-related issues, and promoted the implementation of climate strategies and climate risk management-related matters.

Climate Strategy

The Company is taking the initiative to promote the implementation of the "1+N" policy system of carbon peaking and carbon neutrality to respond to the national "dual carbon" strategy. The Company follows the guidelines and recommendations set forth by *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 has formulated the climate change framework and action plans, including *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*. The major implementation paths include optimizing the energy mix, improving energy efficiency, promoting low-carbon transportation, and building green facilities with the aim of comprehensively promoting the green, low-carbon, circular and sustainable development of civil aviation airports. Moving forward, the Company will continue to optimize the climate change strategy and implementation paths, and establish a climate change strategy management system that aligns with its strategic development.

Climate Risk Management

The Company has taken gradual steps to address climate risks, by identifying and assessing physical and transition risks caused by climate change. In response to these risks, the Company has formulated corresponding solutions and strategies and continuously adjusted its business development strategies and resource allocation to improve its ability to cope with climate change. In addition, the unique features of the airport industry make airport operations particularly vulnerable to weather events. Therefore, the Company has developed a series of comprehensive emergency response plans and security mechanisms for special and extreme weather risks. The Company has also continuously improved its emergency response procedures to ensure they are prompt and effective in mitigating the impact of climate change on its operations.

ESG REPORT (CONTINUED)

The Company's Climate Change Risk Identification and Management

Climate change risks		Potential impacts	Management
Physical risks	Acute risks	<p>More frequent and intense special/extreme weather events</p> <ul style="list-style-type: none"> • Temporary production and operation disruption due to special/extreme weather events such as high winds, snowfalls, thunderstorms, and hail • The airport facilities and equipment would be damaged by special/extreme weather events such as high winds, snowfalls, thunderstorms and hail, and would result in the impacts the production operations 	<ul style="list-style-type: none"> • Formulate airport emergency plans to respond to special/extreme weather events, optimize management systems, and upgrade the early warning system • Maintain daily operational systems and ensure adequate supplies, and spare parts • Set up a dedicated maintenance team responsible for repairing damaged facilities, fixing drainage failures, and unclogging pipes
	Chronic risks	<p>Higher temperatures and more severe heatwaves</p> <ul style="list-style-type: none"> • 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 <p>Hazy weather due to an increased probability of the occurrence of stationary weather</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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. • Establish a complete operation monitoring network and operation command system • Set up a professional maintenance and troubleshooting team • Prepare comprehensive operational support plans and implementation standards to deal with low-visibility weather
Transition risks	Policy risks	<ul style="list-style-type: none"> • 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 • 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 	<ul style="list-style-type: none"> • 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 • Promote new energy and research on intelligent management platforms • Use energy-efficient and environmentally friendly products and technologies, and implement sustainable buildings and operations

ESG REPORT (CONTINUED)

Climate-related Metrics and Targets

The Company recognizes the opportunities presented by low-carbon development and transition, and has established targets for carbon peaking and carbon neutrality to promote low-carbon transition and practice the sustainable development philosophy. The Company has also incorporated energy saving and emission reduction into its daily operations and management. The Airfield Management Department, Terminal Management Department, and Public Area Management Department have set climate change related assessment targets to strengthen climate change response and management responsibilities, and assist the Company in fully meeting the requirements of the climate change transition. In the future, the Company will gradually refine the relevant environmental performance targets and continue to disclose its progress in accordance with the guidelines and requirements of *the 14th Five-Year Special Plan for the Green Development of Civil Aviation*, contributing to the achievement of the national "dual carbon" targets.

The Company's Climate Change Targets

- To peak carbon emissions at civil aviation airports by 2025
- To achieve carbon neutrality of all airport buildings by 2050

The Company's Greenhouse Gas Emissions ^(Note 1)

Key Performance Indicators	2021	2022 ^(Note 2)
Greenhouse gas emissions (Scope 1) (tCO ₂ e)	798.42	776.88
Greenhouse gas emissions (Scope 2) (tCO ₂ e)	356,886.60	335,505.01
Total greenhouse gas emissions (tCO ₂ e)	357,685.02	336,281.89
Greenhouse gas emission intensity ^(Note 3) (tCO ₂ e per 10,000 person times)	109.55	264.72

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, 2012 Baseline Emission Factors for Regional Power Grids in China, 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 2022 is 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.

Note 3: In 2022, there was a significant decrease in the number of passengers compared to previous years. Therefore, there was a significant increase in the greenhouse gas emission intensity compared to previous years.

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. In 2022, the Company conducted research on airport renewable energy planning, completed preliminary research on a project to install photovoltaic(PV) panels on terminal rooftops and supporting energy storage facilities, and issued *the Research Report on Renewable Energy Planning at Airports*. Meanwhile, the Company gradually implemented the second phase of charging pile installation on the land side of the public area, and fully implemented the PV construction cooperation model through the construction of the second phase of the West Lake PV power generation project of the Company to continuously expand the use of green energy and promote the construction of the green airport.

Case

Beijing Capital International Airport Company Limited won Silver Award for Green Airports Recognition 2022

In April 2022, Airports Council International (ACI) Asia Pacific announced the Green Airports Recognition 2022 results. The Company was awarded the Silver Award in the over-50 million passengers per annum category for the project "Application of Green Prefabricated Building - Zero Energy Tower Living Facilities". The reward is a recognition to the Company's excellent practice in carbon emission reduction. In the future, the Company will stay committed to the building of a green airport, promote carbon emission reduction management at airports, and strive to build a benchmark in this regard.



ESG REPORT (CONTINUED)

Emissions Management

The Company is committed to lead by green development and are 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. The Company plans to achieve a 100% harmless treatment rate of solid waste and a 100% wastewater treatment rate, and a 100% reuse rate of reclaimed water by 2025.

By 2025, the Company aims to achieve

a **100%** harmless treatment rate of solid waste

a **100%** wastewater treatment rate

a **100%** reuse rate of reclaimed water

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. To reduce air pollution, the Company has implemented multiple measures, such as controlling the exhausts of aircraft and vehicles on the ground, cooking fumes, and the atmospheric dust generated during construction, regularly maintaining air emissions treatment facilities, monitoring the air emissions generation in real time during operations, and ensuring the prompt treatment and compliant release of air emissions. These efforts aim to consolidate its success in the "Blue Sky Protection Campaign".

ESG REPORT (CONTINUED)

Part of the Company's Air Emissions Management Initiatives

<p>Reduction of emissions from aircraft and ground vehicles</p>	<ul style="list-style-type: none"> • 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.
<p>Greasy fume control</p>	<ul style="list-style-type: none"> • 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 for compliance with emissions standards.
<p>Dust control</p>	<ul style="list-style-type: none"> • 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.

ESG REPORT (CONTINUED)

Wastewater Management

The Company strictly complies with relevant laws, regulations and standard documents 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, monitors the quality of wastewater treatment in real time, and regularly tests upstream water quality. The Company also discloses the daily and monthly results of self-monitoring wastewater on time, and commits to waging the battle of maintaining clear water. In 2022, the wastewater generated within the Company's operating area was discharged in a stable manner to meet the relevant standards.

The Company's Wastewater Treatment KPIs

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

ESG REPORT (CONTINUED)

Case

The Western Airport Wastewater Treatment Plant was renovated and upgraded

The Western Airport Wastewater Treatment Plant is the Company's main wastewater treatment facility, which mainly treats wastewater from the T1 and T2 terminal buildings, the western work area, and the airport living area. In 2022, the Company upgraded and renovated the treatment plant and its supporting facilities on the basis of its previously renovated biochemical system. The Company has upgraded the pump room, flocculation tanks, sedimentation tanks, deep bed denitrification filters, contact tanks for wastewater disinfection, the chemical dosing room and the electrical room in line with the construction management requirements. The Company also strictly monitored the quality of the effluent to ensure that it was up to the standards during the construction period.



The Company's Western Airport Wastewater Treatment Plant

ESG REPORT (CONTINUED)

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 policies such as *the Solid Waste Pollution Control Policy*, *the Environmental Management Regulations*, *the Implementation Plan of Waste Classification of Beijing Capital International Airport Company Limited (for Trial Implementation)*, *the Scheme for Disposal of Pandemic-associated Domestic Waste at Waste Transfer Station*, and *the Rules of the Public Area Administration Department for the Management of Domestic Waste*. These policies outline the Company's responsibilities to waste management. Meanwhile, the Company strictly implements the waste classification requirements, collecting domestic, construction and hazardous waste for centralized treatment. The Company's commitment to rendering waste harmless enables it to continually fight the battle against land pollution.

In 2022, the Company formulated a waste management plan and signed removal and disposal agreements with qualified entities, to promote the safe disposal and collection of hazardous waste such as used lights, motor oil, and electric batteries, and made sure that all waste was rendered harmless. To support these efforts, the Company built a station for the temporary storage of hazardous waste and conducted regular assessments to ensure the standardized management and relevant requirements for hazardous waste are practically implemented.

Case

Beijing Capital International Airport Company Limited successfully completed waste removal work during the Winter Olympics

The Company actively participated in waste removal work during the Winter Olympics, contributing to the successful hosting of the event. The Company set up a working group to support waste removal during the event, and worked with various departments to implement the main responsibilities for waste removal and pandemic prevention and control, and completed the operations and service support of waste removal during the Winter Olympics at a high standard, with a total of 451 trucks or 381.46 tonnes of key categories of waste removed and disposed of.

ESG REPORT (CONTINUED)

The Company's Waste Management Initiatives

In domestic waste management

- Accurately record the acceptance and removal of the key categories of domestic waste, and establish a ledger for it;
- Complete the ground hardening project of the waste transfer station to ensure timely acceptance and compliant disposal of all key categories of domestic waste;
- Stagger transportation of general household waste to reduce pollution risks. Complete nucleic acid tests at environmental sites on a regular basis to control environmental pollution in a timely manner;
- 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 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;
- Sign tripartite agreements with construction contractors and construction waste utilization organizations to reduce and recycle waste.

In hazardous waste management

- Implement classified collection and transfer of hazardous waste, and establish a hazardous waste ledger;
- Establish an emergency response plan for hazardous waste, and organize emergency drills at least once a year;
- Construct, operate, and manage the Company's hazardous waste storage station.

ESG REPORT (CONTINUED)

The Company's Waste Generation

Key Performance Indicators	2021	2022
Hazardous waste (tonne)	1,375.92	1,857.59
Hazardous waste intensity (tonne per 10,000 person times)	0.42	1.46
Household waste (tonne)	22,000	10,937
Aviation waste (tonne)	7,658	3,034
Non-hazardous waste (tonne)	29,658	13,971
Non-hazardous waste intensity (tonne per 10,000 person times) ^(Note 4)	9.08	11.00

Note 4: The decrease in passenger throughput and the increase in the scope of statistics for the year resulted in an increase in non-hazardous waste density.

ESG REPORT (CONTINUED)

Noise Management

The Company strictly abides by relevant laws, regulations, and standards such as *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*. Internally, the Company has formulated *the Environmental Management System* to clarify the responsibilities and requirements for noise abatement and control to improve its comprehensive noise management.

- ④ The Company has implemented a comprehensive noise management system to proactively monitor sensitive points and supervises noise in key areas to minimize environmental impacts.
- ④ 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.
- ④ To ensure effective noise monitoring and control, the Company employed 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.
- ④ 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 2022, the Company had a total of 22 noise monitoring points, including 20 fixed detectors and two mobile detectors.

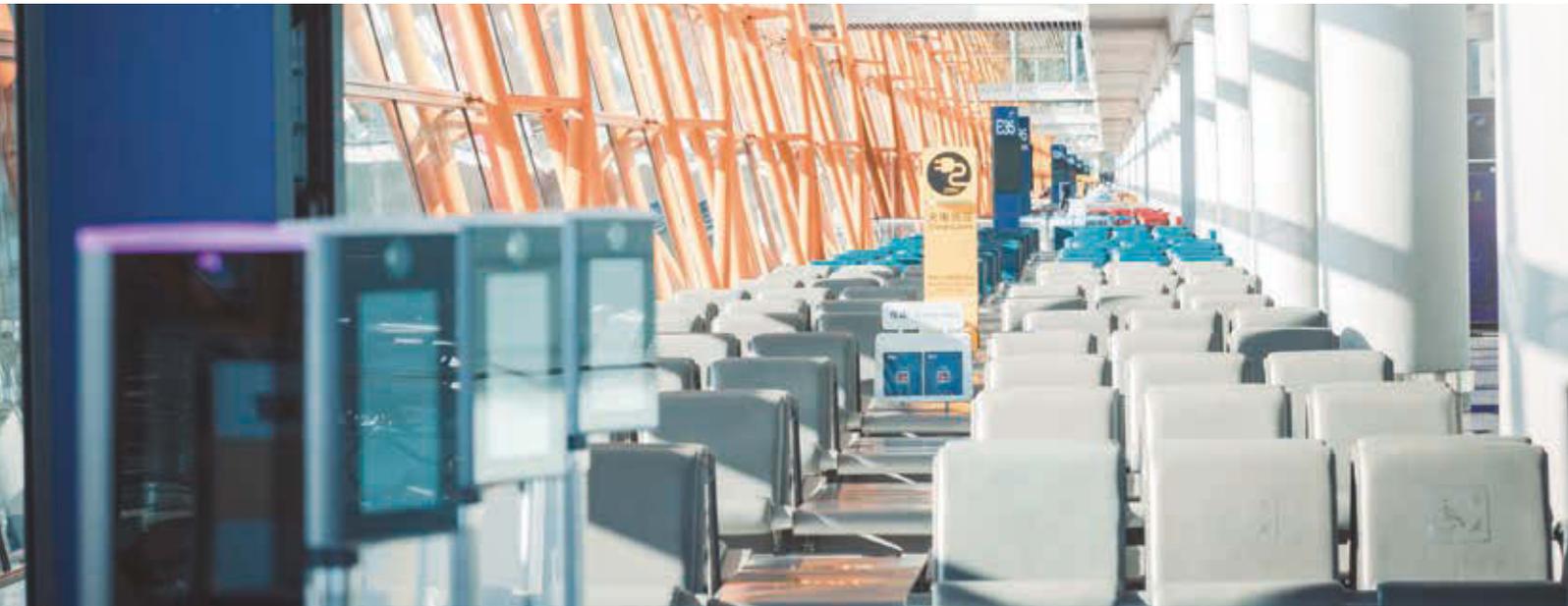
In 2022, the Company had a total of

including

22 noise monitoring points

20 fixed detectors

2 mobile detectors



ESG REPORT (CONTINUED)

The Company's Noise Control Measures

Fixed noise sources

Western Airport Wastewater Treatment Plant, the waste transfer station, the incineration station, and other facilities

- Adopt effective measures such as the rational arrangement of the layout of facilities and equipment, and strengthen equipment lubrication and maintenance;
- Develop and implement corresponding operation instructions and equipment maintenance procedures, and implement technical renovation when necessary to reduce noise impacts;
- Regularly test the noise at the boundary of key noise sources and meet the requirements of *the Emission Standard for Industrial Enterprises Noise at Boundary*.

Mobile noise sources

Aircraft activities

- Operate and maintain the noise monitoring system, draw and update noise contour maps, and regularly monitor and analyze noise data;
- Strengthen noise monitoring during aircraft tests and mooring;
- Optimize flight procedures to reduce noise at sensitive points.

Motor vehicles

- Set up clear signs in no-noise areas and keep them maintained and updated.

Construction activities

- Strictly comply with *the Emission Standard of Environment Noise for Boundary of Construction Site*;
- Develop a management system to prevent and control noise pollution at construction sites;
- Incorporate noise management requirements and environmental inspection responsibilities into the construction contracts;
- Incorporate the costs for noise pollution prevention and control measures in the project cost process.

ESG REPORT (CONTINUED)

Environmental Protection

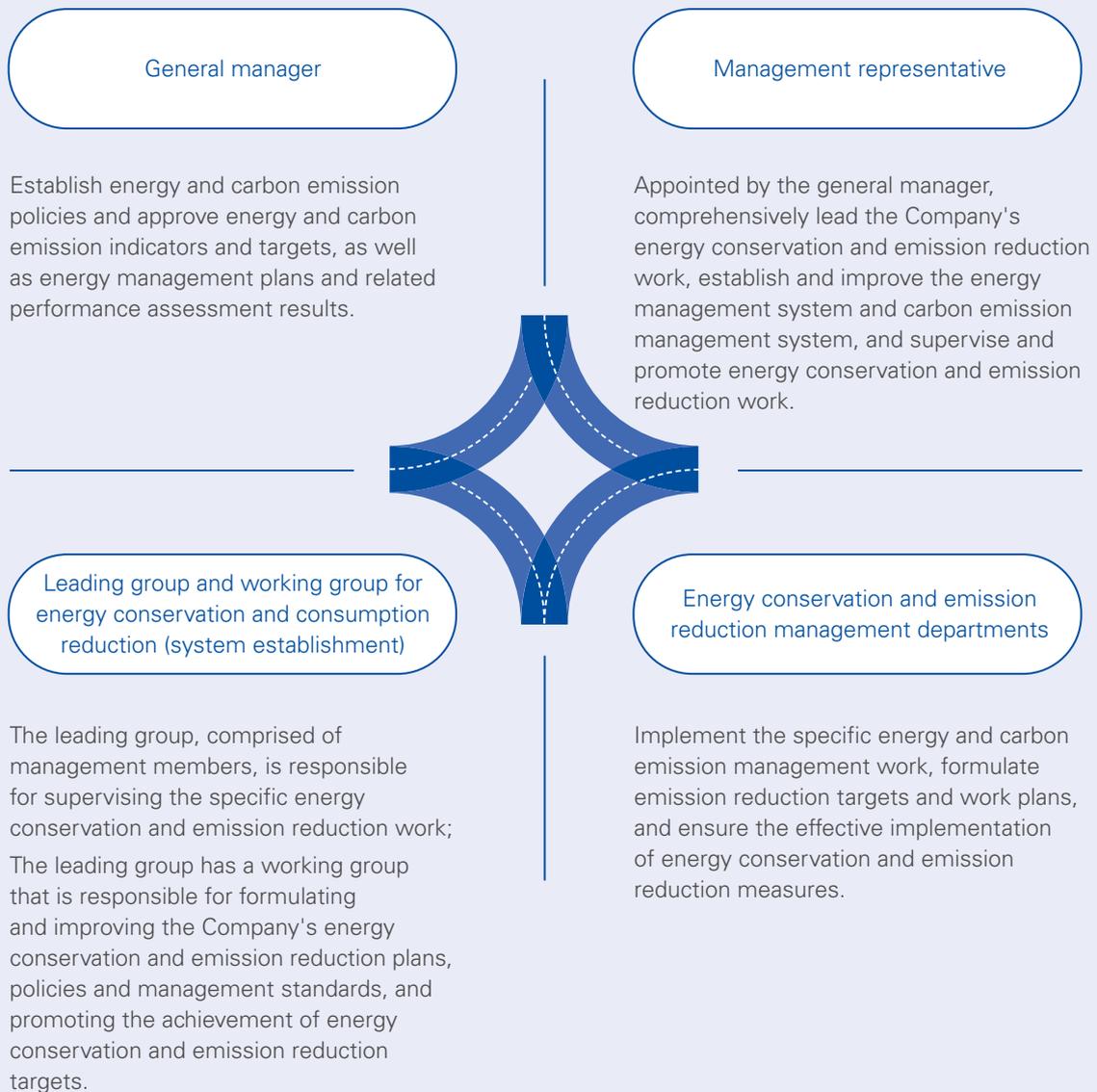
The Company is committed to corporate environmental responsibility and implements the requirements of the construction of a green airport. The Company aimed at continuously enhancing its environmental management system to reduce the environmental impact during operations and meet the sustainable transportation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

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*. In 2022, the Company revised *the Energy Management Regulations*, an internal policy that provides clarifications for its energy policy, performance indicators, energy review, etc. The Company introduced new rules to improve the safety management of energy use to establish a solid foundation in this area. In addition, the Company has continuously improved its energy management capabilities and successfully passed an external audit of the energy management system.

The Company has established an energy management structure, setting clear targets for energy consumption and renewable energy utilization. The Company has developed detailed targets and project plans to reduce costs and improve efficiency. We are committed to achieving its energy consumption targets and objectives through the implementation of lean energy management and the adoption of energy-saving technologies. In addition, the Company actively promotes the use of renewable energy technologies such as photovoltaic systems, and replaces traditional vehicles with new energy vehicles, as well as optimizes the energy mix to continuously improve energy efficiency to build an environmentally friendly and energy-efficient airport.

ESG REPORT (CONTINUED)

The Framework of the Energy Management System of the Company

ESG REPORT (CONTINUED)

The Company's Progress of Energy Targets in 2022

Comprehensive energy consumption-Completed

- Reduce the comprehensive energy consumption per unit area in places such as terminal buildings, the public area, the airfield, and the Fire Rescue Management Center by $\geq 1\%$;
- Reduce the comprehensive energy consumption of terminal buildings by no less than 4%, including that of lighting down by no less than 6%, that of elevators down by no less than 6%, and that of electricity in the office down by no less than 8%.

Efficiency of new energy facilities-Completed

- Complete the integration and application of multiple systems, and integrate the near-airport APU (Auxiliary Power Unit) replacement facilities' monitoring system into the AEMS (Airport Energy Management System) of the three terminals and the Parent Company's energy data cloud platform;
- Conduct the economic study on the operations of new energy vehicles, charging facilities, and APU replacement facilities in the airfield, and complete the operation improvement plan.

Percentage of renewable energy consumption-Completed

- Implement the second phase of the GTC (Ground Transportation Center) photovoltaic project, and realize grid-connected power generation.

Energy management of terminal buildings-Completed

- Establish ledgers of classified and basic energy consumption for each category and energy efficiency data in terminal buildings, and complete monthly and quarterly operation analysis reports;
- Optimize the terminal buildings' energy-saving operation plan in the context of regular pandemic prevention and control;
- Consolidate the measurement foundation and ensure the stability and accuracy of the data in the terminal buildings that have been connected to the AEMS and the Company's energy data cloud platform.

ESG REPORT (CONTINUED)

In 2022,

the Company purchased

9 new energy vehicles

with an investment of approximately RMB

2.97 million

By the end of 2022,

there had been

1,401 new energy vehicles in the airfield

accounting for

38.5% of the total number of vehicles at the Company's airport, representing an increase compared to that in 2021

In 2022, the Company promoted energy management in an orderly manner. The Company prepared *the Planning Report on Distributed Photovoltaic Construction at the Airport* and *the 2021 Energy Utilization Report*, and successfully completed the energy-saving assessment and inspection of entities at all levels. At the same time, the Company participated in the "Dual Carbon Airport" evaluation activity organized by the China Civil Airport Association and achieve remarkable results. The Company became the first airport to receive a three-star rating in the "Dual Carbon Airport" evaluation. To ensure the comfort of indoor environments while optimizing energy consumption, the Company has adjusted its terminal operation strategy. The Company flexibly controlled the heating duration according to the architectural characteristics of its terminals and passengers' body temperature, closely monitored external temperature changes, and provided catered cooling services in different areas, effectively reducing energy consumption and costs.

ESG REPORT (CONTINUED)

The Company's Energy Consumption

Key Performance Indicators	2021	2022
Comprehensive energy consumption (TCE) ^(Note 5)	80,524.75	75,819.66
Comprehensive energy consumption intensity (TCE per 10,000 person times)	24.66	59.68
Purchased electricity consumption (kWh)	184,985,114.39	178,153,289.36
Gasoline consumption (tonne)	118.88	106.58
Diesel consumption (tonne)	143.39	150.24
Purchased heat consumption (GJ)	1,682,480.18	1,570,348.56
Purchased electricity consumption intensity (kWh per 10,000 person times)	56,658.74	140,241.28
Gasoline consumption intensity (tonne per 10,000 person times)	36.41	83.90
Diesel consumption intensity (tonne per 10,000 person times)	43.92	118.27
Purchased heat consumption intensity (GJ per 10,000 person times)	515.31	1,236.17
Renewable energy consumption (kWh)	748,217	1,012,099.5

Note 5: 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

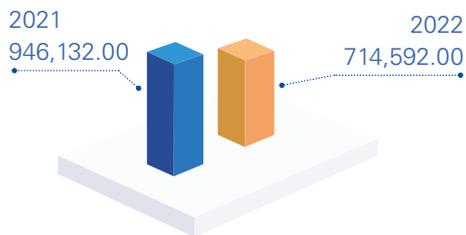
The Company recognizes the value of scarce water resources, and complies with all relevant laws and regulations such as *the Water Law of the People's Republic of China* and as well as the relevant standards made by the Civil Aviation Administration of China. The Company sets water efficiency targets and action plans based on its consumption of water resources during operations, and continuously improves its 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 intensified 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 2022, there was no issue for the Company in sourcing water that is fit for purpose.

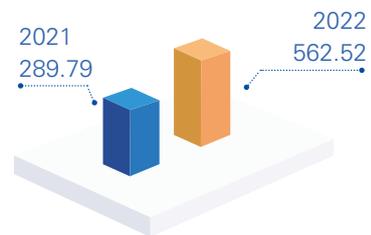
The Company's Progress of Water Efficiency Targets of Terminal Buildings

Project	Targets in 2022	Progress in 2022
Water efficiency targets of terminal buildings	<ul style="list-style-type: none"> Water consumption should not be higher than the average level between 2020 and 2021; Develop a water conservation action plan for terminal buildings. 	Completed

The Company's Water Consumption



Water consumption
(tonne)



Water consumption intensity
(tonne per 10,000 person times)

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 2022, the Company vigorously promoted the work of "enhancing the vegetation under thatched land" by completing the greening and hardening of about 181,000 square meters of thatched land in 11 places within the public area.



Ecological management in the airfield

ESG REPORT (CONTINUED)

The Company places a high premium on preventing bird-strike events and has taken various measures to achieve this goal. The Company has established an aviation surveillance database in cooperation with professional organizations to monitor key bird species and prevent their interference with aircraft operations. Meanwhile, the Company insists on the core effort of creating the difference between the internal and external ecological environment of the airfield, the working principle of "prevention-oriented and comprehensive management", and the goal of "letting birds and aircraft share the same blue sky." In 2022, the Company leveraged the bird information-sharing platform to effectively prevent and control bird strikes through five approaches. These include ecological environment management, installation of bird deterrent devices, on-site manual dispersal, management outreach, and residue research and experiment. In addition, to standardize the bird handling process, the Company has established a four-level bird warning system featuring "blue – yellow – orange – red" and a corresponding four-level response mechanism of "team – module – department – company". This ensures the protection of the ecology of birds while ensuring airspace safety.

The Company also actively promotes ecological protection and encourages employee and passenger participation in environmental and ecological protection. The Company's goal is to protect the lush mountains and lucid waters and contribute to the creation of a beautiful homeland. In 2022, the Company continuously deepened its cooperation with the United Nations Environment Programme (UNEP) by strengthening environmental protection promotion, and organizing environmental protection activities to respond to the UNEP's "World Environment Day" and "Beat Plastic Pollution" initiatives. Through these efforts, the Company aims to effectively fulfill its corporate social responsibility.



"Beat Plastic Pollution" thematic promotion

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
- Public Health Employee Development and Training Employee Interests and Benefits

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 B6 Product Responsibility

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. While striving to ensure safety in airport operations, and insists on a people-oriented approach and considers 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.

ESG REPORT (CONTINUED)

Operational Safety

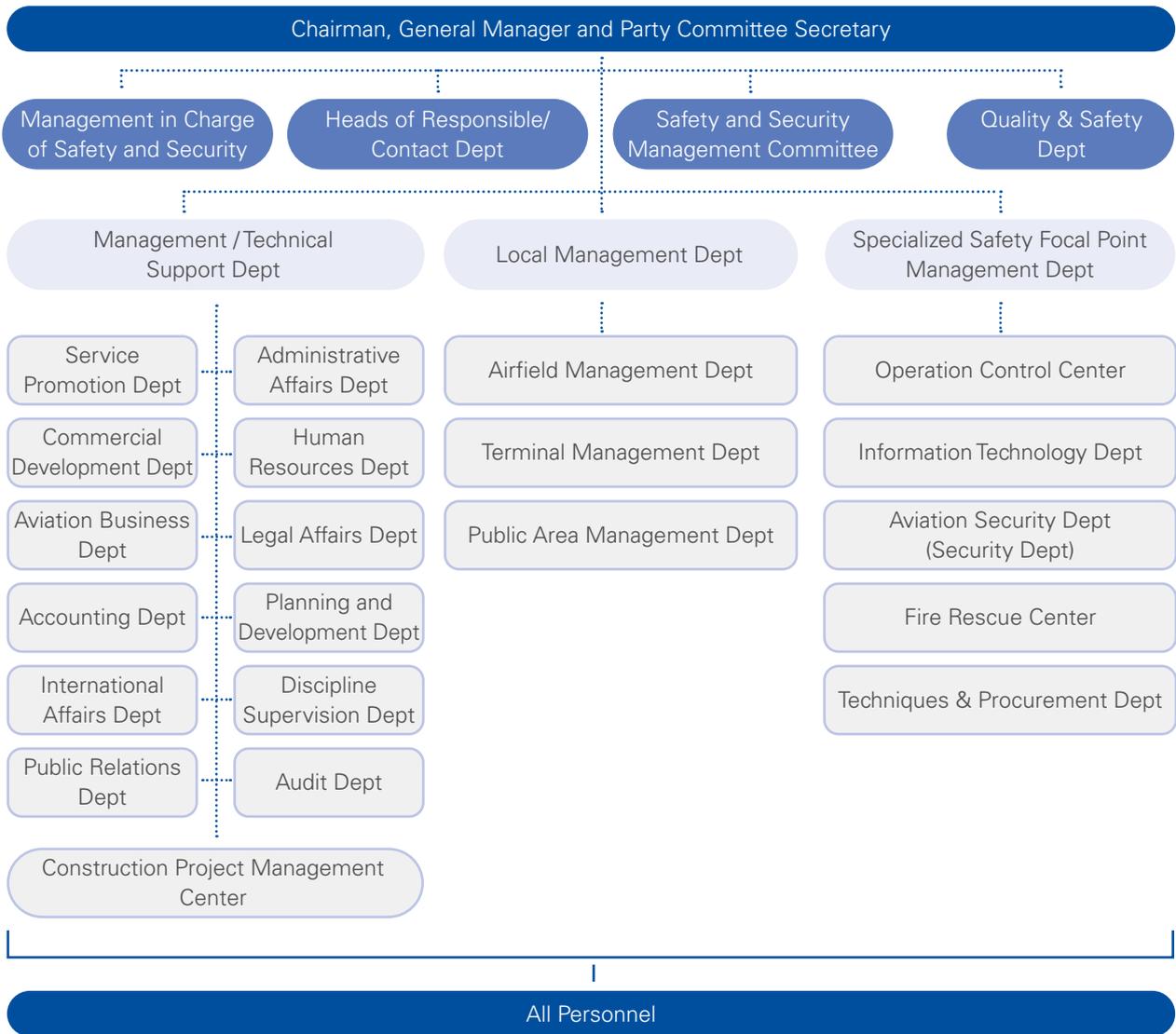
During the reporting period, the Company adopted a safety culture that prioritizes "respecting regulations" and strictly complied with both relevant laws and regulations such as *the Work Safety Law of the People's Republic of China* and internal policies such as *the Safety Management Regulations*,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

In 2022, the Company released *the Safety Qualifications Management Measures of the Company* to clarify the safety qualification requirements for its personnel and the responsibilities of safety management personnel at all levels, thereby effectively implementing safety management. The Company has also formulated *the Management Measures for the Work Safety Responsibility System of Beijing Capital International Airport Company Limited* to regulate the relevant responsibilities in terms of detailed requirements, duties to be performed, and methods to implement them, thereby enhancing security. In addition, the Company has 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.

In 2022, the Company improved its safety management organization by establishing an Audit Department within 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)

The Company set up its Safety and Security Management Committee (hereinafter referred to as "Safety and Security Committee") under the guidelines of *the Regulations on Operation Safety Management of Transport Airports* released by the Ministry of Transport. This committee acts as a liaison between the airport management and entities stationed at the airport to ensure work safety. Regular meetings are held to report and exchange operational safety information, identify potential hazards and risks, coordinate and solve related issues, and promote the implementation of work safety rules and regulations, ensuring safe and orderly operations. In 2022, the Company revised *the Beijing Capital International Airport Company Limited Safety Management Committee Association's Articles* to further clarify the responsibilities of the Safety and Security Committee. All specialized offices implement their daily work according to policies such as Safety and Security Committee's articles and management system, and are subject to the arrangement of the Safety and Security Committee Bureau.

Structure of the Safety and Security Committee of the Company



Safety Risk Management

Risk management is an effective way to shift the focus from managing post-risk incidents to risk prevention. In 2022, the Company optimized *the Management Procedure for Safety Risks of Beijing Capital International Airport Company Limited* by refining the risk assessment criteria using a science-based method.

By the end of 2022, the Company had identified 2,561 inventory risks, including 402 new risks in 2022. In the special risk assessment for the Winter Olympics and the Winter Paralympics, the Company identified 64 risks across 8 categories. Subsequently, the Company formulated 139 risk control measures, all of which were strictly implemented during its support work for the two events.

ESG REPORT (CONTINUED)

<p>The Company identified</p> <p>2,561</p> <p>inventory risks</p>	<p>including</p> <p>402</p> <p>new risks in 2022</p>
<p>In the special risk assessment for the Winter Olympics and the Winter Paralympics, the Company identified</p> <p>64 risks across 8 categories</p>	<p>formulated</p> <p>139 risk control measures</p>

Smart Safety System

In 2022, the Company significant strides towards IT-based development to ensure accurate and efficient monitoring of operational safety. The Company upgraded the "1-2-1" smart safety management system by launching the "Emergency Management" module, and developed 48 functions including safety bottom-line index management, safety responsibility puzzle management, and personnel points management. The Company also improved the performance and operation interface of the inspection management system, increasing the system's fluency and response speed by 80%, and significantly enhancing the system's operational efficiency. In 2022, using the "Safety Hand-shoot" function, the Company received a total of 4,608 reported cases, of which 2,347 problems were verified and 2,329 problems rectified. In terms of security monitoring, the Company connected the safety status monitoring system to its business information systems, including the airfield panoramic warning system, the drone detection system, and the safety management platform of construction sites, to significantly expand the scope of monitoring data. The Company also added video analysis scenarios such as identifying speeding vehicles, passengers entering restricted areas by accident, and vehicle at the back of the luggage hall.

The Company explored a safety management model that combines the online safety system and on-site work, and organically integrated the annual audit of the Safety Management System (SMS) with daily inspections. The Company conducted 65 on-site inspections among employees of all departments during the Beijing Winter Olympics and the 20th National Congress of the CPC. In addition, the Company organized and completed 380 company-level inspections throughout the year, and conducted 24 joint cross-inspections, and completed 44 inspection reports and 80 SMS audits.

ESG REPORT (CONTINUED)

In 2022, using the "Safety Hand-shoot" function, the Company received a total of **4,608** reported cases, of which **2,347** problems were verified and **2,329** problems rectified.

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 ensure the quality of aviation security. The Company continues to expand its team of aviation security management personnel by adding 17 security quality control officers, 10 security testers, and 3 hazardous goods management personnel. To improve the quality of security personnel training, the Company has further optimized the management mechanism, refined the quality control training requirements and the qualification management requirements for security instructors of relevant parties, and organized training on security responsibilities, alerting education and aviation security awareness. In terms of access management, the Company has strengthened access management by issuing a new version of *the Implementation Rules for Points Management* to strengthen the requirements for access passes. The Company strictly reviewed liquid items based on the Material Safety Data Sheet (MSDS), implemented the secondary management principle, and completed a total of 251 liquid item filings in 2022.

In 2022, the Company completed 3,611 security inspections, 1 security self-audit, 146 security tests, and 3 security drills. The Company's departments organized 87 risk and hazard inspections, identified 8 risks, and formulated corresponding risk control measures to strictly implement aviation security risk control and rectified hidden hazards. As of December 2022, the Company added and rectified a total of 31 company-level aviation security hazards; the Company added and implemented control measures for 5 new department-level aviation security risks.

As of December 2022, the Company added and rectified a total of **31** company-level aviation security hazards; added and implemented control measures for **5** new department-level aviation security risks.

ESG REPORT (CONTINUED)

Safety Site Pilot Construction

In 2022, the Company initiated 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". The Company has set up 14 "Best Safety Site" pilot projects through construction and demonstration to further standardize site safety management standards, improved the long-term on-site safety management mechanisms, and ensured smooth, orderly and controllable on-site safety management. In addition, the Company has worked with relevant parties to pilot projects, deepened the proactive safety culture and the joint building and sharing mechanism, and gradually built a community of shared safety for all, to lay a solid foundation for the development of "Version 3.0" safety culture.



Pilot project of the "Best Safety Site" at the Safety Center

Case

The Safety and Security Committee organized a series of educational activities during the "Work Safety Month"

In June 2022, the Company launched a series of educational activities under the theme of "Following the Work Safety Law as the First Person Responsible for Safety" during the "Work Safety Month", including online safety knowledge quiz with gifts awarded, the "Jun 16 Safety Promotion and Consultation Day", and safety altering education. These activities were organized to ensure the fun of diversified activities and promote safety knowledge to the society and employees, so as to ensure the controllable operations of the airport. In 2022, the Company was recognized as one of the 28 model entities in activity organization by the Civil Aviation Administration of China.

ESG REPORT (CONTINUED)

Information Security

In the big data era, IT-based 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 level

Cyber and data security management is an important component of information security. The Company strictly follows *the Data Security Law of the People's Republic of China* and continuously optimizes its cybersecurity regulations such as *the Regulations on Cyber and Information Security Management of Beijing Capital International Airport Company Limited* and *the Data Sharing Management Regulations*.

In 2022, the Company further clarified the framework and responsibilities of the leading group for network security and information technology, and established a Data Security Leading Group to form a regional cybersecurity coordination mechanism. The Company plans to establish a data security working mechanism on the basis of the Data Security Leading Group in 2023, gradually improves its data security monitoring, early warning and emergency response system, organizes all departments to classify and grade data in accordance with *the Data Sharing Management Regulations* and the *Shared Data Resources Catalogue*, and determines the data risk level to help standardize its information security operations.

Capacity enhancement level

In 2022, the Company coordinated all departments to implement the classified protection of its information system, classified 15 new systems, and assessed 14 Level III systems and 24 Level II systems. Meanwhile, the Company enhanced its cybersecurity capabilities by proactively participating in relevant drills.

Foundation consolidation level

The Company continues to consolidated the foundation of its security operations. As part of its support for major national events, the Company establishes special cybersecurity teams, and ensure 24/7 monitoring and analysis of its cybersecurity situation and initiate responses.

The Company was committed to improving all the information systems under its jurisdiction. In accordance with the principle of "Those in charge of operations and construction should be responsible", the Company coordinated all departments to strictly implement information security requirements, improve the prevention capability of information systems. The Company's goal is to ensure its network and information security, and prevent and curb security incidents.

ESG REPORT (CONTINUED)

In 2022, the Company carried out a series of activities such as cybersecurity publicity day, special lectures and training. The Company strives to enhance its employees' awareness and technical skills in all aspects and gradually sets up a solid and invisible security defense line, with diverse approaches include publicity on electronic screens, security knowledge popularization, and award-winning quiz.

In 2022, the Company organized **18** cybersecurity inspections, identified **69** cybersecurity issues, troubleshot **1,012** high-risk vulnerabilities.

Case

Special training activities on information security

In 2022, the Company carried out a series of special training activities on information security, covering topics such as "personal privacy protection technology", "how to prevent phishing", and "solutions to hidden third-party security risks", covering diverse content such as interpretation of information security laws and regulations and norms. These activities aim to promote the basic knowledge of cybersecurity to its employees, enhance their awareness, and prevent information leaks.



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.

Occupational health and safety risk management is a prerequisite for safety management. The Company requires all departments to organize key personnel, occupational health managers, and internal auditors of the occupational health and safety management system to analyze and identify its organizational and environmental risks, in accordance with the requirements of the occupational health and safety management system standards, and the needs and expectations of its related parties such as customers, suppliers, and authorities. The Company analyzes the relevant risks and opportunities and evaluates identified risks, takes specific measures to address unacceptable risks, and effectively prevents and controls 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.

ESG REPORT (CONTINUED)

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 Company has set up 6 occupational health-related objectives to guide the orderly implementation of relevant safety and security efforts, and gradually moved towards the objectives by standardizing its work as required by the occupational health management system. In 2022, the Company completed annual on-the-job occupational health medical examinations for its employees, conducted situation analysis, offered safety tips, and completed internal and external audits of the occupational health and safety management system as planned. Through these efforts, the Company effectively protected employees' occupational health and safety.

The number of working hours lost due to work-related injury in 2022 was

304.95

The Company has set up **6** occupational health-related objectives to guide implementation of safety and security efforts

The Company's Health and Safety KPIs

Key Performance Indicators	2020	2021	2022
Number of work-related fatalities occurred in each of the past three years (person)	0	0	0

The Company attaches importance to its employees' health in work and in life, and provides them with protection in accordance with *the Technical Specifications for Occupational Health Surveillance* through 5 approaches. They include occupational health examination before employment, regular on-the-job occupational health examination, occupational health examination and medical follow-up after the termination of employment, and emergency occupational health examination.

ESG REPORT (CONTINUED)

Additionally, the Company provides its employees with basic social insurance, supplementary medical insurance, and commercial health insurance, and various medical checkup packages such as regular health checkups and cardiovascular checkups every year. The Company formulates its health checkup program for employees by taking into account various factors. These factors include the reports of high incidence diseases of employees in the workplace provided by medical checkup agencies and employees' age and gender structure, occupation characteristics, and historical diseases. The program will be implemented after being considered and approved by the General Manager's Office.

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 the requirements of the laws to define the purpose and scope of collection and use of personal information and describe how the Company collects, uses, saves, shares, and transfers customers' information. The scope of the policy covers information on areas such as personal identification, flight, location, contacts, and baggage. The above-mentioned general information required for travel will be applied to the Company's 17 services according to the needs of passengers. These services cover care delivery, baggage service, service facilities, and travel convenience, etc. In the event of privacy issues such as customer information leaks in violation of laws and regulations, customers have the right to request the Company to delete their personal information and withdraw their agreement to allow the Company 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 2022, the Company had zero case of passenger information leakage.

In 2022, the Company had 0 case of passenger information leakage

ESG REPORT (CONTINUED)

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 2022, the Company optimized the *International Airport Passenger Service Commitment of Beijing Capital International Airport Company Limited* and released its version 6.0. In this version, the Company added 35 commitments in 10 areas, including "Accessible Travel", "Travel with Care" and "Customers First". In addition, 88% of the entities stationed at the airport responded to the Company and promised to fulfill the new commitments.

In terms of system platform construction, the Company upgraded its service quality management system in 2022. The Company completed the construction of the digital and smart service management system platform, and released functions such as service evaluation and scenario-based service risks. With the platform, the Company conducted 16 special risk evaluations and tips, established company-level and department-level service risk source databases, and effectively prevented and controlled 43 risks.

In terms of pre-analysis of business problems, the Company continued to optimize its service mechanism and conduct communication and research in 2022 to ensure better resolution of potential operation problems. Through visits to and exchanges with 19 entities, the Company summarized 36 difficulties and issues in its services. In response, the Company implemented a series of exploration and improvement measures. These include strengthening the mechanism and data connection with the Operation Management Committee, organizing drills, hosting communication meetings on flight delay response services, and evaluating and improving 30 issues to address flight delay. These efforts are aimed at effectively enhancing coordination and response capabilities. In addition, during the pandemic, the Company operated at a low capacity. Just in case its employees got rusty on their skills and services, the Company implemented special measures on job specifications for frontline employees and ensured that they delivered stable and high-quality services.



ESG REPORT (CONTINUED)

In terms of passenger feedback and complaint management, the Company collects feedback and complaints through various channels and strive to properly handle them. Through the "1+N" passenger demand survey project, the Company had a better understanding of its passenger composition, behavior and habits, as well as land-side transportation, facilities and equipment, process efficiency, etc. The Company introduced third-party online research data reports, and expanded the research scopes such as differences in customer groups between the Company and Beijing Daxing International Airport and service trend analysis, to optimize the reliability of research results and lay a robust foundation for future service improvement.

In 2022, the Company continued to upgrade the passenger opinion management system and insisted on the standardized handling and closed-loop management of passenger opinions. Meanwhile, the Company upgraded the management system of its service shortcomings through cross-organizational joint service monitoring and special monitoring, and systematically promoted the closed-loop management of 16 issues. In addition, the Company issued complaint analysis reports regularly and carried out targeted actions to improve service quality through combing and analysis of the complaints received. During the reporting period, the Company received a total of 12 passenger complaints and handled all of them properly, and the total number of complaints decreased by approximately 66% compared to last year.

Case

Continuous improved services - complaint against blocked exit from parking building and emergency disposal enhancement

In July 2022, the Company received a complaint from a passenger. The passenger was dissatisfied as his vehicle failed to pass through the verification machine on his way to exit the T3 parking building, despite several attempts. Then he had to spend extra time driving to the manual fee collection window. It was confirmed the reason is that he mistakenly entered into the car hailing zone, and the Company's staff misunderstood that as a system failure and failed to report it in time. Therefore, the passenger was repeatedly guided to change lanes, which cost extra time.

The Company helped the passengers solve the problem immediately after receiving the complaint, summarized the reasons behind the poor access to all kinds of parking buildings, promptly improved the emergency response plan of the car hailing zone, and standardized the information reporting process. The Company also organized training for its employees in the relevant working areas to ensure that they are familiar with the potential problems and causes in various scenarios, and can help identify causes and offer solutions. These efforts aim to improve the Company's service professionalism and efficiency.

ESG REPORT (CONTINUED)

The Company's Passenger Complaint KPIs



The Company proactively improves its services for passengers with special needs by enhancing the comfort and smoothness of their overall experience at the airport. In 2022, the Company continued to cater its services to the elderly. The Company's efforts include using the care lounge to provide a whole-process service, and establishing a service flow manual for the "Elderly Service Line". This manual covers six areas: service recipients, service focus, major inquiries, service skills, pre-order delivery, and record forms. Through these efforts, the Company strives to build a high-quality airport service team by standardizing services for elderly passengers.

Case

Service with Human Touch - humanistic care for special passengers with difficulty in a layover

On 20 May 2022, the Company received a call through its passenger hotline, which asked help for an elderly passenger who was during a layover alone at the airport and unable to access his connecting flight due to special reasons, which affected his access to restaurants and travel services. Upon receiving the message, the Service Promotion Department immediately communicated and negotiated with multiple departments, secured a green channel for the passenger, and sent a specialist to assist the passenger in boarding his flight. Later, the Company received praises from the passenger's family via a phone call.

ESG REPORT (CONTINUED)

The Company provides quality services to passengers with professional attitudes. The Company continues to improve its service evaluation management system to obtain more visual and comprehensive results. In 2022, the Company upgraded the management of areas with low self-evaluation scores, and presented Airports Council International (ACI) index results in a visualized way. In this year's ACI Airport Service Quality (ACI ASQ) passenger satisfaction survey, the Company collected passenger satisfaction information on processes such as arrival, check-in, security, passport, shopping and dining, and investigated passenger experience from perspectives in terms of their emotions and conditions. The Company collected a total sample size of 1,879 ^(Note 6) in the year, and the survey results showed that its overall passenger satisfaction score was 5.00 in 2022, and the average sub-sector score was 4.99. The Company took the lead in the industry in terms of the overall score in the complaint rating by Civil Aviation Administration of China.

At the same time, the Company's services have been recognized by all sectors of the industry, as was shown by the 2022 awards and recognition such as the "Excellent Airport Service Quality Award" in the over-10 million passengers per annum category, the "Best Airport Award" in the Asia Pacific in the over-40 million passengers per annum category by the Airports Council International (ACI), and "Voice of the Customer" certification.

To maintain customer satisfaction at a high level, the Company continues to strengthen the service awareness of its employees, and organize training to improve service capabilities. To this end, the Company provided a series of service-related training courses such as a micro-course on complaint handling, and courses themed "First Complain Responsibility, Turning a Complaint into Gold" in 2022.

In 2022

overall passenger satisfaction score was

5.00

the average sub-sector score was

4.99

Case

The Company organized quality service courses and training under the theme "Application of Passenger Behavior Recognition Technology in Services"

In September 2022, the Company invited a senior trainer from its Passenger Service Promotion Committee to provide training on passenger behavior recognition for its employees. Through the introduction of abnormal passenger behavior recognition technology, the course helped participants to accurately and promptly identify changes in passengers' emotions and capture their body languages in their daily work, so as to provide more accurate and efficient services.

Note 6: Due to the impact of the pandemic, sample collection was not performed in the fourth quarter of 2022. Therefore, the sample size differs significantly from that of 2021.

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.

ESG REPORT (CONTINUED)

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 2022, the Company carried out online and offline care delivery programs such as the "Heart to Heart - Being Happy Together" activity for female employees, including making hand-painted canvas bags and scented candles, and allocated RMB 100.8 thousand for Women's Day special programs such as cake making and hand-painted round fans. These activities covered a total of 504 female employees during the reporting period and effectively enhanced the Company's cohesion and unity.

In 2022, the Company had a total of 1,542 employees, with a labor contract signing rate of 100%, a 0.65% turnover rate, and no employment violations.

The Company had a total of

1,542 employees

with a labor contract signing rate of

100%

with a turnover rate of

0.65%

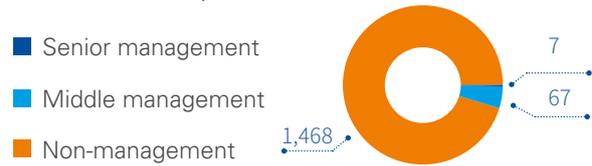
ESG REPORT (CONTINUED)

The Company's Employment KPIs in 2022

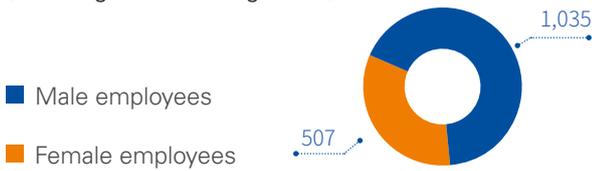
Number of employees by employment type (person)



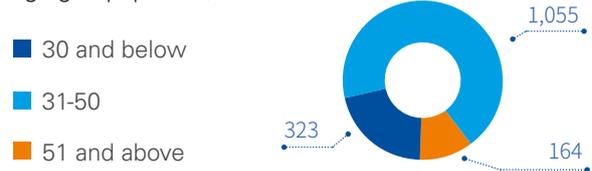
Number of employees by hierarchical level (person)



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



Number of employees by age group (person)



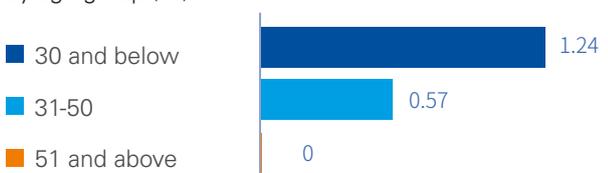
Number of employees by geographical region (person)



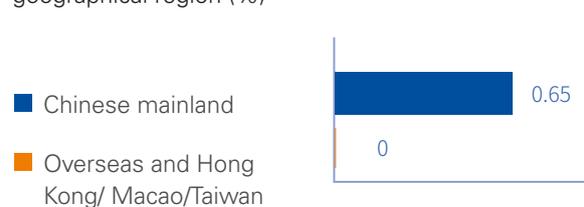
Employee turnover rate by gender (%)



Employee turnover rate by age group (%)



Employee turnover rate by geographical region (%)



ESG REPORT (CONTINUED)

Talent Development

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 2022, the Company provided 94,573 training hours, with a training coverage rate of 100%.

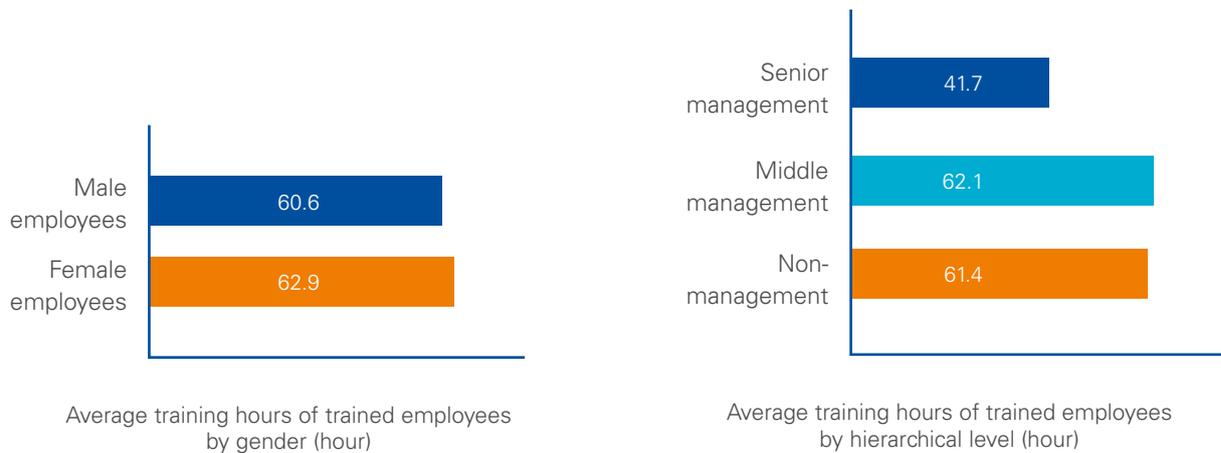
The Company provided

94,573 training hours throughout the year

with a training coverage rate of

100%

The Company's Employee Training KPIs in 2022



In 2022, the training coverage of male and female employees and employees at all levels (including senior management, middle management and non-management) of the company was **100%**.

ESG REPORT (CONTINUED)

Case

Series training for the Winter Olympics and Paralympics

In January 2022, to meet the customized requirements of the Winter Olympics and Paralympics in terms of basic knowledge, service ability, language proficiency, and pandemic prevention response capabilities of its service support personnel, the Company prepared and issued *the 2022 Winter Olympics and Paralympics Service Support Personnel Training Manual of Beijing Capital International Airport Company Limited*, and independently developed 6 courses such as General Knowledge of the Winter Olympics, Service Support procedures, English for the Winter Olympics, and Service Etiquette. The Company's "lean, efficient and pragmatic" training covered a total of over 10,000 participants, and effectively improved the capabilities and service quality of its service support personnel.



The Winter Olympics training series

Case

Competency enhancement training for new hires

From May to June 2022, the Company organized and completed online training for new hires on the online platform, covering more than 60 newly hired business managers and senior officers. The Company's goal is to help new hires continuously improve their management capabilities and quickly adapt to their new positions. This training specifically includes role orientation and awareness, self-learning and development, departmental education and collaboration, and team building.

ESG REPORT (CONTINUED)

Case

2022 "Let Your Dreams Set Sail" training camp

In August 2022, the Company organized a 10-day "Let Your Dreams Set Sail" training camp for the new hires to provide training on both business knowledge and general skills. The Company's goal is to help new graduate hires to adapt to the workplace and accelerate the construction of its young talent team. During the training, the Company worked with Beijing Daxing International Airport to conduct a two-day joint training for new hires, which received rave reviews. This event is aimed at promoting the Company's mutual exchange, learning, and improvement with Beijing Daxing International Airport.



Group photo of "Let Your Dreams Set Sail" training camp for new hires

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*.

ESG REPORT (CONTINUED)



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 2022, the Company held the Employee Congress and called for the participation of employee representatives from its 8 sub-unions, covering the middle and senior management, professional management, professional and technical personnel and operations personnel, etc. The Employee Congress considered *the Report on the Consultation and Handling of Important Issues by the Intersessional Joint Meeting of the Sixth Employee Congress of Beijing Capital International Airport Company Limited* and revised the provisions of corporate annuity in *the Welfare Management of Beijing Capital International Airport Company Limited*. These were unanimously approved by a show of hands on the spot.

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 2022, the Company continued to organize various activities under the theme of "Delivering Refreshing Coolness in Summer". They included providing the Company's front-line employees with beautiful fans from the Employees Home, ensuring that them could work in a comfortable environment.

- In 2022, the Company provided assistance to **14** employees in straitened circumstances, **3** employees with several diseases, and **15** retired employees, compiled and printed *Biographies of Retired Employees* for **2** retired employees, and prepared ceramic souvenirs and certificates of honors, with a total expenditure of RMB **75,253.45**.
- The Company applied for assistance for **3** employees through its targeted assistance program for employees in straitened circumstances and for **4** employees through its targeted assistance program for employees with severe diseases, with a total of RMB **11,000** received and provided to the employees in a timely manner.
- The Company applied for RMB **10,000** assistance for **1** female employee with diseases through the CAAC female worker medical mutual aid program.
- The Company conducted **7** special care activities with a total expenditure of more than RMB **850,000** and a coverage of **6,882** recipients.

ESG REPORT (CONTINUED)

In 2022, the Company's Employees Home organized 257 activities and courses, including 190 course sessions, 37 handicraft activities, and 30 various online and offline activities, with a total of 5,397 participants. These activities helped the Company's employees expand their social circles and improve cohesion.

Organized	including			with a total of
257	190	37	30	5,397
activities and courses	course sessions	handicraft activities	various online and offline activities	participants

Case

Stay-at-home activities during the pandemic

The Company cares for the physical and mental conditions of its employees during the pandemic. The Employees Home innovatively held a variety of activities such as "Body-Building Exercise Workout", "Cooking Competition", "I am a Little Painter", and "The Voice". Through the photos and feedback from the Company's employees posted online, the Company was able to learn their condition in time. These activities were welcomed and praised by the Company's employees.

ESG REPORT (CONTINUED)

Governance



The Company insists on guiding its high-quality development with new development concept. The focus of the Company is on enhancing risk control, improving management governance, seizing industry development opportunities, and exploring upstream and downstream supply chain management and partnerships. The Company also prioritizes building harmonious relationships with the community, and fosters healthy and sustainable industry growth.

Material ESG issues responded to in this chapter

- Corporate Governance Risk Management Business Ethics Intellectual Property Protection Technology Innovation
Anti-corruption Supply Chain Management Industry Communication Community Investment and Exchange

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

- B5 Supply Chain Management B7 Anti-corruption B8 Community Investment

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 our healthy and orderly development.

ESG REPORT (CONTINUED)

Risk Management

The Company proactively builds a risk management system that aligns with its development as a modern enterprise. The Company continues to strengthen our risk identification, assessment, and response in accordance with all relevant requirements, including *the Risk Management Regulations of Beijing Capital International Airport* and *the Risk Classification Guidelines of Beijing Capital International Airport*. Meanwhile, the Company has formulated *the Management Measures for Delegation of Authority by the Board of Directors of Beijing Capital International Airport (for Trial Implementation)*. This document clarifies matters such as the principles of delegation of authority by the Board of Directors to the management, the management mechanism, the scope of matters, and the conditions of authority, and comprehensively reviews our governance structure.

The Company has established a Risk Management Committee based on its own situations. This committee is responsible for formulating a comprehensive risk management strategy system, and managing an office dedicated to the task. The Management Committee Office is composed of employees from all relevant departments, who oversee and manage the risk management system within their respective departments. They promote the construction of the risk management system of the Company. To date, the risk management system covers 23 aspects of risk management, including governance, quality and safety, information technology, and service quality.

The Company produces annual risk management reports to track the progress of risk management rectification and implementation, and uses these reports to create a work plan for the construction and supervision of the risk management system for the following year. In key areas such as integrity construction, safety operations, energy saving and emission reduction, the Company continuously optimizes our comprehensive risk management system and implements the embedding risk management mechanism to embed risk management requirements in the Company's business processes, improving its overall capabilities in risk management.

- The Company places a high premium on integrity construction, and continuously enhances the awareness of integrity risks among all employees to effectively control such risks. Our approaches include conducting integrity training, studying typical cases, and signing *the Responsibility Letter for Party Integrity Building and Anti-Corruption*.
- For safety operation management, the Company conducts correlation analysis of risks and hidden hazards and strictly controls aviation security risks and hidden hazards by incorporating them into its database. The Company implements a dual-prevention mechanism, fulfills responsibilities at all levels, and ensures timely rectification of identified issues to form a closed loop in aviation security risk and hidden hazard management.

Compliance Management

The Company strictly complies with all relevant laws and regulations and business ethics standards. The Company continuously strengthens our commitment to legal compliance and fulfills its responsibility for legal construction in the community. The Company's focus is on building a standardized system for risk prevention and providing relevant compliance training to increase awareness among our employees.

ESG REPORT (CONTINUED)

The Company implements the contract management system in response to its business development. To strengthen supervision in this area, improve the basic contract management skills of the personnel in charge and effectively prevent legal contract risks, the Company prepared and issued 45 copies of *the Backdating Contract Risk Alert Sheet*, and effectively prevent legal contract risks. In 2022, the Company completed 1,305 contract flow approvals, and achieved a 100% legal compliance audit of economic contracts.

- The Company promotes system construction to prevent legal risks. In 2022, the Company compiled various company-level policies, including *the Data Sharing Management Regulations* and revised *the Commercial Management Regulations*, to achieve 100% legal compliance audit of operation and management systems. In accordance with relevant policies such as *the Rules of Procedure of the General Manager's Office Meeting*, and *the Rules of Procedure of the Party Committee*, the Company completed 100% legal compliance audits of major operation and management decisions in 2022, and prepared and submitted *the Comprehensive Risk Management Report of Beijing Capital International Airport*. The Company promptly issues relevant internal tips in accordance with the updates of laws and regulations to strengthen the awareness of legal risk prevention.
- In 2022, the Company focused on strengthening theoretical research to provide a solid foundation for the rule of law. The Company completed a variety of research, such as *the Research on the Legal Attributes of Airport Security Screening* and the *Research on Airport Easement*, to provide references and practical solutions for ensuring aviation operation safety.
- Based on the specific conditions of the internal and external rule of law environment, the Company has divided the Legal Affairs Department into three major business modules, namely "Contract and Legal Affairs Management", "Compliance Management", and "Dispute Management". Our goal is to build a more professional team.

The Company is committed to promoting our compliance development by providing external professional training to increase awareness among our employees and to disseminate professional legal knowledge related to the prevention of contract risks.

Case

The Company conducted training contract risks to enhance our employees' compliance awareness

From 15 to 16 December 2022, the Company invited a senior partner of Beijing Dacheng Law Offices to deliver two successive compliance training sessions for all its employees. The theme is "Changes in Contract Performance Brought about by external environment." The training was aimed at optimizing the solutions to common issues in contract performance in the special period, explaining the relevant legal concepts, legal norms, and judicial interpretations, and offering relevant signing and performance suggestions based on the difference of contract payment and receipt methods, eventually enhancing our business departments' ability to deal with the risks in contract performance.

ESG REPORT (CONTINUED)

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 our intellectual property protection system, implements the requirements, and strengthens the protection of our intellectual property rights and innovative results.

To ensure the protection of our intellectual property rights, the Company has entered into an *Intellectual Property Maintenance Service Contract* with Beijing Maysky Patent and Trademark Agent Ltd. This contract provides the Company with various services, including the application for patents, trademarks, copyrights, and annual maintenance services.

In 2022, the Company obtained one new invention patent, seven utility model patents, one design patent, and nine software copyrights.

Integrity Governance

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

Anti-corruption

The Company strictly abides by laws and regulations relating 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 Regulations on the Management of Discipline Inspection and Supervision*, *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*. Our goal is to improve our anti-corruption system, prevent, detect and deter corrupt practices, and to seriously investigate and deal with disciplinary violations. The Company insists on promoting reform through cases and uses typical cases to alert its management and personnel in key positions to perform their duties according to standards. In 2022, 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 revised its relevant system such as *the Management Measures for Handling Public Complaints and Proposals of Beijing Capital International Airport Company Limited* in 2022. These changes aimed to regulate and support anti-

ESG REPORT (CONTINUED)

corruption reporting efforts by encouraging and prioritizing real-name reporting cases, while strictly protecting whistleblowers' basic information to prevent any retaliation against them. 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. During the reporting period, the Company received 36 reports, handled 11 problem clues, and urged relevant departments to handle 16 cases.

The Company insists on fulfilling its supervision responsibilities and utilizes technological means and filing to oversee key areas such as bidding, procurement, investment, leasing, project construction, appointment, and employment. In 2022, the Company formulated *the Graded Supervision and Early Warning Measures for Procurement Projects* to provide multi-channel supervision for key projects and major areas in the procurement process, and to supervise the supplier selection mechanism. The Company conducted 503 supervisory practices using various channels, issued 538 integrity agreement opinions, and conducted 41 supervisory practices for employment, appointment, and award issuance selection and evaluation.



Procedures for the Handling of Whistleblowing Reports

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 our new hires. The Company also provided discipline training for project leaders and judges, to ensure that integrity awareness is deeply embedded in our 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 2022, the Company's employees recorded a total of 12,272 hours in anti-corruption training. The Company also promotes integrity at the board level, provide integrity education information for board members, supervisors and executive directors, and sign *the Corporate Integrity Statement*. In addition, the Company recruits third-party law firms to conduct integrity training for external independent directors.

ESG REPORT (CONTINUED)

The Company continues promoting Corporate Integrity Statement education among all its employees through various channels such as video and graphic promotion, cultural activities, and on-site training. In 2022, the Company published 14 articles related to integrity on its WeChat official account "The Company Integrity Gate". These articles had 3,094 visits. The Company also organized an integrity knowledge quiz, with a total of 937 participants online.

<p>employees recorded a total of</p> <p>12,272 hours</p> <p>in anti-corruption training</p>	<p>published</p> <p>14 articles</p> <p>related to integrity on its WeChat official account "The Company Integrity Gate"</p>
<p>These articles had</p> <p>3,094 visits</p>	<p>with a total of</p> <p>937 participants online</p>

Case

"Three Ones" integrity education activities for new hires and " Integrity Gift Package" for middle managers

The Company organizes the "Three Ones" integrity education activities for new employees, signs *the Corporate Integrity Statement* with new hires, provides onboarding training under the theme of "Strengthening the Integrity Awareness and Reinforcing the Bottom Line of Discipline", and requires employees to watch a series of its integrity microfilms. In addition, the Company offered the "integrity gift packages" to 13 middle managers who were transferred to new positions, newly hired and completed their first employment period.



Integrity gift packages

ESG REPORT (CONTINUED)

Ecological Contributions

The Company is committed to building a sustainable supply chain, continuously strengthens its supplier management mechanism, optimizes its responsible procurement process, deepens its supply chain management responsibilities, and actively explores the upstream and downstream supply chain management and industry partnerships. While having achieved significant progress, the Company is actively engaged in social responsibility practices. The Company contributes to building a humanistic airport and a harmonious society by organizing its charity teams to donate supplies.

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*. The Company also revised *the Procurement Management Regulations* in 2022 to continuously optimize its basic procurement principles and processes. The Company also aims to improve contract evaluation, supplier management, and procurement channels. Its goal is to promote a unified bidding system, mode, and process, protect the basic rights and interests of its suppliers, and strengthen the foundation of its responsible procurement.

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. During the reporting period, the Company conducted background reviews for 203 suppliers, involving a total of 3,583 people. The Company checked for risk factors, such as key personnel and positions, and supplier control, strengthened 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.

Supplier Evaluation

- The Company regularly evaluates its suppliers by fully considering various factors such as the quality of their products, services, and performance.
- 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 3 years.

The Company's Number of Suppliers

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

ESG REPORT (CONTINUED)

Rural Revitalization

The Company actively responds to the national call to comprehensively promote rural revitalization and eradicate poverty. In 2022, the Company donated RMB 1 million to Cele County, Xinjiang as rural revitalization. In addition, the Company also provided consumption assistance by purchasing approximately RMB 540,000 in agricultural and sideline products from Cele County. Additionally, the Company donated RMB 8,806 in supplies and over 200 pieces of winter clothing to two elementary schools. They are Damagou Township Primary School and Punake Primary School in Damagou Township, Cele County, Xinjiang.

Public Welfare and Charity

The Company practices the spirit of volunteerism, complies with *the Charity Law of the People's Republic of China*, and formulates *the Work Rules of the Party Committee of China Beijing Capital International Airport*. These efforts aim to standardize the work mechanism of the Company's volunteer teams and provide care, assistance, and public welfare donations to society.

The Company's Community Investment KPIs

In 2021, total volunteer hours **304**

In 2022, total volunteer hours **1,798**

total number of volunteers **147**

total number of volunteers **259**

Case

Aircraft rescue and firefighting practical training activities at the airport

On 13 July 2022, the Company, together with the Shunyi District Fire and Rescue Detachment, conducted a practical training activity on aircraft rescue and firefighting at airport. The Company aims to improve the knowledge and ability at the community of aircraft rescue and to ensure timely assistance in the event of an emergency.

ESG REPORT (CONTINUED)

Key Performance Indicators

KPIs	2021	2022
Passenger throughput (10,000 person times)	3,264	1,270.33
Passenger complaint response rate (%)	100	100
Greenhouse gas emissions (Scope 1) (tCO ₂ e)	798.42	776.88
Greenhouse gas emissions (Scope 2) (tCO ₂ e)	356,886.60	335,505.01
Total greenhouse gas emissions (tCO ₂ e)	357,685.02	336,281.89
Greenhouse gas emissions intensity (tCO ₂ e per 10,000 person times)	109.55	264.72
Comprehensive energy consumption (TCE)	80,524.75	75,819.66
Comprehensive energy consumption intensity (TCE per 10,000 person times)	24.66	59.68
Use of renewable energy (kWh)	748,217	1,012,099.5
Purchased electricity consumption (kWh)	184,985,114.39	178,153,289.36
Gasoline consumption (tonne)	118.88	106.58
Diesel consumption (tonne)	143.39	150.24
Purchased heat consumption (GJ)	1,682,480.18	1,570,348.56
Purchased electricity consumption intensity (kWh per 10,000 person times)	56,658.74	140,241.28
Gasoline consumption intensity (kilogram per 10,000 person times)	36.41	83.90
Diesel consumption intensity (kilogram per 10,000 person times)	43.92	118.27
Purchased heat consumption intensity (GJ per 10,000 person times)	515.31	1,236.17
Total water consumption (tonne)	946,132.00	714,592
Water consumption intensity (tonne per 10,000 person times)	289.79	562.52
Volume of treated wastewater (10,000 tonnes)	618.83	542.58

ESG REPORT (CONTINUED)

KPIs		2021	2022
COD reduction (tonne)		1,360	1,011.6
Ammonia nitrogen reduction (tonne)		145	92.4
Hazardous waste (tonne)		1,375.92	1,857.59
Hazardous waste intensity (tonne per 10,000 person times)		0.42	1.46
Household waste (tonne)		22,000	10,937
Aviation waste (tonne)		7,658	3,034
Non-hazardous waste (tonne)		29,658	13,971
Non-hazardous waste intensity (tonne per 10,000 person times)		9.08	11.00
On-the-job employees (person)		1,567	1,542
Minority employees (person)		87	83
Labour contract signing rate (%)		100	100
Number of employees by employment type	Regular employees (person)	1,567	1,542
	Contract and other non-regular employees (person)	0	0
Number of employees by hierarchical level	Senior management (person)	8	7
	Middle management (person)	65	67
	Non-management (person)	1,494	1,468
Number of employees by gender (including senior management)	Male employees (person)	1,059	1,035
	Female employees (person)	508	507

ESG REPORT (CONTINUED)

KPIs		2021	2022
Number of employees by age group	30 and below (person)	361	323
	31-50 (person)	1,043	1,055
	51 and above (person)	163	164
Number of employees by geographical region	Chinese mainland (person)	1,567	1,542
	Overseas and Hong Kong/ Macao/ Taiwan (person)	0	0
Employee turnover rate by gender ^(Note 7)	Male employees (%)	1.98	0.68
	Female employees (%)	0.98	0.59
Employee turnover rate by age group ^(Note 7)	30 and below (%)	3.32	1.24
	31-50 (%)	1.25	0.57
	51 and above (%)	0.61	0
Employee turnover rate by geographical region ^(Note 7)	Chinese mainland (%)	1.66	0.65
	Overseas and Hong Kong/ Macao/ Taiwan (%)	0	0
Percentage of trained employees by gender	Male employees (%)	100	100
	Female employees (%)	100	100
Percentage of trained employees by hierarchical level	Senior management (%)	100	100
	Middle management (%)	100	100
	Non-management (%)	100	100

Note 7: Employee turnover rate (per category) = Employees in the specified category leaving employment / number of employees in the specified category × 100. The Company calculated employee turnover rate by gender, age group and geographical region in 2022 in accordance with the HKEX guidelines, while calculated and updated the relevant employee turnover rate data for 2021 in accordance with this method.

ESG REPORT (CONTINUED)

KPIs		2021	2022
Average training hours of trained employees by gender	Male employees (hour)	63.9	60.6
	Female employees (hour)	69.4	62.9
Average training hours of trained employees by hierarchical level	Senior management (hour)	41.6	41.7
	Middle management (hour)	64.4	62.1
	Non-management (hour)	65.8	61.4
Number of work-related fatalities (person)		0	0
The number of working hours lost due to work-related injury (hour)		2,238.3	304.95
Percentage of employees who are protected by collective bargaining agreement (%)		100	100
Number of suppliers by geographical region	Domestic	230	394
	Overseas	0	0
Total number of volunteers (person)		147	259
Total volunteer hours (hour)		304	1,798
Violation of consumer information leakage		/	0
Concluded legal cases regarding corruption practice (case)		0	0
Anti-corruption training hours (hour)		15,603.5	12,272

ESG REPORT (CONTINUED)

HK-ESG Index

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
A. Environmental		
A1: Emissions		
<p>General Disclosure 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_x, SO_x, 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.</p>		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.	Climate Change 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		
<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>		Environmental Protection

ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
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.

A3: The Environment and Natural Resources

General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection

A4: Climate Change

General Disclosure 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. Social

Employment and Labour Practices

B1: Employment

ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>		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
B2: Health and Safety		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>		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
B3: Development and Training		
<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>		Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
B3.2	The average training hours completed per employee by gender and employee category.	Talent Development

ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
B4: Labour Standards		
General Disclosure 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
Operating Practices		
B5: Supply Chain Management		
General Disclosure 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		
General Disclosure 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 Right Note: The matters relating to labelling are not applicable due to the nature of the Company's business.

ESG REPORT (CONTINUED)

Subject Areas, Aspects, General Disclosures and KPIs		Location in the ESG Report
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 Right
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
B7: Anti-corruption		
General Disclosure 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
Community		
B8: Community Investment		
General Disclosure 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 163 to 245, comprise:

- the balance sheet as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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**How our audit addressed the Key Audit Matter****Expected credit losses of trade receivables**

Refer to Note 4(a) – Critical accounting estimates and judgments and Note 11 – Trade receivables to the financial statements.

As at 31 December 2022, the Company had trade receivables amounting to RMB1,102 million, among which, a provision for expected credit losses of RMB435 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.

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 IFRSs 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, 30 March 2023

BALANCE SHEET

As at 31 December 2022

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Investment properties	6	2,810,427	2,902,097
Property, plant and equipment	7	23,451,708	24,483,392
Right-of-use assets	8	2,028,119	2,206,263
Intangible assets	9	113,197	115,205
Deferred income tax assets	24	2,050,195	1,564,531
Other non-current assets		262,352	256,393
		30,715,998	31,527,881
Current assets			
Inventories	10	218,299	218,341
Trade receivables	11	666,898	857,955
Prepayments	12	5,525	36,361
Other financial assets at amortised cost	13	38,562	53,938
Financial assets at fair value through profit or loss	14	6,866	6,866
Notes receivable		58,335	–
Other current assets	15	182,504	221,521
Cash and cash equivalents	16	1,590,413	2,224,473
		2,767,402	3,619,455
Total assets		33,483,400	35,147,336

BALANCE SHEET (CONTINUED)

As at 31 December 2022

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
EQUITY			
Capital and reserves			
Share capital	18	4,579,179	4,579,179
Share premium		6,300,867	6,300,867
Capital reserve	19(a)	235,954	248,715
Other reserve	19(b)	(26,857)	3,635
Statutory and discretionary reserves	19(c)	6,809,588	6,809,588
(Accumulated losses)/Retained earnings		(1,293,811)	2,232,824
Total equity		16,604,920	20,174,808
LIABILITIES			
Non-current liabilities			
Long-term borrowings	21	198,641	2,788,441
Bonds payable	22	–	1,298,264
Loans from the Parent Company	23	1,104,724	1,166,899
Lease liabilities	8	615,236	677,383
Retirement benefit obligations	25	141,809	103,762
Deferred income	26	28,530	31,132
		2,088,940	6,065,881
Current liabilities			
Short-term borrowings	21	6,204,173	1,701,132
Trade and other payables	20	6,923,516	6,818,033
Current portion of long-term borrowings	21	382	3,308
Current portion of bonds payable	22	1,314,539	15,236
Current portion of loans from the Parent Company	23	173,139	155,963
Current portion of lease liabilities	8	164,792	204,503
Current portion of retirement benefit obligations	25	8,999	8,472
		14,789,540	8,906,647
Total liabilities		16,878,480	14,972,528
Total equity and liabilities		33,483,400	35,147,336

The above balance sheet should be read in conjunction with the accompanying notes on pages 169 to 245.

The financial statements on pages 163 to 245 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

Wang Changyi
Chairman

Han Zhiliang
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Revenues			
Aeronautical	5	710,728	1,342,969
Non-aeronautical	5	1,520,220	2,001,740
		2,230,948	3,344,709
Operating expenses			
Depreciation and amortisation	6, 7, 8, 9	(1,553,463)	(1,572,645)
Aviation safety and security guard costs		(919,371)	(920,343)
Repairs and maintenance		(894,261)	(1,009,467)
Staff costs	27	(530,520)	(550,101)
Utilities and power		(506,526)	(546,704)
Operating contracted services		(426,778)	(444,930)
Greening and environmental maintenance		(284,981)	(295,319)
Real estate and other taxes		(236,435)	(235,205)
Concession management fees		(133,743)	(221,231)
Other costs		(302,666)	(250,644)
	28	(5,788,744)	(6,046,589)
(Impairment losses)/reversal of impairment losses on financial assets		(105,468)	12,085
Other income		5,688	14,447
Other losses		-	(4,874)
Operating loss		(3,657,576)	(2,680,222)
Finance income	29	22,952	80,829
Finance costs	29	(367,511)	(221,021)
		(344,559)	(140,192)
Loss before income tax		(4,002,135)	(2,820,414)

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2022

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Income tax credit	30(a)	475,500	703,877
Loss for the year		(3,526,635)	(2,116,537)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations		(30,492)	(349)
Other comprehensive income for the year, net of tax		(30,492)	(349)
Total comprehensive loss for the year		(3,557,127)	(2,116,886)
Loss per share, basic and diluted (RMB)	31	(0.77)	(0.46)

The above statement of comprehensive income should be read in conjunction with the accompanying notes on pages 169 to 245.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory and discretionary reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2021		4,579,179	6,300,867	195,255	3,984	6,809,588	4,349,361	22,238,234
Loss for the year		-	-	-	-	-	(2,116,537)	(2,116,537)
Other comprehensive income for the year		-	-	-	(349)	-	-	(349)
Total comprehensive loss for the year		-	-	-	(349)	-	(2,116,537)	(2,116,886)
Cash contribution from the Parent Company	19(a)	-	-	53,460	-	-	-	53,460
Balance at 31 December 2021		4,579,179	6,300,867	248,715	3,635	6,809,588	2,232,824	20,174,808
Balance at 1 January 2022		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	19(a)	-	-	(12,761)	-	-	-	(12,761)
Balance at 31 December 2022		4,579,179	6,300,867	235,954	(26,857)	6,809,588	(1,293,811)	16,604,920

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 169 to 245.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash used in operations	33	(1,609,893)	(794,997)
Refund of taxes and surcharges		108,572	173,512
Net cash used in operating activities		(1,501,321)	(621,485)
Cash flows from investing activities			
Interest received		40,396	20,737
Purchase of property, plant and equipment		(479,307)	(570,758)
Purchase of intangible assets		(40,264)	(70,633)
Net cash used in investing activities		(479,175)	(620,654)
Cash flows from financing activities			
Repayment of borrowings		(4,290,000)	(3,300,400)
Interest paid		(206,275)	(180,577)
Principal and interest elements of lease payments		(176,576)	(168,369)
Repayment of loans from the Parent Company		(169,785)	(154,118)
Proceeds from borrowings		6,200,000	4,920,332
Contribution from the Parent Company		-	53,460
Others		(12,761)	-
Net cash generated from financing activities		1,344,603	1,170,328
Net decrease in cash and cash equivalents		(635,893)	(71,811)
Cash and cash equivalents at beginning of the year		2,224,473	2,296,801
Exchange effect on cash and cash equivalents		1,833	(517)
Cash and cash equivalents at end of the year	15	1,590,413	2,224,473

The above statement of cash flows should be read in conjunction with the accompanying notes on pages 169 to 245.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL INFORMATION

Beijing Capital International Airport Company Limited (the “Company”) was incorporated as a joint stock company with limited liability in the People’s Republic of China (the “PRC”) on 15 October 1999 and has been listed on The Stock Exchange of Hong Kong Limited since 1 February 2000. The Company is majority owned by Capital Airports Holding Limited Company (“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.

At the beginning of 2023, the civil aviation industry is embracing a remarkable recovery with overall positive outlook, in light of the stronger travel demand and renewed market confidence. The industry is presented with ample development opportunities. Nonetheless, at the same time, the Company is also profoundly aware that the risk of the external environment still exists, which may disrupt the operation and development of the industry. While the industry is rapidly recovering it will take time for it to fully recover as there is increased pressure on the coordination of safety and development. Therefore, the Company may be faced with ups and downs and challenges in terms of the increase in business volume and the enhancement of operational performance of Beijing Capital Airport. The Company will perform further assessment of its impact and take relevant measures.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated, and were approved for issue by the Board of Directors on 30 March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant 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) 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 International Financial Reporting Standards (“IFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(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.

(iii) Going concern

During the year ended 31 December 2022, the Company reported a net loss for the year of RMB3,526,635,000 (2021: RMB2,116,537,000) and a net cash outflow from operating activities of RMB1,501,321,000 (2021: RMB621,485,000). As at 31 December 2022, the current liabilities of the Company exceeded the current assets by RMB12,022,138,000 (2021: RMB5,287,192,000). Mainly included in the current liabilities were borrowings, loans and bonds totalling RMB7,692,233,000 repayable within one year from the year end date. On the same date, the Company had cash and cash equivalents of RMB1,590,413,000.

Management has prepared a cash flow projection, which covers a period of not less than twelve months from 31 December 2022. The directors of the Company have reviewed the Company's cash flow projection prepared by management and are of the opinion that the Company will have sufficient financial resources, including the cash inflow from operating activities and the unutilised facilities from banks and the Parent Company, to finance its operations and to meet its financial obligations as at and when they fall due within twelve months from 31 December 2022. Accordingly, the directors of the Company have prepared the financial statements on a going concern basis.

(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 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(v) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 2(g)).

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'.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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.

(f) 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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

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.
- **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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

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.

(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 11(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.

(i) 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.

(j) 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 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 11 for further information about the Company's accounting for trade receivables and Note 11(b) for a description of the Company's impairment policies.

(l) 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.

(m) Share capital

Ordinary shares are classified as equity (Note 18).

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(n) 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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.

(q) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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:

- (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 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (Continued)

(i) Pension obligations (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 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) 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 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (Continued)

- (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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) 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).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Leases (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Leases (Continued)

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 IFRS9 (note 2(h)). 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.

(w) 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.

(x) 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.

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.

(y) 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 2022

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 and interest rate 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 2022, all of the Company's assets and liabilities were denominated in RMB except that cash and cash equivalents of approximately RMB20,449,000 (2021: RMB21,361,000), trade and other payables of approximately RMB8,944,000 (2021: RMB8,188,000) and loans from the Parent Company of approximately RMB1,277,863,000 (2021: RMB1,322,862,000) were denominated in US dollar.

As at 31 December 2022, if RMB had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax loss would have increased/decreased by RMB47,369,000 (2021: increased/decreased by RMB49,102,000), 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 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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 and loans from the Parent Company with variable rates, which expose the Company to cash flow interest rate risk. During 2022, the borrowings at variable rate were denominated in RMB. During 2022 and 2021, the Company's loans from the Parent Company at variable rate were denominated in US dollars.

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 2022, if the interest rate on those borrowings and loans from the Parent Company 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 RMB10,513,000 (2021: RMB21,792,000).

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 14).

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 2022, 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 RMB515,000 (2021: lower/higher by RMB515,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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 11(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 2022(2021: 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 2022 (31 December 2021: RMB8,080,000).

(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 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

As at 31 December 2022 and 2021, 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
As at 31 December 2022						
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
	12,404,554	558,928	863,634	934,946	14,762,062	14,115,955
As at 31 December 2021						
Trade and other payables	4,135,717	-	-	-	4,135,717	4,135,717
Short-term borrowings	1,746,573	-	-	-	1,746,573	1,701,132
Long-term Borrowings	95,746	95,697	2,820,286	-	3,011,729	2,791,749
Bonds payable	48,620	1,348,620	-	-	1,397,240	1,313,500
Loans from the Parent						
Company	163,977	163,291	483,496	552,124	1,362,888	1,322,862
Lease liabilities	190,826	116,526	275,900	547,170	1,130,422	881,886
	6,381,459	1,724,134	3,579,682	1,099,294	12,784,569	12,146,846

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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 2022 and 2021 are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Total liabilities	16,878,480	14,972,528
Total assets	33,483,400	35,147,336
Liability-to-asset ratio	50%	43%

The liability-to-asset ratio increased from 43% to 50%, 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 2022

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. 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.

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), borrowings, loans from the Parent Company 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 2022

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgement in applying the Company's accounting policies.

Estimates and judgements 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 judgement 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 11(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 2022, the final account of construction was not completed because of the size of the Phase III Assets. The final cost of acquisition is therefore subject to future adjustment when the final account of construction is completed. Management currently estimates that the result of the final account of construction 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 2022, the final account of construction was not completed. The final cost of acquisition is therefore subject to future adjustment when the final account of construction is completed. 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 2022

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (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 2022, 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 2022, 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 RMB187,792,000/RMB255,549,000 (2021: RMB170,651,000/RMB266,363,000) for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (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 2(r)). 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 25). 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 24). 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 judgements 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 2022

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.

Analysis of revenues by category	2022 RMB'000	2021 RMB'000
Aeronautical:		
Aircraft movement and related income	499,443	821,902
Passenger income	211,285	521,067
	710,728	1,342,969
Non-aeronautical:		
Rental income	741,233	861,138
Concession revenue <i>(note a)</i>	675,551	951,269
Resources usage income	85,010	165,738
Others	18,426	23,595
	1,520,220	2,001,740
Total revenues	2,230,948	3,344,709

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

5 REVENUES AND SEGMENT INFORMATION (CONTINUED)

(a) Concession revenues are recognised in respect of the following businesses:

	2022 RMB'000	2021 RMB'000
Advertising	480,378	720,192
Retailing	81,229	55,016
Restaurants and food shops	42,908	98,158
Car parking	22,141	40,733
VIP services	18,322	-
Others	30,573	37,170
	675,551	951,269

As the Company is domiciled in the Mainland China from where all of its revenues from external customers for the years ended 31 December 2022 and 2021 are derived and in where all of its assets are located, no geographical segment information is shown.

For the year ended 31 December 2022, among the customers, approximately 31% (2021: 30% and 10%) of the total revenues were derived from one(2021:two) external customer, while others did not exceed 10% of the total revenue for the year ended 31 December 2022.

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

	2022 RMB'000	2021 RMB'000
Cost		
At beginning of the year	3,577,325	3,577,325
At end of the year	3,577,325	3,577,325
Accumulated depreciation and impairment		
At beginning of the year	(675,228)	(583,558)
Charge for the year	(91,670)	(91,670)
At end of the year	(766,898)	(675,228)
Net book amount		
At end of the year	2,810,427	2,902,097
Fair value at end of the year	2,891,000	2,994,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

6 INVESTMENT PROPERTIES (CONTINUED)

(i) Amounts recognised in revenue for investment properties

	2022	2021
	RMB'000	RMB'000
Rental income	45,377	45,377
Concession income	22,141	40,733
	67,518	86,110

As at 31 December 2022, the land use rights for parcels of land with net book value of RMB1,548,882,000 (2021: RMB1,589,792,000) were acquired from the Parent Company as part of the acquisition of the GTC assets*. As at 31 December 2022, buildings with net book value of RMB942,437,000 (2021: RMB976,922,000) 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 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 2022, 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 2022

7 PROPERTY, PLANT AND EQUIPMENT

	2022					2021
	RMB'000					<i>RMB'000</i>
Property, plant and equipment in use	23,451,708					24,483,392
	2022 Year ended 31 December					
	Buildings and improvements	Runways	Plant, furniture, fixtures and equipment	Motor Vehicles	Assets under construction	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost						
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
Accumulated depreciation and impairment						
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)
Net book amount						
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 2022

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2021 Year ended 31 December					
	Buildings and improvements <i>RMB'000</i>	Runways <i>RMB'000</i>	Plant, furniture, fixtures and equipment <i>RMB'000</i>	Motor Vehicles <i>RMB'000</i>	Assets under construction <i>RMB'000</i>	Total <i>RMB'000</i>
Cost						
At beginning of the year	23,263,754	10,599,670	9,313,024	918,113	1,509,033	45,603,594
Additions	5,144	–	37,450	6,802	435,848	485,244
Transfers	3,025	210,388	617,181	43,615	(874,209)	–
Disposals	–	–	(8,412)	(117)	–	(8,529)
Adjustments according to finalisation of construction account by the surveyors	(18,556)	(3,964)	–	–	–	(22,520)
At end of the year	23,253,367	10,806,094	9,959,243	968,413	1,070,672	46,057,789
Accumulated depreciation and impairment						
At beginning of the year	(8,248,999)	(3,726,788)	(7,805,349)	(566,024)	(8,936)	(20,356,096)
Charge for the year	(586,342)	(248,598)	(343,521)	(47,915)	–	(1,226,376)
Disposals	–	–	7,964	111	–	8,075
At end of the year	(8,835,341)	(3,975,386)	(8,140,906)	(613,828)	(8,936)	(21,574,397)
Net book amount						
At end of the year	14,418,026	6,830,708	1,818,337	354,585	1,061,736	24,483,392

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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:

	2022 RMB'000	2021 <i>RMB'000</i>
Cost	888,535	992,337
Accumulated depreciation	(481,096)	(495,610)
Net book amount	407,439	496,727

Assets used for concession business with cost and accumulated depreciation as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Cost	313,776	256,781
Accumulated depreciation	(132,883)	(100,180)
Net book amount	180,893	156,601

Assets used for resources usage with cost and accumulated depreciation as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Cost	366,840	314,205
Accumulated depreciation	(156,489)	(123,547)
Net book amount	210,351	190,658

As at 31 December 2022, buildings with net book value of RMB99,352,000 (2021: RMB103,546,000) 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 2022, buildings and terminal with a net book value of RMB6,753,240,000 (2021: RMB6,997,197,000) 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)(ii)*). As at 31 December 2022, buildings and terminal with a net book value of RMB800,322,000 (2021: RMB829,396,000) 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)(iii)*). As at 31 December 2022, buildings with net book value of RMB374,550,000 (2021: RMB388,255,000) 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 2022, taxiways, aprons and structures with net book value of RMB541,797,000 (2021: RMB562,345,000) 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 2022

8 LEASES

This note provides information for leases where the Company is a lessee.

(a) Right-of-use assets

	2022 Year ended 31 December					
	Leasehold lands RMB'000	Land use rights – from the government RMB'000	Buildings RMB'000	Equipment RMB'000	Vehicles RMB'000	Total RMB'000
Cost						
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
Accumulated depreciation						
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)
Net book amount						
At end of the year	523,590	1,369,097	36,927	93,362	5,143	2,028,119

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

8 LEASES (CONTINUED)

(a) Right-of-use assets (Continued)

	2021 Year ended 31 December					
	Leasehold lands RMB'000	Land use rights – from the government RMB'000	Buildings RMB'000	Equipment RMB'000	Vehicles RMB'000	Total RMB'000
Cost						
At beginning of the year	789,437	1,774,164	235,750	160,952	9,391	2,969,694
Additions	–	–	3,139	51,273	–	54,412
Lease expiration	–	–	–	(1,608)	–	(1,608)
At end of the year	789,437	1,774,164	238,889	210,617	9,391	3,022,498
Accumulated depreciation						
At beginning of the year	(124,606)	(326,064)	(116,995)	(39,174)	(1,566)	(608,405)
Charge for the year	(70,621)	(39,502)	(61,970)	(36,003)	(1,342)	(209,438)
Lease expiration	–	–	–	1,608	–	1,608
At end of the year	(195,227)	(365,566)	(178,965)	(73,569)	(2,908)	(816,235)
Net book amount						
At end of the year	594,210	1,408,598	59,924	137,048	6,483	2,206,263

As at 31 December 2022, the land use rights for parcels of land with net book value of RMB393,445,000 (2021: RMB404,450,000) 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 2022, the land use rights for parcels of land with net book value of RMB413,313,000 (2021: RMB424,874,000) 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 2022, the land use rights for parcels of land with net book value of RMB429,300,000 (2021: RMB441,309,000) 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 2022

8 LEASES (CONTINUED)

(b) Lease liabilities

	2022 RMB'000	2021 <i>RMB'000</i>
Current	164,792	204,503
Non-current	615,236	677,383
	780,028	881,886
	2022 RMB'000	2021 <i>RMB'000</i>
Interest expense (included in finance cost) (<i>Note 29</i>)	36,146	41,405
Expense relating to short-term and low value leases (included in operating expenses)	962	821

The total cash outflow for leases in 2022 was RMB178,021,000 (2021: RMB168,641,000).

The Company leases various lands, offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 2 to 26 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 2022

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost		
At beginning of the year	520,304	449,671
Additions	40,264	70,633
At end of the year	560,568	520,304
Accumulated amortisation		
At beginning of the year	(405,099)	(359,938)
Amortisation	(42,272)	(45,161)
At end of the year	(447,371)	(405,099)
Net book amount		
At end of the year	113,197	115,205

10 INVENTORIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current assets		
Spare parts and consumable items	218,299	218,341

(a) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs.

(b) Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2022 amounted to RMB114,697,000 (2021: RMB117,450,000). These were included in cost of providing services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11 TRADE RECEIVABLES

	2022 RMB'000	2021 <i>RMB'000</i>
Trade receivables		
– CAH's subsidiaries (<i>Note 34(a)</i>)	334,909	272,095
– third parties	767,243	1,013,610
	1,102,152	1,285,705
Less: provision for impairment	(435,254)	(427,750)
	666,898	857,955

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

Currency	2022 RMB'000	2021 <i>RMB'000</i>
RMB	666,898	857,955

At 31 December 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Less than 3 months	326,215	448,364
4 – 6 months	167,590	167,516
7 – 12 months	135,015	258,748
1 – 2 years	178,599	111,953
2 – 3 years	32,947	80,121
Over 3 years	261,786	219,003
	1,102,152	1,285,705

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11 TRADE RECEIVABLES (CONTINUED)

(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 2022

11 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
Aeronautical						
Domestic Airlines						
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
Loss allowance	4,826	180	-	185	18,092	23,283
International, Hong Kong, Macau and Taiwan Airlines						
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
Loss allowance	877	668	-	-	11,234	12,779
Non-aeronautical						
State-owned enterprises						
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
Loss allowance	8,000	17,312	-	-	5,628	30,940
Non state-owned enterprises						
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
Loss allowance	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	58.9%	188,844	The likelihood of recovery
Trade receivables 2	108,155	44.2%	47,830	The likelihood of recovery
Trade receivables 3	91,136	24.3%	22,177	The likelihood of recovery
Others	42,991	98.9%	42,511	The likelihood of recovery
	563,138		301,362	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11 TRADE RECEIVABLES (CONTINUED)

(b) Impairment and risk exposure (Continued)

On that basis, the loss allowance as at 31 December 2021 was determined as follows for trade receivables:

31 December 2021	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
Aeronautical						
Domestic Airlines						
Expected loss rate	4.59%	100.00%	100.00%	100.00%	100.00%	
Gross carrying amount- trade receivables	180,566	1,383	1,289	1,059	17,337	201,634
Loss allowance	8,292	1,383	1,289	1,059	17,337	29,360
International, Hong Kong, Macau and Taiwan Airlines						
Expected loss rate	0.40%	10.00%	12.00%	15.00%	62.76%	
Gross carrying amount- trade receivables	16,317	728	60	38	10,750	27,893
Loss allowance	65	73	7	6	6,747	6,898
Non-aeronautical						
State-owned enterprises						
Expected loss rate	4.96%	19.01%	23.71%	37.60%	99.29%	
Gross carrying amount- trade receivables	80,511	83,775	82,784	73,286	5,719	326,075
Loss allowance	3,994	15,930	19,631	27,553	5,678	72,786
Non state-owned enterprises						
Expected loss rate	4.68%	10.97%	19.30%	37.30%	84.42%	
Gross carrying amount- trade receivables	145,210	65,736	24,500	13,087	18,206	266,739
Loss allowance	6,801	7,212	4,729	4,881	15,370	38,993

As at 31 December 2021, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected loss rate	Loss allowance	Reason
Trade receivables 1	265,581	68.8%	182,641	The likelihood of recovery
Trade receivables 2	154,762	35.2%	54,531	The likelihood of recovery
Others	43,021	98.9%	42,541	The likelihood of recovery
	463,364		279,713	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11 TRADE RECEIVABLES (CONTINUED)

(b) Impairment and risk exposure (Continued)

The movements on the provision for impairment of trade receivables are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
At beginning of the year	427,750	434,564
Provision for impairment of trade receivables	170,218	83,603
Reversal of impairment of trade receivables	(64,750)	(90,417)
Receivables written off during the year as uncollectible	(97,964)	–
At end of the year	435,254	427,750

The forgiveness of the operating lease receivable totalling RMB86,935,000 have been recognised in impairment losses on financial assets in the statement of comprehensive income statement for the year ended 31 December 2022, and the related operating lease receivable, including any associated expected credit loss allowance was derecognised accordingly. No forgiveness of lease payments relating to future periods and/or accrued lease payments were granted by the Company.

12 PREPAYMENTS

	2022 RMB'000	2021 <i>RMB'000</i>
Prepayments		
– CAH (<i>Note 34(a)</i>)	253,704	253,704
– CAH's subsidiaries (<i>Note 34(a)</i>)	–	2,075
– third parties	11,900	36,975
	265,604	292,754
Less: non-current portion	(260,079)	(256,393)
Total	5,525	36,361

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

13 OTHER FINANCIAL ASSETS AT AMORTISED COST

	2022	2021
	RMB'000	RMB'000
Interest receivable		
– third parties	9,941	28,185
Other receivables		
– CAH's subsidiaries (Note 34(a))	8,105	6,891
– third parties	28,153	26,942
	46,199	62,018
Less: provision for impairment	(7,637)	(8,080)
	38,562	53,938

(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 2022

14 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:

	2022 RMB'000	2021 <i>RMB'000</i>
Current assets		
– Listed equity securities	6,866	6,866

(ii) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit:

	2022 RMB'000	2021 <i>RMB'000</i>
Fair value gains on equity investments at FVPL	–	110

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).

15 OTHER CURRENT ASSETS

	2022 RMB'000	2021 <i>RMB'000</i>
Input VAT to be deducted	172,980	197,054
Input VAT to be verified	9,524	24,467
	182,504	221,521

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

16 CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Current assets		
Cash on hand	–	1
Deposits placed with a subsidiary of CAH (Note 34(a) and note a)	33,661	33,415
Bank deposits	1,556,752	2,191,057
	1,590,413	2,224,473

(a) Deposits placed with a subsidiary of CAH, which is a financial institution, bear interest at prevailing market rates.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Company holds the following financial instruments:

Financial assets	2022 RMB'000	2021 RMB'000
Financial assets at amortised cost		
Cash and cash equivalents (Note 16)	1,590,413	2,224,473
Trade receivables (Note 11)	666,898	857,955
Note receivables	58,335	–
Other financial assets at amortised cost (Note 13)	38,562	53,938
Financial assets at fair value through profit or loss (Note 14)	6,866	6,866
	2,361,074	3,143,232

Financial liabilities	2022 RMB'000	2021 RMB'000
Liabilities at amortised cost		
Borrowings (Note 21)	6,403,196	4,492,881
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)	4,340,329	4,135,717
Loans from the Parent Company (Note 23)	1,277,863	1,322,862
Bonds payable (Note 22)	1,314,539	1,313,500
Lease liabilities (Note 8)	780,028	881,886
	14,115,955	12,146,846

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

18 SHARE CAPITAL

	Number of ordinary shares (thousands)	H-Shares of RMB1.00 each RMB'000	Domestic Shares of RMB1.00 each RMB'000	Total RMB'000
Registered, issued and fully paid				
As at 31 December 2022 and 2021	4,579,179	1,879,364	2,699,815	4,579,179

The Domestic Shares rank 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. In addition, the transfer of Domestic Shares is subject to certain restrictions imposed by the PRC laws.

19 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, 2022, 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 2022, pursuant to the shareholders' resolution in the Annual General Meeting on 23 June 2022, no profit was appropriated to the discretionary surplus reserve fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

20 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	RMB'000
Current liabilities		
Trade payables		
Amounts due to related parties		
– CAH's subsidiaries (<i>Note 34(a)</i>)	2,039,032	1,556,219
Repairs and maintenance charges payable	579,259	579,808
Greening and environmental maintenance charges payables	98,629	54,280
Accounts payable for purchases	91,038	104,087
Sub-contracting charges payable	63,008	57,260
Other	249,175	236,713
	3,120,141	2,588,367
Advance and other payables		
Amounts due to related parties		
– CAH (<i>Note 34(a)</i>)	31,563	130,550
– CAH's subsidiaries (<i>Note 34(a)</i>)	63,122	78,420
	94,685	208,970
Accrued liabilities for the acquisition consideration of the GTC Assets (<i>Note 4(c)</i>)	1,508,693	1,508,693
Construction payable	828,312	1,019,409
Deed taxes in respect of the acquisition of the Phase III Assets, the T3D Assets and the GTC Assets	465,948	465,948
Payroll and welfare payable	330,234	374,503
Deposits received	265,189	295,000
Advances from customers	264,736	313,526
Receipts on behalf of concession operators	9,399	9,565
Other tax payable	11,611	11,211
Other	24,568	22,841
	3,803,375	4,229,666
	6,923,516	6,818,033

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 2022

20 TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2022, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Less than 3 months	1,215,505	1,211,459
4 – 6 months	308,932	294,988
7 – 12 months	333,237	178,829
Over 12 months	1,262,467	903,091
	3,120,141	2,588,367

21 BORROWINGS

	2022 RMB'000	2021 <i>RMB'000</i>
Short-term		
– Principals	6,200,000	1,700,000
– Interest payable within one year	4,173	1,132
	6,204,173	1,701,132
Long-term		
– Non-current portion	198,641	2,788,441
– Current portion	200	400
– Interest payable within one year	182	2,908
	199,023	2,791,749
	6,403,196	4,492,881

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

21 BORROWINGS (CONTINUED)

The movement in principals of borrowings is analysed as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Opening amount as at 1 January	4,488,841	2,868,909
Proceeds of new borrowings	6,200,000	4,920,332
Repayments of borrowings	(4,290,000)	(3,300,400)
Closing amount as at 31 December	6,398,841	4,488,841

As at 31 December 2022, bank borrowings principals of RMB1,500,000,000(2021:RMB3,099,800,000) are unsecured, mature until 2023 and bear average coupons of 2.91% annually (2021: 3.24% annually).

As at 31 December 2022, other borrowings principals of RMB4,898,841,000(2021:RMB1,389,041,000) are unsecured, mature until 2023 and 2024 and bear average coupons of 2.14% annually (2021: 2.92% annually).

As at 31 December 2022, the Company's principals of borrowings are repayable as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	6,200,200	1,700,400
Between 1 and 2 years	198,641	400
Between 2 and 5 years	–	2,788,041
	6,398,841	4,488,841

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

22 BONDS PAYABLE

	2022 RMB'000	2021 <i>RMB'000</i>
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	15,235	15,236
Accumulated amortisation amounts of bonds issuance cost	2,396	1,356
Less: current portion	1,314,539 (1,314,539)	1,313,500 (15,236)
Non-current portion	–	1,298,264

On 19 August 2020, 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 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 unsecured and interest-bearing at 3.74% per annum. The interest is payable annually and the principal amount is repayable in 2023.

23 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.

	2022 RMB'000	2021 <i>RMB'000</i>
Loans from the Parent Company		
– Principals	1,274,681	1,322,486
– Interest payable within one year	3,182	376
Less: current portion	1,277,863 (173,139)	1,322,862 (155,963)
	1,104,724	1,166,899

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

23 LOANS FROM THE PARENT COMPANY (CONTINUED)

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

	2022	2021
	RMB'000	<i>RMB'000</i>
Opening amount as at 1 January	1,322,486	1,512,660
Repayments of borrowings	(169,785)	(154,118)
Currency translation differences	121,980	(36,056)
Closing amount as at 31 December	1,274,681	1,322,486

As at 31 December 2022, the Company's principals of loans from the Parent Company are repayable as follows:

	2022	2021
	RMB'000	<i>RMB'000</i>
Within 1 year	169,957	155,587
Between 1 and 2 years	169,957	155,587
Between 2 and 5 years	509,871	466,761
Over 5 years	424,896	544,551
	1,274,681	1,322,486

This loan is denominated in US dollar, unsecured and interest bearing at LIBOR plus 0.4% per annum. As at 31 December 2022, the Company was yet to complete the replacement of benchmark interest rate. The interest is payable semi-annually. The principal amount is repayable by instalments semi-annually commencing on 15 December 2010 with maturity on 15 June 2030.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

24 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2021: 25%).

The movement on the deferred income tax account is as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
At beginning of the year	1,564,531	862,585
Credited to income tax expenses	475,500	701,830
Charged to other comprehensive income	10,164	116
At end of the year	2,050,195	1,564,531

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred income tax assets	Retirement benefit obligations <i>RMB'000</i>	Accelerated accounting depreciation <i>RMB'000</i>	Provision <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Accruals and others <i>RMB'000</i>	Loss credit <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	54,987	19,627	112,967	10,005	91,545	710,554	999,685
Credited/(charged) to income tax expense	1,077	213	(1,775)	10,763	592,710	114,047	717,035
Charged to other comprehensive income	116	-	-	-	-	-	116
As at 31 December 2021	56,180	19,840	111,192	20,768	684,255	824,601	1,716,836
As at 1 January 2022	56,180	19,840	111,192	20,768	684,255	824,601	1,716,836
Credited/(charged) to income tax expense	886	(76)	1,765	9,196	103,434	344,992	460,197
Charged to other comprehensive income	10,164	-	-	-	-	-	10,164
As at 31 December 2022	67,230	19,764	112,957	29,964	787,689	1,169,593	2,187,197

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

24 DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax liabilities	Accelerated tax depreciation <i>RMB'000</i>	Other temporary differences <i>RMB'000</i>	Total
As at 1 January 2021	132,775	4,325	137,100
Charged/(credited) to income tax expense	15,413	(208)	15,205
As at 31 December 2021	148,188	4,117	152,305
As at 1 January 2022	148,188	4,117	152,305
Credited to income tax expense	(15,068)	(235)	(15,303)
As at 31 December 2022	133,120	3,882	137,002

Deductible losses that are not recognised as deferred tax assets are analysed as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Deductible losses	2,085,784	–

Deductible losses that are not recognised as deferred tax assets will expire in the following years:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
2027	2,085,784	–

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Deferred income tax assets	2,187,197	1,716,836
Deferred income tax liabilities	(137,002)	(152,305)
	2,050,195	1,564,531

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

24 DEFERRED INCOME TAXES (CONTINUED)

The amounts shown in the balance sheet include the following:

	2022 RMB'000	2021 <i>RMB'000</i>
Deferred income tax assets to be recovered after more than 12 months	2,151,801	1,662,838
Deferred income tax liabilities to be settled after more than 12 months	136,767	152,070

25 RETIREMENT BENEFIT OBLIGATIONS

As at 31 December 2022, the retirement benefit obligations recognised in the balance sheet are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Pension subsidies (<i>note a</i>)	46,215	39,754
Post-retirement medical benefits (<i>note b</i>)	104,593	72,480
	150,808	112,234
Less: amounts due within one year included in current liabilities	(8,999)	(8,472)
	141,809	103,762

The amounts recognised in the statement of comprehensive income are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Pension subsidies (<i>note a</i>)	4,250	4,299
Post-retirement medical benefits (<i>note b</i>)	5,750	6,117
Total, charged to staff costs (<i>Note 27</i>)	10,000	10,416
Pension subsidies (<i>note a</i>)	13,278	6,651
Post-retirement medical benefits (<i>note b</i>)	27,378	(6,186)
Total, charged to other comprehensive income	40,656	465

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

25 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension subsidies

The amounts recognised in the balance sheet are determined as follows:

	2022	2021
	RMB'000	RMB'000
Present value of the Annuity Plan	94,064	93,318
Present value of unfunded obligations	104,805	100,813
Present value of plan assets	(152,654)	(154,377)
Liability in the balance sheet	46,215	39,754

The movement in the liability recognised in the balance sheet is as follows:

	2022	2021
	RMB'000	RMB'000
At beginning of the year	39,754	43,197
Total cost	4,250	4,299
Other comprehensive income – actuarial gain and loss	13,278	6,651
Contribution to fund the plan assets	(5,628)	(9,019)
Payment made in the year	(5,439)	(5,374)
At end of the year	46,215	39,754

The amounts recognised in the statement of comprehensive income are as follows:

	2022	2021
	RMB'000	RMB'000
Service cost	3,046	2,780
Net interest cost	1,204	1,519
	4,250	4,299

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

25 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension subsidies (Continued)

The principal actuarial assumptions at the balance sheet date are as follows:

	2022	2021
Discount rate	3.00%	3.25%
Pension cost inflation rate for the participating employees under the Annuity Plan	3.00%	3.00%
Salary inflation rate for the participating employees under the Annuity Plan	5.00%	5.00%
Employee withdrawal rate	2.85%	2.85%
Mortality rate	note	note

note: Mortality rates for male and female were made reference to the China Life Incurrence Mortality Table (2010-2013) published by the China Insurance Regulatory commission in 2016.

Plan assets are comprised as follows:

	2022 RMB'000	2021 RMB'000
Pension Product	131,344	143,088
Cash and cash equivalents	21,148	9,762
Corporate bonds	–	267
Others	162	1,260
Total	152,654	154,377

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

25 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Post-retirement medical benefits

The movement in the liability recognised in the balance sheets is as follows:

	2022	2021
	RMB'000	RMB'000
At beginning of the year	72,480	73,283
Total cost	5,750	6,117
Other comprehensive income – actuarial gain and loss	27,378	(6,186)
Payment made in the year	(1,015)	(734)
At end of the year	104,593	72,480

The amounts recognised in the statement of comprehensive income are as follows:

	2022	2021
	RMB'000	RMB'000
Service cost	3,407	3,385
Net Interest cost	2,343	2,732
	5,750	6,117

The principal actuarial assumptions at the balance sheet date are as follows:

	2022	2021
Discount rate	3.00%	3.25%
Inflation rate of average medical benefit	7.00%	7.00%
Employee withdrawal rate	2.85%	2.85%
Mortality rate	note	note

note: Mortality rates for male and female were made reference 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 2022

25 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 16%	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 2022, the present value of defined benefit obligation was RMB198,868,000 and this exceeds the fair value of plan assets by RMB46,214,000, giving a funding level of 77%. The Company believes the deficit is immaterial, and will continue to make further contributions to the plan to meet future payment obligations.**

- (f) **The weighted average duration of the retirement benefit obligations is 23 years (2021: 22 years).**

26 DEFERRED INCOME

The Company received grants from government in respect of certain construction projects or related to income that compensate the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

27 STAFF COSTS

	2022	2021
	RMB'000	RMB'000
Salaries and welfare	333,319	361,604
Pension costs – defined contribution scheme under statutory pension plan (note a)	51,904	50,344
Housing fund	38,796	38,249
Pension costs – defined contribution scheme under the Annuity Plan	26,610	26,755
Pension costs – defined benefit scheme under the Annuity Plan and others (Note 25)	10,000	10,416
Other allowances and benefits	69,891	62,733
	530,520	550,101

(a) All of the Company's full-time Chinese employees are covered by a 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% (2021:16%) 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 2022 (2021: nil). There was no forfeited contribution available to reduce the contributions payable in the future years as at 31 December 2022 (2021: nil).

(b) Staff costs include emoluments payable to the Company's directors and supervisors as set out in Note 35.

(c) Five highest paid individuals

The five individuals whose emoluments are the highest in the Company for the year include two directors (2021: two directors). The emoluments of the director and supervisor are reflected in the analysis presented in Note 35.

The emoluments payables to the remaining three (2021: three) non-director individuals during the year are as follows:

	2022	2021
	RMB'000	RMB'000
Salaries, housing allowances, other allowances and benefits in kind	2,740	2,551
Contributions to pension scheme	364	323
	3,104	2,874

During the year ended 31 December 2022, 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 (2021: nil).

The emoluments fell within the following bands:

Emolument bands (in HK dollar)	Number of individuals	
	2022	2021
HK\$1,000,001 – HK\$1,500,000	3	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

28 EXPENSES BY NATURE

Expenses included in depreciation and amortisation and other costs are further analysed as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Depreciation on property, plant and equipment (Note 7)	1,202,805	1,226,376
Depreciation of rights-of-use assets (Note 8)	216,716	209,438
Depreciation on investment properties (Note 6)	91,670	91,670
Amortisation of intangible assets (Note 9)	42,272	45,161
Loss on disposal of property, plant and equipment	24,369	454
Auditor's remunerations		
– Audit services	3,430	3,450

29 FINANCE INCOME/(COSTS)

	2022 RMB'000	2021 <i>RMB'000</i>
Finance income		
Interest income on bank deposits	22,952	45,097
Exchange gains, net	–	35,732
	22,952	80,829
Finance costs		
Interest expenses on borrowings	(129,118)	(120,649)
Exchange losses, net	(120,906)	–
Interest expenses on bonds payable	(49,659)	(49,784)
Interest expenses on lease liabilities (Note 8)	(36,146)	(41,405)
Interest expenses on loans from the Parent Company	(30,526)	(7,987)
Bank charges	(1,156)	(1,196)
	(367,511)	(221,021)
Net finance costs	(344,559)	(140,192)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

30 TAXATION

(a) Corporate income tax

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.

	2022 RMB'000	2021 <i>RMB'000</i>
Current income tax	–	(2,047)
Deferred income tax (<i>Note 24</i>)	(475,500)	(701,830)
	(475,500)	(703,877)

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:

	2022 RMB'000	2021 <i>RMB'000</i>
Loss before income tax	(4,002,135)	(2,820,414)
Tax calculated at a tax rate of 25% (2021: 25%)	(1,000,534)	(705,104)
Deductible tax losses for which no deferred income tax asset was recognised	521,446	–
Expenses not deductible for tax purpose	3,588	3,274
Tax credit	(475,500)	(701,830)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

30 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.

31 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of 4,579,178,977 (2021: 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 2022 and 2021.

	2022	2021
Loss for the year (RMB'000)	(3,526,635)	(2,116,537)
Basic loss per share (RMB per share)	(0.77)	(0.46)

The Board did not propose to distribute the final dividend for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

32 COMMITMENTS

Capital commitments

Capital commitments primarily relate to the construction of and the equipment to be installed at the airport terminal and other airport facilities upgrading projects. Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Property, plant and equipment	199,608	308,216
Intangible assets	26,798	24,483
	226,406	332,699

Operating lease arrangements – where the Company is the lessee

As at 31 December 2022, the future minimum lease payments under non-cancellable operating leases of properties not recognised in the financial statements are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	526	351
Between 1 and 5 years	273	59
	799	410

Operating lease arrangements – where the Company is the lessor

As at 31 December 2022, the future minimum lease payment receivables under non-cancellable operating leases for areas around terminals and equipment were as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	594,540	376,188
Between 1 and 5 years	455,151	418,909
Over 5 years	374,360	424,275
	1,424,051	1,219,372

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

32 COMMITMENTS (CONTINUED)

Concession revenue arrangements

As at 31 December 2022, the future minimum concession revenue receivable under non-cancellable agreements were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	160,171	525,459
Between 1 and 5 years	242,992	317,273
Over 5 years	40,972	56,685
	444,135	899,417

Resources usage income arrangement

As at 31 December 2022, the future minimum resources usage income under non-cancellable resources usage were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	13,898	14,396
Between 1 and 5 years	4,864	19,757
	18,762	34,153

Investment commitments

In accordance with the capital contribution agreement signed among the Company, Inner Mongolia Autonomous Region Civil Airports Group (the Inner Mongolia Airport Group), Capital Airports Group Equipment Operation and Maintenance Management Company (the Equipment Operation and Maintenance Company), and China Civil Aviation Xin'gang Guarantee Company (the Guarantee Company) dated on 23 September 2021, the Company is committed to make capital contributions of RMB40,513,200 for the purpose of formation of the Joint Venture Company, Beijing Chuanglian Civil Aviation Technology Company. Upon completion of the capital contributions and the formation of the Joint Venture Company, the equity interests of the Joint Venture Company will be held by the Company, the Inner Mongolia Airport Group, the Equipment Operation and Maintenance Company, and the Guarantee Company as to 31%, 31%, 31% and 7%, respectively. As at 31 December 2022, the consideration has not been paid by the Company nor the other joint venturers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

33 NOTES TO STATEMENT OF CASH FLOWS

(a) Cash used in operations

Reconciliation of loss before income tax to cash used in operations:

	2022	2021
	RMB'000	RMB'000
Loss before income tax	(4,002,135)	(2,820,414)
Adjustments for:		
Depreciation	1,202,805	1,226,376
Depreciation of rights-of-use assets	216,716	209,438
Depreciation of investment properties	91,670	91,670
Amortisation of intangible assets	42,272	45,161
Provision for impairment of trade and other receivables	105,468	(7,101)
Losses on disposal of property, plant and equipment	24,369	454
Finance income	(22,952)	(45,097)
Interest costs	246,605	221,021
Foreign exchange losses/(gains), net	120,906	(35,732)
Retirement benefit obligations	(2,082)	(4,711)
Deferred income	(2,602)	(4,985)
Changes in working capital:		
Inventories	42	(51,864)
Trade receivables, prepayments, notes receivable and other financial assets at amortised cost	52,950	10,246
Other current assets	(69,555)	(98,004)
Trade and other payables	385,630	468,545
Cash used in operations	(1,609,893)	(794,997)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

33 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	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	1,590,413	2,224,473
Gross debt – repayable within one year	(7,857,025)	(2,080,142)
Gross debt – repayable after one year	(1,918,601)	(5,930,987)
Net debt	(8,185,213)	(5,786,656)
Cash and cash equivalents	1,590,413	2,224,473
Gross debt – fixed interest rates	(6,797,686)	(2,195,386)
Gross debt – variable interest rates	(2,977,940)	(5,815,743)
Net debt	(8,185,213)	(5,786,656)

	Other assets Cash and cash equivalents RMB'000	Liabilities from financing activities Borrowings RMB'000	Lease RMB'000	Bonds payable RMB'000	Total RMB'000
Net debt as at 1 January 2021	2,296,801	(4,381,569)	(954,438)	(1,312,351)	(4,351,557)
Cash flows	(71,811)	(1,465,814)	168,369	48,620	(1,320,636)
New leases	–	–	(54,412)	–	(54,412)
Foreign exchange adjustments	(517)	36,056	–	–	35,539
Other changes	–	(4,416)	(41,405)	(49,769)	(95,590)
Net debt as at 31 December 2021	2,224,473	(5,815,743)	(881,886)	(1,313,500)	(5,786,656)
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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

34 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 2022, the ownership interest is 58.96% (2021: 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 2022

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Balances with related parties

As at 31 December 2022, balances with related parties comprised:

	2022 RMB'000	2021 <i>RMB'000</i>
Trade receivables from CAH's subsidiaries <i>(Note 11 and note i)</i>	334,909	272,095
Prepayment to CAH <i>(Note 12)</i>	253,704	253,704
Prepayment to a subsidiary of <i>(Note 12)</i>	–	2,075
Other financial assets at amortised costs from CAH's subsidiaries <i>(Note 13 and note i)</i>	8,105	6,891
Deposit placed with a subsidiary of <i>(Note 16 and note ii)</i>	33,661	33,415
Trade and other payables to CAH <i>(Note 20 and note i)</i>	31,563	130,550
Trade and other payables to CAH's subsidiaries <i>(Note 20 and note i)</i>	2,102,154	1,634,639
Loans from the Parent Company <i>(Note 23)</i>	1,277,863	1,322,862
Borrowings from CAH	4,703,119	–
Borrowings from a subsidiary of CAH	199,023	1,390,388
Lease liabilities to CAH and its subsidiaries	467,764	495,576

(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 2022

34 RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Transactions with related parties**

The following transactions occurred with related parties:

	2022	2021
	RMB'000	RMB'000
Transactions with CAH, CAH's subsidiaries		
Revenues: <i>(note i)</i>		
Rental income	93,943	98,445
Resources usage	82,277	153,409
Waste water treatment income	8,972	8,992
Concessions revenue	3,753	8,920
Others	521	–
Finance income:		
Interest income	413	402
Expenses: <i>(note i)</i>		
aviation safety and security guard services and maintenance of security equipments	857,911	856,211
Utilities and power	505,010	547,217
Maintenance services	374,848	395,762
Certain sanitary services, baggage cart, car park operation management services, management services, greening and environmental maintenance services, customs on-site services	227,635	232,147
Accessorial power and energy services	201,497	206,708
Concession management services	133,743	221,231
On-site joint inspection services	68,370	68,286
Commuter buses and passengers transport services	53,804	52,249
Airport guidance services	37,075	43,430
Baggage storage, lost and found services	9,916	10,984
Canteen management and hourly charged lounge services	8,581	16,864
Beverage services	4,945	5,236
Contingency shuttle bus service during Automated People Mover ("APM") failure	755	755
Rental expenses	458	441
Agency services	110	113
Advertisement services	–	7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other:		
Borrowings from CAH	4,700,000	–
Repayment to a subsidiary of CAH	1,190,200	1,450,200
Recognition of right-of-use assets on leased assets owned by related parties	38,572	8,500
Interest charges on loans from the Parent Company (Note 29)	30,526	7,987
Interest charges on borrowings from CAH and its subsidiaries	70,018	58,386
Interest charges on lease liabilities to CAH and its subsidiaries	23,083	26,507
Provision of construction services	3,118	2,672
Borrowings from a subsidiary of CAH	–	1,820,332

(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 2022, the future aggregate minimum lease payments under non-cancellable operating leases payable to CAH and its subsidiaries were as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	467	273
Later than 1 year and no later than 5 years	273	–
	740	273

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Commitment with related parties (Continued)

Operating lease arrangements – where the Company is the lessor

As at 31 December 2022, the future minimum lease payment receivables under non-cancellable operating leases for buildings and equipment from CAH's subsidiaries were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	39,575	95,951
Between 1 and 5 years	26,759	50,360
	66,334	146,311

Concession revenue arrangements

As at 31 December 2022, the future minimum concession income receivable under non-cancellable agreements from CAH's subsidiaries were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	–	142
Between 1 and 5 years	–	283
	–	425

Resources usage fee arrangement

As at 31 December 2022, the future minimum resources usage income under non-cancellable resources usage were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	13,898	14,396
Between 1 and 5 years	4,864	19,757
	18,762	34,153

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Commitment with related parties (Continued)

Purchase of services arrangements

As at 31 December 2022, the future minimum expense payables under non-cancellable agreements to CAH's subsidiaries were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year	655,439	126,201
Between 1 and 5 years	60,253	81,761
	715,692	207,962

Purchase of assets arrangements

As at 31 December 2022, the future minimum payables for purchase of assets under non-cancellable agreements to CAH were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Purchase of assets	51,644	51,644

(d) Key management compensation

	2022 RMB'000	2021 <i>RMB'000</i>
Salaries, allowances and other benefits	6,419	7,189

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

35 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:

	2022	2021
	RMB'000	RMB'000
Fees	808	800
Salaries, housing allowances, other allowances and benefits in kind	2,570	4,146
to pension scheme	403	382
Total	3,781	5,328

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

35 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 and iii)	-	408	41	43	116
Zhang Guoliang (note ii and note iii and note iv)	-	328	33	36	77
<i>Non-executive directors</i>					
Gao Shiqing (note i)	-	-	-	-	-
Jia Jianqing (note i)	-	-	-	-	-
Song Kun (note i)	-	-	-	-	-
<i>Independent Non-executive directors</i>					
Jiang Ruiming	155	-	-	-	-
Liu Guibin (note v)	75	-	-	-	-
Zhang Jiali	155	-	-	-	-
Stanley Hui Hon-chung	155	-	-	-	-
Wang Huacheng (note vi)	68	-	-	-	-
Name of supervisor					
Liu Jiliang (note ii)	-	476	40	43	115
Wu Xiaoli	-	540	40	54	95
Wang Xiaolong	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 2022

35 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 2021 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>					
Liu Xuesong	-	-	-	-	-
Wang Changyi (note i)	-	-	-	-	-
<i>Executive directors</i>					
Han Zhiliang (note ii and note iii)	-	376	38	40	121
Zhang Guoliang (note ii and note iii and note iv)	-	376	37	40	80
<i>Non-executive directors</i>					
Gao Shiqing (note i)	-	-	-	-	-
Jia Jianqing (note i)	-	-	-	-	-
Song Kun (note i)	-	-	-	-	-
<i>Independent Non-executive directors</i>					
Jiang Ruiming	150	-	-	-	-
Liu Guibin (note v)	150	-	-	-	-
Zhang Jiali	150	-	-	-	-
Stanley Hui Hon-chung	150	-	-	-	-
Name of supervisor					
Song Shengli	-	-	-	-	-
Liu Chunchen	-	-	-	-	-
Liu Shaocheng	-	357	29	30	76
Liu Jiliang (note ii)	-	25	2	2	5
Chang Jun	-	616	37	50	96
Wu Xiaoli	-	27	2	3	4
Wang Xiaolong	100	-	-	-	-
Japhet Sebastian Law	100	-	-	-	-
	800	1,777	145	165	382
Total					3,269

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

35 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 2022, the performance compensation of Mr. Han Zhiliang, Mr Zhang Guoliang and Liu Jiliang in the previous year (2021) was confirmed, with the amounts of RMB206,000, RMB206,000 and RMB76,000 respectively.
- (iii) According to the results of the performance appraisal of the previous year in 2021, the performance compensation of Mr. Han Zhiliang, and Mr. Zhang Guoliang in the previous (2018-2020) years was confirmed, with the amounts of RMB1,053,000 and RMB692,000, respectively.
- (iv) Mr Zhang Guoliang resigned as deputy general manager with effect from 15 November 2022.
- (v) Mr. Liu Guibin resigned as independent non-executive director with effect from 24 June 2022.
- (vi) Mr. Wang Huacheng was appointed as independent non-executive director with effect from 24 August 2022.

No directors waived or agreed to waive any emoluments during the year.

During the year ended 31 December 2022, 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 (2021: nil).

(b) Directors' and supervisors' retirement benefits

During the year ended 31 December 2022, 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 (2021: nil).

(c) Directors' and supervisors' termination benefits

During the year ended 31 December 2022, no termination benefits were paid or receivable by any director or supervisor as compensation for their early termination of the appointment (2021: nil).

(d) Consideration provided to third parties for making available directors' and supervisors' services

During the year ended 31 December 2022, 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 (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

35 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 2022, 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 (2021: nil).

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

During the year ended 31 December 2022, 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 (2021: nil).

Directors' emoluments are as follows:

	2022	2021
	RMB'000	RMB'000
Aggregate emoluments paid to or receivable by directors in respect of their		
– services as directors, whether of the Company undertaking	608	600
– other services in connection with the management of the affairs of the Company undertaking	1,494	2,853
Total	2,102	3,453

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 Place, 979 King's Road, Quarry Bay, Hong Kong
Legal representative:	Mr. Wang Changyi
Company secretary:	Mr. Meng Xianwei
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*)
 Zhang Guoliang (resigned as Deputy General Manager of the Company on 15 November 2022)

Non-executive Directors

Gao Shiqing
 Jia Jianqing
 Song Kun

Independent Non-executive Directors

Jiang Ruiming
 Zhang Jiali
 Stanley Hui Hon-chung
 Wang Huacheng (appointed on 24 August 2022)

COMMITTEES

Audit and Risk Management Committee

Wang Huacheng (*Chairman*) (appointed on 24 August 2022)
 Jiang Ruiming
 Zhang Jiali
 Stanley Hui Hon-chung

Remuneration and Evaluation Committee

Stanley Hui Hon-chung (*Chairman*)
 Jiang Ruiming
 Zhang Jiali
 Gao Shiqing
 Zhang Guoliang
 Wang Huacheng (appointed on 24 August 2022)

Nomination Committee

Jiang Ruiming (*Chairman*)
 Zhang Jiali
 Stanley Hui Hon-chung
 Wang Changyi
 Han Zhiliang
 Zhang Guoliang
 Wang Huacheng (appointed on 24 August 2022)

Strategy Committee

Wang Changyi (Chairman)
 Han Zhiliang
 Zhang Guoliang
 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 2022

Announcement of interim results: 24 August 2022
Announcement of final results: 30 March 2023

SHARE INFORMATION

Name of H shares: Beijing Airport
Stock code: 00694

PRICE AND TURNOVER HISTORY

Year 2022	Price per share		Turnover of share (in million)
	High (HK\$)	Low (HK\$)	
January	5.45	4.82	123.9
February	5.67	4.89	108.8
March	5.23	3.80	287.1
April	4.74	4.07	85.1
May	4.60	3.96	89.7
June	5.43	4.21	114.7
July	5.40	4.61	68.1
August	5.07	4.48	59.6
September	4.98	4.22	71.5
October	4.67	3.87	138.9
November	5.09	4.14	198.2
December	6.13	4.92	219.2



BEIJING CAPITAL INTERNATIONAL AIRPORT COMPANY LIMITED

Capital Airport, Beijing, the People's Republic of China (100621)

Tel: 8610 6450 7789

E-mail: ir@bcia.com.cn