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# 北京首都國際機場股份有限公司

## Beijing Capital International Airport Co., Ltd.

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

(Stock Code: 00694)

### ANNOUNCEMENT INSIDE INFORMATION

This announcement is made by Beijing Capital International Airport Co., Ltd. (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference are made to the Supplemental Notice of Extraordinary General Meeting of the Company dated 21 November 2014, the circular dated 23 November 2014 and the Announcement on Results of the Extraordinary General Meeting dated 18 December 2014 in relation to the issue of short-term debenture of the Company in the PRC. Terms defined herein shall have the same meanings in the aforementioned announcements unless the context otherwise requires.

On 10 November 2016, the Company commenced the issuance of the 2016 short-term debenture (first phase) and published the “Prospectus of Beijing Capital International Airport Co., Ltd. for the 2016 Short-term Debenture (First Phase)” (the “**Prospectus**”) on the websites of Shanghai Clearing House ([www.shclearing.com](http://www.shclearing.com)) and China Money ([www.chinamoney.com.cn](http://www.chinamoney.com.cn)). The information in respect of the operating performance and financial status of the Company as of 30 September 2016 which are extracted from the Prospectus are set out below:

## Part I Analysis of Company's Business Conditions

### I OVERALL CONDITIONS OF THE COMPANY'S MAJOR OPERATIONS

The Company's business scope covers operating and managing the aviation business and non-aviation business of Beijing Capital International Airport ("BCIA"). More specifically, the Company provides ground handling services for Chinese and foreign air transport enterprises and passengers, leasing of aviation business premises inside the airport, airport resources franchise (such as commercial retail, advertising, catering, ground services and airline meals), paid parking lots, and etc.

**Chart I-1: Composition of the Company's Business Incomes in 2013, 2014, 2015, and January to September 2016**

Project	January to September, 2016		2015		2014		2013	
	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)
<b>Aviation business</b>	362,366	55.95%	459,310	53.97%	436,782	57.05%	420,174	58.16%
Passenger service fees	141,776	21.89%	178,789	21.01%	170,133	22.22%	164,161	22.72%
Aircraft take-off & landing and related fees	130,713	20.18%	166,317	19.54%	157,504	20.57%	149,470	20.69%
Airport fees	89,877	13.88%	114,204	13.42%	109,146	14.26%	106,543	14.75%
<b>Non-aviation business</b>	285,351	44.05%	391,686	46.03%	328,813	42.95%	302,307	41.84%
Franchise income	194,159	29.98%	264,829	31.12%	215,320	28.12%	202,352	28.01%
Rents	79,399	12.26%	109,149	12.83%	95,236	12.44%	82,933	11.48%
Parking service income	11,794	1.82%	17,708	2.08%	18,258	2.38%	17,023	2.36%
<b>Total</b>	<b>647,717</b>	<b>100.00%</b>	<b>850,996</b>	<b>100.00%</b>	<b>765,596</b>	<b>100.00%</b>	<b>722,481</b>	<b>100.00%</b>

**Chart I-2: Composition of the Company's Business Costs in 2013, 2014, 2015, and January to September 2016**

Project	January to September, 2016		2015		2014		2013	
	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)
<b>Aviation business</b>	315,488	75.35%	420,634	75.59%	424,601	82.56%	398,531	82.97%
Passenger service fees	178,098	42.54%	237,283	42.64%	255,280	49.63%	237,562	49.46%
Aircraft take-off & landing and related fees	136,491	32.60%	182,323	32.77%	168,332	32.73%	160,969	33.51%
Airport fees	899	0.21%	1,029	0.18%	989	0.19%	-	-
<b>Non-aviation business</b>	103,204	24.65%	135,805	24.41%	89,716	17.44%	81,800	17.03%
Franchise income	57,128	13.64%	72,266	12.99%	24,424	4.75%	21,452	4.47%
Rents	33,042	7.89%	50,030	8.99%	42,434	8.25%	50,194	10.45%
Parking service income	13,035	3.11%	13,509	2.43%	22,857	4.44%	10,154	2.11%
<b>Total</b>	<b>418,692</b>	<b>100.00%</b>	<b>556,439</b>	<b>100.00%</b>	<b>514,317</b>	<b>100.00%</b>	<b>480,331</b>	<b>100.00%</b>

**Chart I-3: Composition of the Company's Gross Margins and Proportions in 2013, 2014, 2015, and January to September 2016**

Project	January to September, 2016		2015		2014		2013	
	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)	Amount (RMB10k)	Proportion (%)
<b>Aviation business</b>	46,878	20.47%	38,676	13.13%	12,181	4.85%	21,643	8.94%
Passenger service fees	-36,322	-15.86%	-58,494	-19.86%	-85,147	-33.89%	-73,401	-30.31%
Aircraft take-off & landing and related fees	-5,778	-2.52%	-16,006	-5.43%	-10,828	-4.31%	-11,499	-4.75%
Airport fees	88,978	38.85%	113,175	38.42%	108,157	43.04%	106,543	44.00%
<b>Non-aviation business</b>	182,147	79.53%	255,881	86.87%	239,097	95.15%	220,507	91.06%
Franchise income	137,031	59.83%	192,563	65.37%	190,896	75.97%	180,900	74.71%
Rents	46,357	20.24%	59,119	20.07%	52,802	21.01%	32,739	13.52%
Parking service income	-1,241	-0.54%	4,199	1.43%	-4,599	-1.83%	6,869	2.84%
<b>Total</b>	<b>229,025</b>	<b>100.00%</b>	<b>294,557</b>	<b>100.00%</b>	<b>251,279</b>	<b>100.00%</b>	<b>242,150</b>	<b>100.00%</b>

**Chart I-4: The Company's Gross Margin Rates in 2013, 2014, 2015, and January to September 2016**

<b>Project</b>	<b>January to September, 2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Aviation business</b>	12.94%	8.42%	2.79%	5.15%
Passenger service fees	-25.62%	-32.72%	-50.05%	-44.71%
Aircraft take-off & landing and related fees	-4.42%	-9.62%	-6.87%	-7.69%
Airport fees	99.00%	99.10%	99.09%	100.00%
<b>Non-aviation business</b>	63.83%	65.33%	72.72%	72.94%
Franchise income	70.58%	72.71%	88.66%	89.40%
Rents	58.38%	54.16%	55.44%	39.48%
Parking service income	-10.53%	23.71%	-25.19%	40.35%
<b>Total</b>	<b>35.36%</b>	<b>34.61%</b>	<b>32.82%</b>	<b>33.52%</b>

From 2013 to 2015, the major operations incomes of the Company totaled RMB7.225 billion, RMB7.656 billion and RMB8.51 billion respectively, maintaining a steady growth; and that of the Company during January to September, 2016 totaled RMB6.477 billion. Herein, the aviation business incomes of the Company from 2013 to 2015 totaled RMB4.202 billion, RMB4.368 billion and RMB4.593 billion respectively, accounting for 58.16%, 57.05% and 53.97% of its major operations incomes; and that of the Company during January to September, 2016 totaled RMB3.624 billion. In the meantime, with rise in passenger traffic, improvement of operating efficiency and increase in resources areas, the Company's non-aviation business income has grown rapidly, showing relatively strong profitability. From 2013 to 2015, the non-aviation business incomes of the Company totaled RMB3.023 billion, RMB3.288 billion and RMB3.917 billion respectively; herein, the franchise incomes totaled RMB2.024 billion, RMB2.153 billion and RMB2.648 billion respectively, accounting for 28.01%, 28.12% and 31.12% of its major operations incomes, the highest proportions in gross revenue. During January to September, 2016, the non-aviation business income of the Company totaled RMB2.854 billion.

From 2013 to 2015, the operating costs of the Company totaled RMB4.803 billion, RMB5.143 billion and RMB5.564 billion respectively, rising year by year due to expansion of business scale; and that of the Company totaled RMB4.187 billion during January to September, 2016. Herein, the aviation business costs of the Company in 2013, 2014, 2015 and during January to September 2016 totaled RMB3.985 billion, RMB4.246 billion, RMB4.206 billion and RMB3.155 billion respectively, accounting for 82.97%, 82.56%, 75.59% and 75.35% of its total operating costs; and the non-aviation business costs of the Company in the same periods totaled RMB818 million, RMB897 million, RMB1.358 billion and RMB1.032 billion respectively, accounting for 17.03%, 17.44%, 24.41% and 24.65% of its total operating costs.

The gross margins of the Company in 2013, 2014, 2015 and during January to September 2016 totaled RMB2.422 billion, RMB2.513 billion, RMB2.946 billion and RMB2.29 billion respectively, presenting a growth trend in the previous three years; herein, the non-aviation business gross margins occupied large proportions, being 91.06%, 95.15%, 86.87% and 79.53% respectively. The gross margin rates of the Company in 2013, 2014, 2015 and during January to September 2016 were 33.52%, 32.82%, 34.61% and 35.36% respectively, showing continuous growth since 2014. In aviation business, the gross margin rates of passenger service fees from 2013 to 2015 were -44.71%, -50.05% and -32.72% respectively; and that during January to September 2016 was -25.62% (all in negative numbers). This was mainly because income of such fees comes from passenger service fee (charged by number of passengers) and passenger luggage security check fee (charged by number of passengers), while the costs of this income sector are high, for such costs involve BCIA's relatively big input of security check facilities, technologies and personnel as well as relatively high depreciation cost (straight line method) of airport buildings, which as a result caused minus gross margin rates in this income sector. In the meantime, the gross margin rates of aircraft take-off & landing and related fees from 2013 to 2015 were respectively -7.69%, -6.87% and -9.62%, and that during January to September, 2016 was -4.42% (all minuses). This was mainly because the income of such fees comes from aircraft take-off & landing fee (charged by numbers), parking charge (charged by time) and boarding walkway use fee (charged by time), while the costs of such income sector are high, for the costs involve the relatively high repairs & maintenance fee and depreciation cost (straight-line-method) of flight infrastructure such as airport runways and airport aprons, which as a result caused minus gross margin rates in this income sector.

## II BUSINESS CONDITIONS OF VARIOUS BUSINESS MODULES

BCIA, as the “first gateway of China”, is one of the three major comprehensive hub airports and the most important international airport with the largest scale, the most advanced equipment and the busiest transportation and production in China. After the Terminal 3 was put to use, BCIA now has three runways and three terminals, with designed passenger handling capacity being increased to 82.5 million passengers per year and cargo handling capacity being increased to 1.8 million tons per year. Also the usable commercial area inside terminals are now twice that of before. Currently, BCIA has three terminals, three runways and two control towers running simultaneously, with a total terminal area of around 1.4 million m<sup>2</sup>, 362 aircraft stands, 131 security check channels, annual passenger handling capacity of 82.5 million passengers and 125 aircraft movements per hour at peak. Also BCIA has another two 4E runways and one 4F runway for take-off and landing of A380. As of the end of September, 2016, all together 102 airlines run regular commercial flights at BCIA, including 28 ones of mainland China and 74 ones of foreign countries, Hong Kong, Macau and Taiwan; besides, BCIA has 270 shipping points, including 140 domestic ones and 130 international ones.

### 1. Aviation business

The Company’s aviation businesses include: passenger service fee, aircraft take-off & landing and related fees and airport fee. Passenger service fee in 2013, 2014, 2015 and January to September, 2016 were respectively RMB1.64161 billion, RMB1.70133 billion, RMB1.78789 billion and RMB1.41776 billion, accounting for relatively large proportions in aviation business incomes, being 39.07%, 38.95%, 38.93% and 39.13%; aircraft take-off & landing and related fees in 2013, 2014, 2015 and January to September, 2016 were respectively RMB1.4947 billion, RMB1.57504 billion, RMB1.66317 billion and RMB1.30713 billion, making up 35.57%, 36.06%, 36.21% and 36.07% of aviation business income. Owing to the performance of unified standards in charge policies, the Company’s aviation business income have positive correlation with its member airports’ operational indicators. With steady increase in business volumes of member airports, the Company’s aviation business income is expected to rise stably as well.

**Chart I-5: Segmentation Incomes of the Company’s Aviation Business and Their Growth in 2013, 2014, 2015 and January to September, 2016**

*Unit: RMB100 million*

Service	January to September, 2016	Year- on-year Increase	2015	Year- on-year Increase	2014	Year- on-year Increase	2013	Year- on-year Increase
Passenger service fees	14.18	5.27%	17.88	5.11%	17.01	3.59%	16.42	4.83%
Aircraft take-off & landing and related fees	13.07	4.90%	16.63	5.59%	15.75	5.35%	14.95	8.96%
Airport fees	8.99	4.78%	11.42	4.67%	10.91	2.44%	10.65	2.11%
<b>Subtotal aviation business income</b>	<b>36.24</b>	<b>5.01%</b>	<b>45.93</b>	<b>5.15%</b>	<b>43.68</b>	<b>3.95%</b>	<b>42.02</b>	<b>5.54%</b>

The tolling mode of the Company’s aviation business income is mainly: airline’s take-off and landing at airport – airport providing airplane navigation service and passenger airport service – both parties checking fees – settlement and payment. Fees of each flight is calculated based on aircraft movements, types, passenger numbers, tonnage of cargo and mails and in accordance with charge standards of Min Hang Fa [2007] No. 159 and the Ministry of Finance (“**MOF**”). In accordance with the Interim Measures for the Administration of Collection and Use of the Civil Aviation Development Fund issued by MOF in April, 2012, the original civil aviation airport construction fee was combined with the original civil aviation infrastructure fund to constitute Civil Aviation Development Fund. The air travelers pay Civil Aviation Development Fund based on the following standard: RMB50 per passenger for air travelers on domestic flights; RMB90 per passenger for air travelers on outbound international and regional flights (including RMB20 for Tourism Development Fund). Airlines pay Civil Aviation Development Fund based on classification of lines of flights, MGTOW of aircrafts, air mileage and applicable charge standards.

**(1) *Passenger service fee***

Passenger service fee is the fee charged by airport management institutions for providing comprehensive facilities and services inside terminals as well as relevant facilities and services such as guarantee of roads in front of terminals. Such facilities and services include flight information display system (FIDS), television monitoring system, road traffic inside terminals (rails, buses), elevators, cleaning and greening inside terminals, inquiry, lost-and-found, luggage handling, dynamic display of flight arrival and departure information, television display, broadcasting, lighting, air conditioning, heating and cooling, water supply system; electronic clocks and their control device, auto doors, passenger belts, fire protection, emergency exit, etc.; drinking water, handcarts and other facilities and services.

The charge method of passenger service fee is: number of passengers served\*service fee standard; and that of the luggage security check fee is: number of passengers served\*corresponding charge standard. Airlines pay these fees to the Company on a monthly basis. According to the Notice on Printing and Issuing of Civil Aviation Airport Charges Reform Implementation Plan (Min Hang Fa [2007] No. 159), for Category I Grade 1 airports (Beijing Capital International Airport and Shanghai Pudong International Airport), charge standard for passenger service fee is RMB34/person for domestic flights and RMB70/person for flights from foreign countries as well as Hong Kong, Macau and Taiwan; the Company's charge standard of luggage security check is RMB5/person for domestic flights and RMB12/person for flights from foreign countries as well as Hong Kong, Macau and Taiwan. The number of people charged for passenger service fee and passenger luggage security check fee is based on the Aircraft Load Sheet and Load Message of airlines as data source.

**(2) *Aircraft take-off & landing and related fees***

Aircraft take-off & landing and related fees are charged by airport management institution for guaranteeing safety take-off & landing of aircrafts and providing facilities and services such as runways, taxiway, navigational lighting aid, airfield safety control (fences, security, emergency aid, fire protection and flood control), anti-bird and weeding devices, road maintenance and guarantee (cleaning and glue removal of runways and airport aprons) in aircraft movement area. Aircraft take-off & landing and related fees include parking charge, boarding walkway use fee, security check fee of cargo and mails, etc.



The aircraft take-off & landing fee is calculated by aircrafts movements\*corresponding charge standard; parking charge is calculated by parking time\*corresponding charge standard; boarding walkway use fee is calculated by use time of boarding walkway\*corresponding charge standard; security check fee of cargo & mails is calculated by weight of cargo & mails\*corresponding charge standard. Airlines pay these fees to the Company on a monthly basis.

According to the Notice on Printing and Issuing of Civil Aviation Airport Charges Reform Implementation Plan (Min Hang Fa [2007] No. 159), the standards for aircraft take-off & landing and related fees of Category I Grade 1 airports (Beijing Capital International Airport and Shanghai Pudong International Airport) shall be as follows:

### Chart I-6: Standards for the Company's Aircraft Take-off & Landing and Related Fees

Standards	T: MGTOW of Flights					Parking Charge	Boarding Walkway Fee	Security Check Fee		
	Under 25 tons	26-50 tons	51-100 tons	101-200 tons	Over 201 tons			Passenger Service Fee (RMB/person)	Passengers' Luggage (RMB/piece)	Cargo and Mail (RMB/ton)
Domestic flights	240	650	1,100+22* (T-50)	2,200+25* (T-100)	5,000+32* (T-200)	No charge within 2 hours; in case the parking time is over 2 hours, the fee for every 24 hours is 15% of take-off & landing fee. Less than 24 hours is charged as 24 hours.	Single boarding walkway: RMB100 within 1 hour; RMB50 for every half an hour (on top of 1 hour) Less than half an hour is charged as half an hour. Multiple boarding walkways: Charged according to the number of boarding ways.	34	5	35

T: MGTOW of Flights

Standards	Take-off & Landing Fee (RMB/movement)					Parking Charge	Boarding Walkway Fee	Security Check Fee		
	Under 25 tons	26-50 tons	51-100 tons	101-200 tons	Over 201 tons			Passenger Service Fee (RMB/person)	Passengers' Luggage (RMB/piece)	Cargo and Mail (RMB/ton)
International flights and flights from Hong Kong, Macau and Taiwan	2,000	2,200	2,200+40* (T-50)	4,200+44* (T-100)	8,600+56* (T-200)		Single boarding walkway: RMB200 within 1 hour; RMB1,000 for every half an hour (or less than half an hour) if the use time is over 1 hour. Less than half an hour is charged as half an hour. Multiple boarding walkways: Charged according to the number of boarding ways.	70	12	70

Notes:

- ① One aircraft movement means the aircraft take off and land once. Subject to the aircraft's MGTOW stated in technical manual when the aircraft leaves the factory; if MGTOW is less than 1 ton, the tonnage shall be calculated as 1 ton, and if MGTOW is more than 1 ton, rounding-off method shall be used for tonnage calculation.
- ② Parking charge: The aircraft's parking time shall be the period between landing and take-off provided by air traffic control department.
- ③ Boarding walkway use fee: The use time of boarding walkway shall be the period between connection and separation of boarding walkway and cabin door. Boarding walkway does not include walkway load equipment.
- ④ Passenger service fee and passenger luggage security check fee: Take the Aircraft Load Sheet and Load Message as data source; check data obtained from departure control system against the Aircraft Load Sheet and Load Message.
- ⑤ Cargo & mail security check fee: Calculated and charged on the basis of weight stated in the Aircraft Load Sheet and Load Message of departure flights.

### (3) *Airport fees*

Airport fees include Civil Aviation Development Fund (originally called civil aviation airport construction fee before April 1, 2012) received by the Company. In accordance with the Administration of Collection and Use of the Civil Aviation Development Fund issued by MOF in April, 2012, passengers taking the domestic flights, or flights from foreign countries as well as Hong Kong, Macau and Taiwan within the territory of China, air transport enterprises that have been registered and established and that run passenger & cargo transport business by using air route network, and general aviation enterprises engaged in corporate business shall pay the Civil Aviation Development Fund as required.

Airport fee (Civil Aviation Development Fund) shall be calculated by actual number of passenger charged by airlines\*charge standard. Such fee is charged by airlines on behalf of the Company, and MOF shall subsidize the Company in proportion on a quarterly basis. In accordance with the Notice of the Ministry of Finance on Relevant Problems of Airport Construction Fee and Tourism Development Fund Policies (Cai Zong [2010] No. 123) and the Notice of Subsidy for Airport Construction Fee (Civil Aviation Development Fund) of Beijing Capital International Airport Co., Ltd. issued by Civil Aviation Administration of China annually, the Civil Aviation Development Fund subsidy for the Company each year shall be 48% of the total.

In accordance with the Administration of Collection and Use of the Civil Aviation Development Fund issued by MOF in April, 2012, air travelers pay the Civil Aviation Development Fund as per the following standard: RMB50 per passenger for air travelers on domestic flights; RMB90 per passenger for air travelers on outbound international and regional flights (including RMB20 for Tourism Development Fund).

As of the end of September, 2016, all together 102 airlines run regular commercial flights at BCIA, including 28 ones of mainland China and 74 ones of foreign countries, Hong Kong, Macau and Taiwan regions; besides, BCIA has 270 shipping points, including 140 domestic ones and 130 international ones. Currently, Air China Limited (“**Air China**”), China Southern Airlines Company Limited (“**Southern Airlines**”), China Eastern Airlines Co., Ltd. (“**Eastern Airlines**”) and Hainan Airlines Co., Ltd. (“**Hainan Airlines**”), four major domestic airlines, all have set bases at BCIA and constitute major customer resources for the Company. In 2015, the four major airlines occupied 74.4%, 75.8%, 62.4% and 35.79% in total aircraft movements, passenger handling volume, cargo & mails handling volume and incomes of BCIA. Their proportions of business volumes and incomes have stayed at relatively high level.

**Chart I-7: Statistics of Business of the Company's Major Airlines Clients in 2013, 2014, 2015, and January to September 2016**

*Unit: %*

Airlines		Proportion of Aircraft Movements	Proportion of Passenger Handling Volume	Proportion of Cargo & Mails Handling Volume	Proportion of Income
<b>2013</b>	Air China	38.7	38.9	39.1	17.71
	China Southern Airlines	14.4	14.5	9.5	5.92
	China Eastern Airlines	12.6	12.8	6.6	4.45
	Hainan Airlines	8.8	10.0	8.7	4.66
	<b>Total</b>	<b>74.5</b>	<b>76.2</b>	<b>63.9</b>	<b>32.74</b>
<b>2014</b>	Air China	38.3	38.1	37.5	17.66
	China Southern Airlines	14.3	14.6	10.0	5.61
	China Eastern Airlines	12.9	12.7	6.4	4.63
	Hainan Airlines	8.9	10.6	8.7	4.24
	<b>Total</b>	<b>74.4</b>	<b>76.0</b>	<b>62.6</b>	<b>32.15</b>
<b>2015</b>	Air China	38.3	37.8	38.1	20.19
	China Southern Airlines	14.3	14.8	9.5	6.18
	China Eastern Airlines	12.8	12.6	5.8	4.8
	Hainan Airlines	9.0	10.5	9.0	4.62
	<b>Total</b>	<b>74.4</b>	<b>75.8</b>	<b>62.4</b>	<b>35.79</b>

Airlines		Proportion of Aircraft Movements	Proportion of Passenger Handling Volume	Proportion of Cargo & Mails Handling Volume	Proportion of Income
January to September, 2016	Air China	38.1	37.6	38.1	24.7
	China Southern Airlines	13.9	14.4	10.1	8.3
	China Eastern Airlines	12.7	12.3	5.8	6.5
	Hainan Airlines	9.1	10.7	9.3	6.6
	<b>Total</b>	<b>73.9</b>	<b>75.0</b>	<b>63.2</b>	<b>46.1</b>

**Chart I-8: Main Business Indicators of BCIA Run by the Company in 2013, 2014, 2015, and January to September 2016:**

Major Operations	Region	January to	Year-	Year-	Year-	Year-	Year-	Year-	
		September, 2016	on-year Increase or Decrease (%)	on-year Increase or Decrease (%)	on-year Increase or Decrease (%)	on-year Increase or Decrease (%)	on-year Increase or Decrease (%)		
Aircraft Movements									
(10k times)	Domestic	34.82	1.53%	45.8	0.30%	45.6	2.70%	44.4	2.00%
	International/Regional	10.49	7.35%	13.3	5.40%	12.6	1.80%	12.4	1.70%
	<b>Total</b>	<b>45.32</b>	<b>2.66%</b>	<b>59</b>	<b>1.40%</b>	<b>58.2</b>	<b>2.50%</b>	<b>56.8</b>	<b>1.90%</b>

Major Operations	Region	January to	Year-	Year-	Year-	Year-	Year-	Year-	
		September,	on-year	on-year	on-year	on-year	on-year	on-year	
		2016	Increase or	2015	Increase or	2014	Increase or	2013	Increase or
			Decrease		Decrease		Decrease		Decrease
			(%)		(%)		(%)		(%)
Passenger Handling									
Volume (10k passengers)									
	Domestic	5,203.84	2.89%	6,736.30	3.00%	6,539.80	2.30%	6,390.00	1.80%
	International/ Regional	1,861.13	9.92%	2,257.60	8.90%	2,073.10	4.60%	1,981.20	3.50%
	Total	<u>7,064.98</u>	<u>4.41%</u>	<u>8,993.86</u>	<u>4.40%</u>	<u>8,612.80</u>	<u>2.90%</u>	<u>8,371.20</u>	<u>2.20%</u>
Proportion of Cargo & Mails Handling									
Volume (10k tons)									
	Domestic	73.01	-3.61%	104.6	3.80%	100.8	-1.80%	102.7	2.10%
	International/ Regional	65.35	6.05%	84.4	0.40%	84	2.90%	81.7	2.90%
	Total	<u>138.36</u>	<u>0.54%</u>	<u>189</u>	<u>2.20%</u>	<u>184.8</u>	<u>0.20%</u>	<u>184.4</u>	<u>2.40%</u>

Since 2015, BCIA run by the Company has transferred emphasis from its domestic aviation business to international aviation business, leading to smaller year-on-year increases in domestic aircraft movements as well as bigger year-on-year increases in international aircraft movements after 2015. Influenced by such facts, domestic passenger handling volume during January to September, 2016 had a smaller year-on-year increase, while international passenger handling volume has had relatively bigger year-on-year increases since 2015. As to cargo & mails handling volume indicators, there was a 3.61% decline in domestic handling volume during January to September, 2016. It was mainly because the number of charter cargo aircrafts had a year-on-year fall of 11%. Thus many cargo airlines implemented strategic transformation, starting to run cargo & mails transport business instead of sole cargo business, which contributed to a small decrease in cargo & mails handling volume. Nonetheless, due to the rising demand for air cargo transport and relatively low indicator for the same period of last year, international cargo & mails volume during January to September, 2016 ascended slightly, with a year-on-year increase of 6.05%.

## 2. Non-aviation business

The Company's non-aviation business income mainly includes: franchise income, rent, parking service income, etc. In recent years, with rise in passenger traffic, improvement in operating efficiency and gradual increase in resource areas, the Company's non-aviation business income has increased rapidly, showing relatively strong profitability. From 2013 to 2015, the Company's non-aviation business incomes were respectively RMB3.023 billion, RMB3.288 billion and RMB3.917 billion, with corresponding year-on-year increases of 4.91%, 8.77% and 19.13%, maintaining steady growth. The Company's non-aviation business income during January to September, 2016 reached RMB2.854 billion, with an year-on-year decrease of 0.94%, showing slight change. Owing to the fact that the franchises given to specialized companies inside the group to run commercial retail, advertising and catering business conflicted with the Article 38 in the Regulation on the Administration of Civil Airports, since 2015, the Company has transformed non-aviation business so as to lease part of resources to specialized companies, given franchises of other resources to merchants apart from specialized companies, and entrusted specialized companies to implement management. As the Company adjusts its non-aviation business, this business sector will achieve optimization and sound development. There will be huge room for rise in non-aviation business income, whose proportion in airport operating income will keep rising.

**Chart I-9: Main Conditions of the Company's Non-aviation Business in 2013, 2014, 2015, and January to September 2016**

*Unit: RMB100 million*

Project	January to September, 2016	Year- on-year Increase	2015	Year- on-year Increase	2014	Year- on-year Increase	2013	Year- on-year Increase
Franchise income	19.42	-0.10%	26.48	22.99%	21.53	6.37%	20.24	1.46%
Including: Retail	8.89	10.57%	10.94	16.01%	9.43	7.16%	8.8	1.81%
Advertisement	7.41	-7.84%	10.93	33.78%	8.17	5.83%	7.72	-1.78%
Ground services	0.37	-57.95%	1.17	4.46%	1.12	1.82%	1.1	-13.35%
Catering	1.39	-1.42%	1.86	48.80%	1.25	1.63%	1.23	7.17%
VIP Services	0.73	102.78%	0.57	-19.72%	0.71	0.00%	0.71	55.16%
Other franchised businesses	0.63	-11.27%	1.01	20.24%	0.84	25.37%	0.67	19.81%
Rents	7.88	-1.13%	10.8	14.41%	9.44	15.83%	8.15	2.07%
Parking service income	1.18	-12.59%	1.77	-3.28%	1.83	7.65%	1.7	181.94%
Others	0.06	20.00%	0.11	37.50%	0.08	-42.86%	0.14	-50.27%
<b>Total</b>	<b>28.54</b>	<b>-0.94%</b>	<b>39.17</b>	<b>19.13%</b>	<b>32.88</b>	<b>8.77%</b>	<b>30.23</b>	<b>4.91%</b>

**(1) Franchise income:**

The Company's non-aviation business has two main operation models: franchise business and self-operated business. Franchise business means the Company permits other companies to run the business, namely, transfer the franchise to other companies. From 2013 to 2015, the Company's franchise incomes totaled RMB2.024 billion, RMB2.153 billion and RMB2.648 billion respectively, with corresponding year-on-year increases of 1.46%, 6.37% and 22.99%, making up respectively 66.95%, 65.48% and 67.60% of non-aviation business incomes. During January to September, 2016, franchise income totaled RMB1.942 billion, accounting for 68.04% of non-aviation business incomes. Franchise income mainly consists of incomes from ground services such as advertising, retail and catering business. From 2013 to 2015, retail and advertising incomes totaled RMB1.652 billion, RMB1.76 billion and RMB2.187 billion respectively, making up 81.62%, 81.75% and 82.59% of non-aviation business incomes and maintaining a steady growth. This was mainly because the Company adjusted franchise models of retail, catering and advertising business. During January to September, 2016, retail and advertising incomes totaled RMB1.63 billion, accounting for 83.93% of franchise incomes. The Company's franchise businesses mainly include:

- ① Retail: After operators with relevant permission of the state sign contracts with the Company, they can sell a large variety of commodities such as cigarettes, liquor, perfume & cosmetics, packaged food and drinks, handicrafts, ornaments, apparel & accessories, bags, toys, general merchandise, books and periodicals and audio-video products in designated areas or positions as per requirements specified in the contracts. Retail business means the Company permits qualified operators to sell commodities in designated areas or positions and charges such operators guarantee cost or commissions (whichever is the higher). Guaranteed cost standards and commission rates shall be agreed on by the Company and operators in contract in as per regulations of relevant business management policies of the Company via such ways as public bidding or commercial negotiation.



- ② Advertising: After operators with relevant permission of the state sign contracts with the Company, they can release commercial advertisements and run related business such as light boxes, print ads, physical ads, outdoor lamp ads as well as multi-functional ads replacement business in designated areas or positions as per requirements specified in the contracts. Advertising business means the Company permits qualified operators to release advertisements in designated areas or positions and charges operators relevant fees for ad space, etc. Cost standard shall be agreed on by the Company and operators in contract in as per regulations of relevant business management policies of the Company via such ways as public bidding or commercial negotiation.
- ③ Catering: After operators with relevant permission of the state sign contracts with the Company, they can make and sell meals and drinks in designated areas or positions as per requirements specified in the contracts, and such business covers fast food, dinner, bars, cafes, tea lounges, etc. Catering business means the Company permits qualified operators to make and sell meals and drinks in designated areas or positions and charges such operators guarantee cost or commissions (the higher one will be charged). Guaranteed cost standards and commission rates shall be agreed on by the Company and operators in contract in as per regulations of relevant business management policies of the Company via such ways as public bidding or commercial negotiation.

(2) **Rents**

Rent income module is the Company's self-operated business. The Company leases properties, such as lounges, offices and counters to airlines, ground service providers and air tickets business operators in designated areas or positions. The Company charges the afore-said tenants rents for corresponding positions and facilities. In accordance with Min Hang Fa [2007] No. 159, charge standard for the rents are as follows:

**Chart I-10: Charge Standards for the Company's Non-aviation Leasing Businesses**

Project	Standards of		Category I Grade 1	Category I Grade 2	Category II	Category III
	Nature Flights					
Leasing of first-class lounges and business-class lounges (RMB/m <sup>2</sup> • month)	Domestic flights		700	600	500	400
	International flights and flights connecting Hong Kong and Macau		800	700	600	500
Leasing of offices (RMB/m <sup>2</sup> • month)	Domestic flights		600	300	200	100
	International flights and flights connecting Hong Kong and Macau		Market-adjusted price			
Leasing of ticketing and supplementary ticketing counters (RMB/piece • month)	Domestic flights		10,000	9,000	7,800	7,000
	International flights and flights connecting Hong Kong and Macau		10,900	9,900	8,600	8,000
Leasing of check-in counters (RMB/piece • month)	Domestic flights		11,000	10,400	9,000	7,000
	International flights and flights connecting Hong Kong and Macau		12,000	11,440	9,900	8,000

From 2013 to 2015, rent incomes of the Company were respectively RMB815 million, RMB944 million and RMB1.08 billion, maintaining relatively steady growth; and that of the Company during January to September, 2016 was RMB788 million. Up to the end of September, 2016, the total rental area of the Company at BCIA had been 117,300 m<sup>2</sup>, with letting rate of 100%.

**Chart I-11: Rental Conditions of the Company at BCIA by September 30, 2016**

*Unit: 10,000 m<sup>2</sup>*

<b>Leasable Area</b>	<b>Leased Area</b>	<b>Letting Rate</b>
11.73	11.73	100%

**(3) *Parking service income***

Parking service business is the Company's self-operated business, providing ground service facilities for ground service agencies. From 2013 to 2015, the Company's parking service incomes were respectively RMB170 million, RMB183 million and RMB177 million, showing slight change; and the income during January to September, 2016 was RMB118 million.

### III THE COMPANY'S MAIN PROJECTS IN PROGRESS

The Company's all projects of in progress meet relevant industrial policies of the state, without needing suspension. In addition, relevant approval documents have been obtained. They are legally qualified for commencement. By September 30, 2016, the main projects in progress of the Company are shown in the Chart below:

**Chart I-12: The Main Projects in Progress of the Company by September 30, 2016**

S.N.	Project name	Investment by			Annual investment plan		Fund source	Self-raised fund availability
		Total investment (RMB100 million)	September 30, 2016 (RMB100 million)	Completion ratio of projects in progress	2016 (RMB100 million)	2017		
1	Rooms for employees on night shift	1.53	0.07	4.58%	0.10	1.43	All self-raised funds	In place
2	Paving works in overhaul of northern section of F Taxiway of BCIA	1.08	0.68	62.96%	1.00	0.08	RMB49 million from Civil Aviation Development Fund and all the rest self-raised	In place
3	Improvement project of New Command Center	0.9	0.18	20.00%	0.47	0.43	RMB58.7 million from Civil Aviation Development Fund and all the rest self-raised	In place
4	Improvement of taxiways (Z3 and Z18) in the western area	0.82	0.49	59.76%	0.62	0.20	RMB39 million from Civil Aviation Development Fund and all the rest self-raised	In place
5	Widening works in overhaul of southern section of F Taxiway of BCIA	0.6	0.49	81.67%	0.53	0.07	RMB32 million from Civil Aviation Development Fund and all the rest self-raised	In place
6	Domestic commercial facility improvement project of T2	0.46	0.02	4.35%	0.18	0.28	All self-raised funds	In place
7	Overall upgrade project of high-end baggage control system for T3 of BCIA	0.29	0.13	44.83%	0.13	0.16	All self-raised funds	In place

S.N.	Project name	Investment by		Completion ratio of projects in progress	Annual investment plan (RMB100 million)		Fund source	Self- raised fund availability
		Total investment (RMB100 million)	September 30, 2016 (RMB100 million)		2016	2017		
8	Modification of commercial layout to the north of T3E and replenishment of operation resources in APM area	0.64	0.05	7.81%	0.08	0.56	All self-raised funds	In place
9	Overall decoration and improvement of T2 VIP lounges	0.5	0.02	4.00%	0.06	0.44	All self-raised funds	In place
10	International commercial facility improvement project of T2	0.41	0.02	4.88%	0.02	0.39	All self-raised funds	In place
11	Others	9.65	1.95	20.21%	5.79	3.86	All self-raised funds	In place
	Total	<u>16.88</u>	<u>4.10</u>	<u>24.29%</u>	<u>8.98</u>	<u>7.90</u>	-	-

## Introduction to the Company's key projects of in progress

### 1. Rooms for employees on night shift

Approval for preliminary design of rooms for employees on night shift is as follows: According to the document (Min Hang Han [2014] No. 1391), 306 rooms for employees on night shift are to be built in the working area to the south of Terminal 2 of BCIA and to the south of existing offices for Immigration Inspection Station, with floor area of 30,270 m<sup>2</sup>. Meanwhile, staff dining hall, activity center, underground garage and other living facilities are also to be built.

The approval from Beijing Municipal Environmental Protection Bureau is as follows: Approval of Beijing Municipal Environmental Protection Bureau for Environmental Impact Assessment Report Form of BCIA Project regarding Rooms for Employees on Night Shift (Jing Huan Shen [2014] No. 326).

Approvals for the planning and land are as follows: Construction Project Planning Conditions of Beijing Municipal Commission of Urban Planning (2013 Gui Tiao Zi No. 0123), Planning Permit of the People's Republic of China for Construction Project [2015 Gui (Chao) Jian Zi No. 0061 (Jian Zi No. 110105201500141)], State-owned Land User Certificate of the People's Republic of China [Jing Shun Guo Yong (2012 Chu) No. 00047] and Pre-review Opinions of Beijing Municipal Bureau of Land and Resources on Land Use by Construction Project (Guo Tu Shun Yu [2015] No. 0014).

The budget estimate of total investment in the project is RMB153.57 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

**2. *Paving works of northern section of F Taxiway of BCIA***

Approval for preliminary design of paving works of northern section of F Taxiway of BCIA is as follows: According to the document (Min Hang Han [2013] No. 785), to improve road pavement of BCIA and eliminate safety hazards in airplane operation, northern pavement of F Taxiway is to be widened (198,905 m<sup>2</sup>).

The budget estimate of total investment in the project is RMB107.79 million, with RMB49 million of governmental subsidy and the rest self-raised by Beijing Capital International Airport Co., Ltd..

**3. *Improvement project of New Command Center***

Approval for preliminary design of improvement project of New Command Center is as follows: According to the document (Min Hang Hua Bei Han [2015] No. 387), to better guarantee the operation of BCIA and improve operation efficiency, partial working areas of Zone B and Zone C of China Service Building are to be modified into the new operation control center of BCIA. Meanwhile, necessary information and electronic equipment systems, business rooms, auxiliary rooms, etc are also to be built.

The budget estimate of total investment in the project is RMB90.2701 million, with RMB58.7 million of governmental subsidy and the rest self-raised by Beijing Capital International Airport Co., Ltd..

**4. *Paving works of Z3, Z18 and taxiways of BCIA***

Approval for preliminary design of paving works of Z3, Z18 and taxiways of BCIA is as follows: According to the document (Min Hang Hua Bei Han [2013] No. 159), to improve road pavement of BCIA, eliminate safety hazards in airplane operation and meet operation demands of F airplanes, improvement area is about 164,069 m<sup>2</sup>.

The budget estimate of total investment in the project is RMB82.4076 million, with RMB39 million of governmental subsidy and the rest self-raised by Beijing Capital International Airport Co., Ltd..

**5. *Widening works of southern section of F Taxiway of BCIA***

Approval for preliminary design of widening works of southern section of F Taxiway of BCIA is as follows: According to the document (Min Hang Han [2013] No. 784), to improve road pavement of BCIA, eliminate safety hazards in airplane operation and meet operation demands of F airplanes, southern pavement of F Taxiway is to be widened (80,926 m<sup>2</sup>).

The budget estimate of total investment in the project is RMB60.21 million, with RMB32 million of governmental subsidy and the rest self-raised by Beijing Capital International Airport Co., Ltd..

**6. *Domestic commercial facility improvement project of T2***

Approval for preliminary design of domestic commercial facility improvement project of T2 is as follows: According to the document (Shou Ji Chang Fa [2015] No. 228), it is to remove and transform eastern domestic business area on the second floor of T2 of BCIA and the area of lounges for first class and business class in the middle. Business area, electrical bay, weak current bay, bathroom, operation room and other service facilities are functionally arranged. The transformation area is 6,877 m<sup>2</sup>. In addition, facilities relating to power supply, water supply & drainage, heating and ventilation, fire protection, weak current, service for passengers are also to be transformed.

The budget estimate of total investment in the project is RMB45.31 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

**7. *Overall upgrade project of high-end baggage control system for T3 of BCIA***

Approval for registration of overall upgrade project of high-end baggage control system for T3 of BCIA is as follows: According to the document (Shou Ji Chang Fa [2015] No. 43), one set of high-end control system for virtual architecture server, upgraded Windows Server 2012, Oracle database, virtual software, BHS application software (one set for each) are to be added.

The total investment in the project is RMB29 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

**8. *Modification of commercial layout to the north of T3-E of BCIA and replenishment of operation resources in APM area***

To heighten commercial atmosphere and ensure continuous increase of benefits, it is proposed to adjust/upgrade the commercial layout to the north of T3E and commercial resources. It is planned to establish a CBD at the existing APM station to the north of T3E by erecting floor slabs and providing water and power facilities. It will be leased to relevant merchants to increase income of BCIA.

The project consists of two subprojects: modification of commercial layout to the north of T3-E and replenishment of operation resources in APM area. According to the “Approval for Preliminary Design and Budget Estimate of Modification Project of Commercial Layout to the North of T3-E of BCIA (Shou Ji Chang Fa [2014] No. 114)” the preliminary design cost of RMB24.98 million (including indirect project cost of RMB19.04 million, other project cost of RMB4.53 million and basic contingency cost of RMB1.41 million) is approved. According to the “Approval for Preliminary Design and Budget Estimate of Operation Resource Replenishment Project in T3-E APM Area of BCIA (Min Hang Hua Bei Han [2014] No. 181)”, total budget estimate of the project is RMB38.82 million.

According to the above approvals, all funds are self-raised by Beijing Capital International Airport Co., Ltd..

**9. *Overall decoration and improvement project of T2 VIP lounges***

The T2 VIP lounge has been in service for 14 years, where equipment and facilities are obsolete. To improve passengers’ satisfaction and lounge environment and meet increasing production and operation demands, it is planned to decorate and improve international and domestic VIP lounges of T2.

According to the approval for “Registration of T2 VIP Lounge Decoration and Improvement Project of ACIA (agency feasibility study) (Shou Ji Chang Fa [2015] No. 18)”, total investment in the project is RMB49.88 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..



## **10. *International commercial facility improvement project of T2***

To conform to fire protection specifications, increase commercial resources and value of BCIA T2 and improve commercial service quality, it is to improve international commercial facilities of T2. The international area of 6,328 m<sup>2</sup> (including stores of 2,352 m<sup>2</sup>, open business area of 1,516 m<sup>2</sup> and public area of 2,460 m<sup>2</sup>) in BCIA's Terminal 2 will be improved.

According to the "Approval for Registration of Domestic and International Commercial Facility Improvement Project of BCIA T2 (agency feasibility study) (Shou Ji Chang Fa [2015] No. 109)", total investment in T2 international commercial facility improvement project is RMB40.81 million. All funds are self-raised by Beijing Capital International Airport Co., Ltd..

Among the above nine projects in progress (except for rooms for employees on night shift) of the Company, land use rights involved in the paving works in overhaul of northern section of F Taxiway of BCIA, taxiway (Z3 and Z18) improvement in the western area and widening project of southern section of F Taxiway of BCIA are obtained by the Company from BCIA through leasing (based on the Letter on Approval for Transfer of Partial Expansion Project Assets and Liabilities of Capital Airports Holding Company (Cai Jian [2006] No. 545 issued by the Ministry of Finance). Other six projects in progress are related to facility improvement and construction within buildings, in which land use right approval is not involved.

## **11. *Other projects***

Other projects (about 169) are related to facility construction and system upgrade (such as airfield, terminal area, airport enclosure, safety and fire protection). Their budget estimate of investment is below RMB20 million. All these funds are self-raised by BCIA.

**Chart I-13: Breakdown of Other Main Projects**

S.N.	Project Name	Investment by		Completion ratio of projects in progress	Fund Source
		Total Investment (RMB100 million)	September 30, 2016 (RMB100 million)		
1	Electrical, automatic control system, HVAC and heat supply equipment upgrade projects	0.19	0.10	52.63%	All self-raised funds
2	Addition of “No Entry” signs and runway number signs	0.18	0.12	66.67%	All self-raised funds
3	Decoration project of lounges and offices for T2 SkyTeam of Terminal Management Department	0.07	0.03	42.86%	All self-raised funds
4	Construction project of lounges for first class and business class of Air China at T2	0.07	0.06	85.71%	All self-raised funds
	Total	0.51	0.32	62.75%	All self-raised funds

**(1) BCIA T2 A3-A6 elevator and MEP upgrade project (electrical, automatic control, HVAC and heat supply equipment upgrade)**

BCIA T2 A3-A6 elevator and MEP upgrade project (electrical, automatic control, HVAC and heat supply equipment upgrade) consists of four subprojects: T2 A3-A6 elevator upgrade, T2 roof fan upgrade, T2 smart lighting control system upgrade and automatic operation capacity improvement of T2 heat supply system. Approval for preliminary design is as follows: Jing Ji Chang Gu Fen Fa [2014] No. 197.

The budget estimate of total investment in the project is RMB19.305 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

**(2) Addition of “No Entry” signs and runway number signs**

According to the fixed asset investment plan of BCIA for 2011, the sign project for No Entry and runway numbers is added. According to the new standard of Civil Aviation Administration of China, a total of 20 one-way exit taxiways of three runways shall be provided with No Entry signs and 12 non-runway-end threshold taxiways shall be provided with runway number signs. In addition, isolation transformer, dimmer and other supporting facilities shall also be provided.

The planned investment is RMB18.26 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

**(3) Decoration project of lounges and offices for T2 SkyTeam**

Approval for registration of the decoration project of lounges and offices for T2 SkyTeam is as follows: According to the document (Jing Ji Chang Gu Fen Fa [2015] No. 142), the SkyTeam lounges and offices in BCIA Terminal 2 are to be decorated.

Total investment in the project is estimated RMB6.708 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

**(4) Construction project of lounges for first class and business class of Air China at T2**

Approval for registration of the construction project of lounges for first class and business class of Air China at T2 is as follows: According to the document (Jing Ji Chang Gu Fen Ban Gong Ji Yao [2014] No. 20), new lounges for first class and business class of Air China will be built in the western area on the second floor of T2 because former lounges will be used as business area and passages for passengers upon completion of T2 modification project.

The budget estimate of total investment in the project is estimated RMB6.561 million. All these funds are self-raised by Beijing Capital International Airport Co., Ltd..

#### IV PROPOSED PROJECTS OF THE COMPANY

Proposed projects of the Company during the period of 2016–2020 (“13th Five-Year Plan”) are listed in the Chart below:

**Chart I-14: Proposed Projects of the Company during the Period of 2016–2020 (“13th Five-Year Plan”)**

Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment in the period of 2017–2020 (RMB100 million)	Introduction to Project	Fund Source
Addition of ramps of BCIA (Phase I)	1.83	0.03	1.80	To meet the demands for aircraft stands and mitigate aircraft stand shortage in BCIA, nine aircraft stands are to be built to improve operation efficiency and guarantee capacity.	Self-raised funds
Addition of ramps of BCIA (Phase II)	4.6	0.03	4.57	To meet the demands for aircraft stands and mitigate aircraft stand shortage in BCIA, nine aircraft stands (2F2E5C) are to be built to improve operation efficiency and guarantee capacity.	Self-raised funds
Western runway overhaul and lighting station equipment upgrade	3.5	0	3.5	To ensure the safety of western runway and eliminate safety hazard, its parts with performance deteriorated are to be overhauled. Meanwhile, lighting station equipment is to be upgraded.	Self-raised funds

Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment in the period of 2017–2020 (RMB100 million)	Introduction to Project	Fund Source
Overhaul of middle section of middle runway	2.29	0.035	2.255	To ensure the safety of middle runways and eliminate safety hazards, its pavement was thoroughly tested in June 2014. The results show that, the middle section performance deteriorates seriously and needs overhaul.	Self-raised funds
Ramp 400 HZ power and airplane AC construction	1.44	0.003	1.437	To build a greener airport, it is proposed to install ground 400 HZ power sources and AC systems for about 200 ramps, achieving coverage of 60% and further reducing emission and energy consumption.	Self-raised funds
Rows of No Entry lamps are to be provided for runways.	0.5	0.008	0.492	New version of Technical Standards for Airfield Area of Civil Airports specifies that, “As one of measures for preventing intrusion into runways, “No Entry lamps” shall be provided in the direction towards the airport with high traffic density to prevent aircrafts or vehicles from entering taxiways”. Thus, to eliminate safety hazards of runways and benchmark against the Technical Standards for Airfield Area of Civil Airports, it is planned to install No Entry lamps for some exit taxiways of three runways of BCIA.	Self-raised funds

Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment in the period of 2017–2020 (RMB100 million)	Introduction to Project	Fund Source
Purchase of additional APM vehicles	1.59	0	1.59	Since the launch of T3-D, the capacity of existing 18 APM vehicles is increasingly saturated. To ease APM passenger congestion and inward/outward transportation pressure, cater to increasing passengers and improve service quality of BCIA, it is planned to purchase additional 6 APM vehicles.	Self-raised funds
Purchase of fire engine	0.65	0.0969	0.5531	According to the regulations, it is planned to scrap/upgrade fire engines whose service life has or is about to expire. Meanwhile, 5 8x8 fire engines of the same type are to be purchased.	Self-raised funds
Purchase of fire rescue vehicle	0.49	0.003	0.487	According to the regulations, it is planned to scrap/upgrade fire rescue vehicles whose service life has or is about to expire. In view of increasing faults relating to aircraft landing gears, it is planned to purchase one rescue platform, one lighting vehicle, one rescue vehicle, two urban fire engines and one landing gear trailer to cater for fire rescue demands under various conditions and improve efficiency.	Self-raised funds

Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment in the period of 2017–2020 (RMB100 million)	Introduction to Project	Fund Source
High-performance de-icing vehicle	3.54	0.008	3.532	As required by the Civil Aviation Administration of China, BCIA shall provide slow de-icing vehicles for all D passenger airplanes from 2013 to 2014 and gradually promote slow de-icing vehicles for E airplanes. Based on existing resources, to cover four de-icing areas by slow vehicles, at least one stand shall be provided with slow de-icing vehicle for E airplanes in each area. So, six high-performance de-icing vehicles are needed. To ensure at least one stand is provided with four de-icing vehicles for E airplanes in each area, at least another eight high-performance de-icing vehicles are needed.	Self-raised funds
Construction of charging facilities in airfields	2.9	0.05	2.85	As required by Capital Airports Holding Company, at least 500 electric vehicles shall be provided in the airfields of BCIA from 2016 to 2020. As per the ratio of 1:3, 166 charging piles are to be built in airfields, which are expected to be installed in over 30 places.	Self-raised funds

Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment in the period of 2017–2020 (RMB100 million)	Introduction to Project	Fund Source
Replenishment of T1 operation resources	0.5	0.006	0.494	With the growth of BCIA and increase of passenger volume, existing resources are saturated and infrastructure cannot meet increasing demands. Thus, it is proposed to replenish T1 operation resources.	Self-raised funds
Overall upgrade of T3 level-3 security check system for check-in baggage	2.35	0.0235	2.3265	In recent years, T3 level-3 security check system for check-in baggage becomes unable to cater for increasing passenger throughput of BCIA. Thus, it is proposed to upgrade its software and hardware.	Self-raised funds
Upgrade of T3 level-1 and level-2 security check systems for check-in baggage	0.48	0.003	0.477	T3 level-1 and level-2 security check systems for check-in baggage have been in service for eight years. Equipment service life has expired and production of spare parts for partial hardware has ceased. It is proposed to upgrade software and hardware.	Self-raised funds
T3 security system upgrade	1.01	0.01	1	As safety situation is becoming increasingly serious and users' requirements on security and monitoring systems are increasingly higher, it is very difficult for the existing monitoring system to meet business requirements. Hence, it is proposed to upgrade the T3 security system to ensure safe operation.	Self-raised funds



Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment	Introduction to Project	Fund Source
			in the period of 2017-2020 (RMB100 million)		
Security check equipment upgrade and purchase	2.48	0.006	2.474	Partial security check equipment of BCIA has been in service for a long time and fails to pass regular inspection, posing serious hazards. The production of some equipment has ceased. Equipment operation stability is greatly reduced, reducing air security margin. So, relevant equipment needs to be upgraded. Besides, corresponding security check equipment is to be provided based on business increase.	Self-raised funds
Quality improvement of outgoing water from western aviation purification station	0.5	0.01	0.49	According to the requirements of Environmental Protection Bureau of Shunyi District, the treatment process of western aviation purification station shall be upgraded, so as to meet the discharge standard listed in Chart I B of DB11/890-2012.	Self-raised funds

Project	Total Investment (RMB100 million)	Investment in 2016 (RMB100 million)	Investment	Introduction to Project	Fund Source
			in the period of 2017-2020 (RMB100 million)		
Western runway field benchmarking and upgrade and type III operation upgrade	13.5	0	13.5	The western runway strip, navigation signal protection area and approach lighting protection area are included in the airport land range. According to the Technical Standards for Airfield Area of Civil Airports, relevant sites shall be modified, and approach lighting system of western runway, lighting system of runway, taxiway lighting system in western area and other visual navigation aid facilities and standby power sources for lamps shall be upgraded, so as to meet type III operation standards.	Self-raised funds
Total	<u>44.15</u>	<u>0.3224</u>	<u>43.8276</u>	-	-

## V THE COMPANY'S BUSINESS DEVELOPMENT STRATEGY

According to the Outline of "13th Five-Year Plan" of Beijing Capital International Airport Co., Ltd., BCIA should continue to follow the development strategy with the focus on hub construction, give full play to advantages and actively provide services for "Beijing-Tianjin-Hebei Coordinated Development", "Belt and Road Initiative", "Yangtze River Economic Belt" and other national major strategies, so as to achieve deep integration of corporate development an economic and social development, improve operation quality and international competitiveness and attain safe, efficient and green sustainable development.

Detailed goals are set in the “13th Five-Year Plan”, covering business volume, hub construction, safety management, service management, operation benefits and other aspects. It is specified in the plan that, overall business volume of BCIA will reach a peak in 2018, in which flights, passenger throughput and cargo & mail handling volume will hit 0.637 million, 99.7 million and 2.072 million (tons), respectively. BCIA will gradually achieve the restructuring goal by increasing the proportion of international passengers (international flights of 30% and international passengers of 33% by 2020). By 2020, non-aviation income will exceed 50% and ACI will rank world’s top two, with all indicators ranking top ten. BCIA will establish itself the world-class paragon of high-quality service.

To attain strategic goals set in the “13th Five-Year Plan”, BCIA will establish a business development system featuring one core, two supports, one guarantee and one platform in the coming five year: taking the construction of a large-sized international hub as the core to enhance core competitiveness; taking “tapping maximal resource potential” and “creating top-class management quality” as supports to improve strong and soft power; taking “creating excellent operation management” as guarantee to solidify development foundation; and taking “building an innovative and smart airport” as the platform to inject impetus.

BCIA has developed detailed measures: With regard to the construction of a large-sized international hub, BCIA will improve operation, guarantee energy efficiency, accelerate the construction of the 4th runway, optimize flight schedule management mechanism and implement measures for optimizing airspace; accelerate passenger transportation restructuring, continuously optimize hub route network layout and structure, improve transit process with international competitiveness, make marketing and publicity more flexible and effective, and endeavor to promote the development of land-side comprehensive transportation system.

During the “13th Five-Year Plan” period, over 40 major projects (including subsequent construction of projects in the “12th Five-Year Plan”) with fixed asset investment of over RMB30 million are mainly intended to improve operation resources. Besides, BCIA has developed a detailed implementation plan for optimizing commercial resource quality, including optimizing business management mode, diversifying business forms, establishing core functions of airport business circle, developing new resources, exploring innovative investment promotion modes and improving operation and management quality.

Overall, the “13th Five-Year Plan” is detailed and clearing, defining future direction. From the perspective of locational and scale advantages, the strategy is highly operable, which helps further enhance its competitive advantages.

## Part II Major Financial Information

### 1. THE COMPANY'S MAJOR FINANCIAL DATA

#### (1) Company's changes on the consolidation

For the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016, the Company had no subsidiary. There was only the Company's financial statements but not any consolidated financial statements. Therefore, there was no change on the consolidation.

#### (2) The Company's 2013–2015 financial statement and 2016 interim financial statements

**Chart II-1: Company's balance sheets as at 31 December 2013, 2014 and 2015 and 30 September 2016**

	<i>RMB Yuan</i>			
Item	30 September 2016	31 December 2015	31 December 2014	31 December 2013
<b>Current assets:</b>				
Cash at bank and on hand	2,038,407,442	2,112,869,355	2,184,272,685	2,052,283,471
Notes receivable	10,000,000	11,345,997	32,035,040	19,489,299
Accounts receivable	1,542,766,679	1,165,671,892	1,300,505,848	1,129,037,248
Advances to suppliers	92,009,975	55,136,688	49,879,532	8,356,843
Interests receivable	5,294,491	9,257,869	3,958,730	5,589,873
Dividends receivable	17,345,624	22,946,064	3,230,321	3,230,321
Other receivables	1,453,342	1,449,947	2,062,754	2,923,806
Inventories	135,614,707	125,649,527	118,225,676	114,647,254
<b>Total current assets</b>	<b>3,842,892,259</b>	<b>3,504,327,339</b>	<b>3,694,170,586</b>	<b>3,335,558,115</b>

Item	30 September 2016	31 December 2015	31 December 2014	31 December 2013
<b>Non-current assets:</b>				
Long-term equity investments	41,453,032	39,858,130	55,647,316	56,142,341
Fixed assets	26,297,713,478	26,827,491,058	26,516,029,232	27,941,898,669
Construction in progress	410,254,910	881,488,858	732,661,336	506,350,349
Intangible assets	1,188,153,925	1,211,650,245	706,749,190	722,036,946
Long-term prepaid expenses	38,619,380	41,264,477	50,288,544	44,503,612
Deferred tax assets	132,406,596	132,478,468	102,049,764	35,949,904
Other non-current assets	52,615,198	52,667,688	53,671,498	54,127,301
<b>Total non-current assets</b>	<b>28,161,216,519</b>	<b>29,186,898,924</b>	<b>28,217,096,880</b>	<b>29,361,009,122</b>
<b>Total assets</b>	<b>32,004,108,778</b>	<b>32,691,226,263</b>	<b>31,911,267,466</b>	<b>32,696,567,237</b>
<b>Current liabilities:</b>				
Short-term borrowings	–	2,000,000,000	2,250,000,000	3,000,000,000
Accounts payable	1,222,201,705	1,001,825,004	1,016,465,490	903,257,303
Advance from customers	223,202,811	116,793,788	56,127,020	47,156,305
Employee benefits payable	200,040,426	194,976,671	110,985,545	162,935,250
Taxes payable	539,386,641	622,983,278	554,483,460	463,439,954
Dividends payable	271,546,803	–	–	–
Interests payable	104,515,470	142,887,435	221,719,587	225,812,873
Other payables	582,012,382	520,774,744	402,550,467	708,129,812
Current portion of non-current liabilities	3,176,186,249	2,644,712,502	2,060,192,576	159,955,518
<b>Total current liabilities</b>	<b>6,319,092,488</b>	<b>7,244,953,422</b>	<b>6,672,524,145</b>	<b>5,670,687,015</b>

Item	30 September 2016	31 December 2015	31 December 2014	31 December 2013
<b>Non-current liabilities:</b>				
Long-term borrowings	4,375,000,000	1,885,000,000	2,225,000,000	2,985,000,000
Debentures payable	–	2,997,277,530	2,994,976,018	4,890,150,300
Long-term payables	2,135,158,604	2,156,118,779	2,682,236,604	2,824,310,535
Deferred income	17,468,418	17,287,643	9,217,192	–
Other non-current liabilities	–	–	–	114,637,413
Long-term employee benefits payable	129,319,329	121,599,022	124,943,336	–
<b>Total non-current liabilities</b>	<b>6,656,946,351</b>	<b>7,177,282,974</b>	<b>8,036,373,150</b>	<b>10,814,098,248</b>
<b>Total liabilities</b>	<b>12,976,038,839</b>	<b>14,422,236,397</b>	<b>14,708,897,295</b>	<b>16,484,785,263</b>
<b>Equity:</b>				
Share capital	4,330,890,000	4,330,890,000	4,330,890,000	4,330,890,000
Capital surplus	6,053,860,969	6,012,935,435	5,983,129,637	5,839,763,372
Other comprehensive income	-20,635,447	-14,848,687	-11,309,334	–
Surplus reserve	4,198,232,856	3,869,850,082	3,427,412,547	3,022,484,711
Undistributed profits	4,465,721,562	4,070,163,036	3,472,247,321	3,018,643,891
<b>Total equity</b>	<b>19,028,069,939</b>	<b>18,268,989,866</b>	<b>17,202,370,171</b>	<b>16,211,781,974</b>
<b>Total equity and liabilities</b>	<b>32,004,108,778</b>	<b>32,691,226,263</b>	<b>31,911,267,466</b>	<b>32,696,567,237</b>

**Chart II-2: Company's income statements for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016**

*RMB Yuan*

Item	For the 9 months ended 30 September			
	2016	Year 2015	Year 2014	Year 2013
<b>1. Revenue</b>	6,477,168,928	8,509,962,238	7,655,956,759	7,224,817,824
Less: Cost of sales	-3,736,822,273	-4,794,432,556	4,494,938,763	4,175,743,693
Taxes and surcharges	-46,909,714	-122,740,300	-99,377,471	-93,895,956
General and administrative expenses	-450,101,569	-769,958,858	-648,228,987	-627,565,986
Financial expenses – net	-348,067,822	-613,965,203	-539,099,546	-511,878,909
Asset impairment losses	-26,120,744	-32,519,025	-25,860,206	-34,698,920
Add: Investment income	3,124,661	8,016,803	4,835,743	3,230,970
<b>2. Operating profit</b>	1,872,271,467	2,184,363,100	1,853,287,529	1,784,265,330
Add: Non-operating income	295,778	16,143,820	11,525,601	5,006,984
Less: Non-operating expenses	–	-7,552,013	-5,773,902	-13,892,532
<b>3. Total profit</b>	1,872,567,245	2,192,954,907	1,859,039,228	1,775,379,782
Less: Income tax expenses	-468,676,215	-551,041,036	-467,808,492	-446,355,971
<b>4. Net profit</b>	1,403,891,030	1,641,913,870	1,391,230,736	1,329,023,811

**Chart II-3: Company's statements of cash flow for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016**

*RMB Yuan*

Item	For the 9 months ended 30 September 2016	Year 2015	Year 2014	Year 2013
<b>1. Cash flows from operating activities:</b>				
Cash received from sales of goods or rendering of services	6,303,640,858	8,767,768,186	7,686,980,828	7,279,151,404
Cash received relating to other operating activities	45,793,305	90,034,940	4,380,892	25,752,750
<b>Sub-total of cash inflows</b>	<b><u>6,349,434,163</u></b>	<b><u>8,857,803,126</u></b>	<b><u>7,730,061,720</u></b>	<b><u>7,304,904,154</u></b>
Cash paid for goods and services	-2,046,052,669	-2,913,076,217	-2,535,530,236	-2,355,150,038
Cash paid to and on behalf of employees	-420,316,342	-465,613,921	-567,801,278	-499,038,143
Payments of taxes and surcharges	-872,671,974	-986,075,424	-828,728,192	-842,412,882
Cash paid relating to other operating activities	-163,349,071	-335,754,928	-533,323,760	-362,116,857
<b>Sub-total of cash outflows</b>	<b><u>-3,502,390,055</u></b>	<b><u>-4,700,520,489</u></b>	<b><u>-4,465,383,466</u></b>	<b><u>-4,058,717,920</u></b>
<b>Net cash flows from operating activities</b>	<b><u>2,847,044,108</u></b>	<b><u>4,157,282,637</u></b>	<b><u>3,264,678,254</u></b>	<b><u>3,246,186,234</u></b>
<b>2. Cash flows from investing activities:</b>				
Cash received from return on investments	5,600,440	-	-	-
Net cash received from disposal of fixed assets, intangible assets	-	960,383	-	80,400,000
Cash received relating to other investing activities	23,960,224	34,291,042	22,636,316	19,006,192
<b>Sub-total of cash inflows</b>	<b><u>29,560,664</u></b>	<b><u>35,251,425</u></b>	<b><u>22,636,316</u></b>	<b><u>99,406,192</u></b>



Item	For the 9 months ended			
	30 September 2016	Year 2015	Year 2014	Year 2013
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-182,826,519	-2,440,807,716	-565,213,647	-500,226,279
<b>Sub-total of cash outflows</b>	<u>-182,826,519</u>	<u>-2,440,807,716</u>	<u>-565,213,647</u>	<u>-500,226,279</u>
<b>Net cash flows used in investing activities</b>	<u>-153,265,856</u>	<u>-2,405,556,291</u>	<u>-542,577,331</u>	<u>-400,820,087</u>
<b>3. Cash flows from financing activities:</b>				
Cash received from borrowings	3,500,000,000	4,150,000,000	2,500,000,000	6,500,000,000
Cash received relating to other financing activities	<u>40,925,533</u>	<u>29,805,799</u>	<u>153,933,217</u>	<u>152,251,254</u>
<b>Sub-total of cash inflows</b>	<u>3,540,925,533</u>	<u>4,179,805,799</u>	<u>2,653,933,217</u>	<u>6,652,251,254</u>
Cash repayments of borrowings	-5,563,159,949	-4,820,416,921	-4,162,739,714	-8,155,630,661
Cash payments for distribution of dividends, profits or interest expenses	<u>-747,665,216</u>	<u>-1,186,237,280</u>	<u>-1,081,859,899</u>	<u>-1,107,910,898</u>
<b>Sub-total of cash outflows</b>	<u>-6,310,825,165</u>	<u>-6,006,654,201</u>	<u>-5,244,599,613</u>	<u>-9,263,541,559</u>
<b>Net cash flows used in financing activities</b>	<u>-2,769,899,632</u>	<u>-1,826,848,402</u>	<u>-2,590,666,396</u>	<u>-2,611,290,305</u>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	1,659,467	3,718,726	554,687	-196,845
<b>5. Net increase in cash and cash equivalents</b>	-74,461,913	-71,403,330	131,989,214	233,878,997
Add: Cash and cash equivalents at beginning of year	2,112,869,355	2,184,272,685	2,052,283,471	1,818,404,474
<b>6. Cash and cash equivalents at end of year</b>	2,038,407,442	2,112,869,355	2,184,272,685	2,052,283,471

## 2. COMPANY'S ANALYSIS ON THE ASSET AND LIABILITY STRUCTURE AND CASH FLOW

### (1) Asset structure analysis

**Chart II-4: Company's asset structure analysis as at 31 December 2013, 2014 and 2015 and 30 September 2016**

Item	30 September 2016		31 December 2015		31 December 2014		31 December 2013	
	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage
<b>Current assets:</b>								
Cash at bank and on hand	2,038,407,442	6.37%	2,112,869,355	6.46%	2,184,272,685	6.84%	2,052,283,471	6.28%
Notes receivable	10,000,000	0.03%	11,345,997	0.03%	32,035,040	0.10%	19,489,299	0.06%
Accounts receivable	1,542,766,679	4.82%	1,165,671,892	3.57%	1,300,505,848	4.08%	1,129,037,248	3.45%
Advances to suppliers	92,009,975	0.29%	55,136,688	0.17%	49,879,532	0.16%	8,356,843	0.03%
Interests receivable	5,294,491	0.02%	9,257,869	0.03%	3,958,730	0.01%	5,589,873	0.02%
Dividends receivable	17,345,624	0.05%	22,946,064	0.07%	3,230,321	0.01%	3,230,321	0.01%
Other receivables	1,453,342	0.00%	1,449,947	0.00%	2,062,754	0.01%	2,923,806	0.01%
Inventories	135,614,707	0.42%	125,649,527	0.38%	118,225,676	0.37%	114,647,254	0.35%
<b>Total current assets</b>	<b>3,842,892,259</b>	<b>12.01%</b>	<b>3,504,327,339</b>	<b>10.72%</b>	<b>3,694,170,586</b>	<b>11.58%</b>	<b>3,335,558,115</b>	<b>10.20%</b>
<b>Non-current assets:</b>								
Long-term equity investments	41,453,032	0.13%	39,858,130	0.12%	55,647,316	0.17%	56,142,341	0.17%
Fixed assets	26,297,713,478	82.17%	26,827,491,058	82.06%	26,516,029,232	83.09%	27,941,898,669	85.46%
Construction in progress	410,254,910	1.28%	881,488,858	2.70%	732,661,336	2.30%	506,350,349	1.55%
Intangible assets	1,188,153,925	3.71%	1,211,650,245	3.71%	706,749,190	2.21%	722,036,946	2.21%
Long-term prepaid expenses	38,619,380	0.12%	41,264,477	0.13%	50,288,544	0.16%	44,503,612	0.14%
Deferred tax assets	132,406,596	0.41%	132,478,468	0.41%	102,049,764	0.32%	35,949,904	0.11%
Other non-current assets	52,615,198	0.16%	52,667,688	0.16%	53,671,498	0.17%	54,127,301	0.17%
<b>Total non-current assets</b>	<b>28,161,216,519</b>	<b>87.77%</b>	<b>29,186,898,924</b>	<b>89.28%</b>	<b>28,217,096,880</b>	<b>88.42%</b>	<b>29,361,009,122</b>	<b>89.80%</b>
<b>Total assets</b>	<b>32,004,108,778</b>	<b>100.00%</b>	<b>32,691,226,263</b>	<b>100.00%</b>	<b>31,911,267,466</b>	<b>100.00%</b>	<b>32,696,567,237</b>	<b>100.00%</b>

Regarding the asset composition, the Company's current assets were RMB3.336 billion, RMB3.694 billion, RMB3.504 billion and RMB3.843 billion as at 31 December 2013, 2014 and 2015 and 30 September 2016 respectively. Except for the slight decrease at the end of 2015 compared with the previous year, the current assets at the other reporting date kept growth, accounting for a small proportion of the total assets, always below 13%. The Company's current assets were mainly composed of cash at bank and on hand, accounts receivable, advances to suppliers, other receivables and inventories. The Company's fixed assets accounted for a high proportion in the non-current assets, which were always above 81%, consistent with the general characteristics of the airport construction industry.

Regarding the change of the asset structure, the scale of the total assets kept stability with slightly fluctuation in the recent years. Most asset items had little changes in the proportion of the total assets, reflecting the Company's insistence on its own development strategies.

### *Current Assets*

- (1) Cash at bank and on hand: The cash at bank and on hand were RMB2.052 billion, RMB2.184 billion, RMB2.113 billion and RMB2.038 billion as at 31 December 2013, 2014 and 2015 and 30 September 2016 respectively, accounting for 6.28%, 6.84%, 6.46% and 6.35% of the total assets respectively. The Company kept stability on the collection of the operation receivables.

### **Chart II-5: Company's cash at bank and on hand breakdown as at 31 December 2013, 2014 and 2015 and 30 September 2016**

	<i>RMB Yuan</i>			
Item	30 September 2016	31 December 2015	31 December 2014	31 December 2013
Cash on hand	113	1,941	417	234
Cash at bank	<u>2,038,407,329</u>	<u>2,112,867,414</u>	<u>2,184,272,268</u>	<u>2,052,283,237</u>
<b>Total</b>	<b><u><u>2,038,407,442</u></u></b>	<b><u><u>2,112,869,355</u></u></b>	<b><u><u>2,184,272,685</u></u></b>	<b><u><u>2,052,283,471</u></u></b>

- (2) Accounts receivable: With the continuous expansion of the Company's operations, the Company's accounts receivable maintained at a high level in the recent 3 years. The accounts receivable were RMB1.129 billion, RMB1.301 billion and RMB1.166 billion as at 31 December 2013, 2014 and 2015 respectively. The accounts receivable increased at the end of 2014 compared with the end of 2013 and decreased at the end of 2015. The accounts receivable were mainly due from BGS, some airlines and the Commercial and Trading Company with good credit quality and little possibility of bad debt. As at 30 September 2016, the Company's accounts receivable was RMB1.543 billion, increased by 32.33% compared with the end of 2015, mainly due to the Company's business development resulted in the increase of the accounts receivable. The Company will speed up the collection of the accounts receivable at the end of the year.

**Chart II-6: Company's ageing analysis of the accounts receivable as at 31 December 2013, 2014 and 2015**

	<i>RMB Yuan</i>		
Ageing	31 December 2015	31 December 2014	31 December 2013
Within 1 year	941,207,630	1,083,768,167	902,100,436
1-2 years	136,580,711	138,616,078	142,090,531
2-3 years	113,946,121	101,720,190	86,430,004
3-4 years	33,905,163	22,590,657	37,109,152
4-5 years	19,610,524	18,363,838	14,531,577
Over 5 years	32,831,709	15,337,860	12,101,866
<b>Total</b>	<b><u>1,278,081,859</u></b>	<b><u>1,380,396,790</u></b>	<b><u>1,194,363,566</u></b>

**Chart II-7: Company's top five customers of the accounts receivable at the end of 2015**

*RMB Yuan*

<b>Company's top five customers of the accounts receivable</b>	<b>Balance</b>	<b>The percentage of trade receivables</b>	<b>Related parties (Yes/No)</b>
Beijing Aviation Ground Services Company Limited	424,424,997	41.68%	No
Air China Limited	313,869,077	30.83%	No
Sunrise Duty Free (China) Company Limited	129,993,812	12.77%	No
China Southern Airlines Company Limited	80,141,547	7.87%	No
Hainan Airlines Company Limited	69,757,464	6.85%	No
<b>Total</b>	<b>1,018,186,897</b>	<b>100.00%</b>	<b>-</b>

- (3) Other receivables: The Company's other receivables were RMB2.9238 million, RMB2.0628 million, RMB1.4499 million and RMB1.4533 million at the end of 2013, 2014 and 2015 and as at 30 September 2016 respectively, representing a decreasing trend. As at 30 September 2016 the other receivables was consistent with the other receivables at the end of 2015. The Company's other receivables were small, accounting for a small proportion of the total assets.
- (4) Inventories: The Company's inventories were RMB115 million, RMB118 million and RMB126 million at the end of 2013, 2014 and 2015 respectively, no significant fluctuation in general. The Company's inventories were mainly spare parts for production and operation system of the terminals. As at 30 September 2016, the Company's inventories were RMB136 million, with slight fluctuation compared with the end of 2015.

### *Non-current assets*

- (1) Long-term equity investments: The Company's long term equity investments were the equity investment in Beijing Bowei Airport Support Limited ("Bowei"). The Company accounted for 60% of the shares of Bowei. The Company's long-term equity investments were RMB56.1423 million, RMB55.6473 million, RMB39.8581 million and RMB41.4530 million at the end of 2013, 2014 and 2015 and as at 30 September 2016 respectively.
- (2) Fixed Assets: At the end of 2013, 2014 and 2015 and as at 30 September 2016, the cost of the Company's fixed assets were RMB39.824 billion, RMB39.674 billion, RMB41.407 billion and RMB42.018 billion, the accumulated depreciation were RMB11.882 billion, RMB13.158 billion, RMB14.579 billion and RMB15.721 billion, and the net book amount were RMB27.942 billion, RMB26.516 billion, RMB26.827 billion and RMB26.298 billion. The net book amount of the fixed assets accounted for 85.46%, 83.09%, 82.06% and 81.96% of the total assets respectively, which was the largest item with slightly decrease but not significant fluctuation in the recent years. The Company was principally engaged in the operation of the Capital Airport, and the fixed assets were mainly buildings and runways, consistent with the main business of the Company.

### **Chart II-8: Company's fixed assets breakdown as at 31 December 2015**

	<i>RMB Yuan</i>	
<b>Item</b>	<b>Book amount</b>	<b>Percentage of fixed assets</b>
Buildings and improvements	17,021,642,165	63.45%
Runways	7,357,927,339	27.43%
Fixtures and other equipment	2,145,655,829	8.00%
Motor Vehicles	302,265,725	1.13%
<b>Total</b>	<b>26,827,491,058</b>	<b>100.00%</b>

**Chart II-9: Company's accumulated depreciation breakdown as at 31 December 2015**

<i>RMB Yuan</i>		
<b>Item</b>	<b>Accumulated depreciation</b>	<b>Percentage of accumulated depreciation</b>
Buildings and improvements	5,554,727,430.81	38.10%
Runways	2,570,631,429.93	17.63%
Fixtures and other equipment	6,053,342,536.12	41.52%
Motor Vehicles	400,642,246.55	2.75%
<b>Total</b>	<b><u>14,579,343,643.41</u></b>	<b><u>100.00%</u></b>

- (3) Construction in progress: The Company's construction in progress were RMB506 million, RMB733 million and RMB881 million at the end of 2013, 2014 and 2015 respectively, representing an increasing trend. The Company's construction projects were mainly some upgrading projects of T2 and T3. With the gradual expansion of the airport, the balance of the construction in progress represented a growing trend yearly. As at 30 September 2016, the Company's construction in progress was RMB410 million, decreased by 53.46% as compared with the end of 2015, mainly due to that the resource upgrading project of T2 was ready for use in 2016 and transferred to the fixed assets.

**Chart II-10: Company's major construction in process items as at 30 September 2016**

No.	Item Name	Total investment amount (100 million)	Amount had been input as at 30 September 2016 (100 million)	Percentage of completion	Yearly investment plan (100 million)		Capital resource	Self-raised capital availability
					Year 2016	Year 2017		
1	Houses used for accommodation to night employees	1.53	0.07	4.58%	0.10	1.43	All self-raised	Available
2	Capital airport overhaul engineering for the north part of F taxiway	1.08	0.68	62.96%	1.00	0.08	RMB49 million from Civil Aviation Fund, the rest self-raised	Available
3	New command center upgrading project	0.9	0.18	20.00%	0.47	0.43	RMB58.7 million from Civil Aviation Fund, the rest self-raised	Available
4	West taxiway re-engineering (Z3, Z18 taxiway)	0.82	0.49	59.76%	0.62	0.20	RMB39 million from Civil Aviation Fund, the rest self-raised	Available
5	Capital airport south part of F taxiway widening project	0.6	0.49	81.67%	0.53	0.07	RMB32 million from Civil Aviation Fund, the rest self-raised	Available
6	T2 domestic business facilities upgrading project	0.46	0.02	4.35%	0.18	0.28	All self-raised	Available
7	Capital airport T3 superior luggage control system overall upgrading project	0.29	0.13	44.83%	0.13	0.16	All self-raised	Available
8	T3E northern commercial layout upgrading and APM area operation resources supplement project	0.64	0.05	7.81%	0.08	0.56	All self-raised	Available
9	T2 VIP room overall renovation project	0.5	0.02	4.00%	0.06	0.44	All self-raised	Available
10	T2 international business facilities upgrading project	0.41	0.02	4.88%	0.02	0.39	All self-raised	Available
11	Other	9.65	1.95	20.21%	5.79	3.86	All self-raised	Available
<b>Total</b>		<b>16.88</b>	<b>4.10</b>	<b>24.29%</b>	<b>8.98</b>	<b>7.90</b>	-	-



- (4) Intangible assets: At the end of 2013, 2014 and 2015, the cost of the Company's intangible assets were RMB1.041 billion, RMB1.056 billion and RMB1.613 billion, the accumulated amortisation were RMB319 million, RMB349 million and RMB401 million, and the net book amount were RMB722 million, RMB707 million and RMB1.212 billion. The cost of the intangible assets was increased by RMB557 million and 52.75% at the end of 2015 compared with the end of 2014. The Company's intangible assets included land use rights and software use rights. As at 30 September 2016, the cost of the intangible assets was RMB1.625 billion, the accumulated amortisation was RMB437 million, and the net book amount was RMB1.188 billion, which decreased slightly but not significant fluctuation compared with the end of 2015.

**Chart II-11: Company's intangible assets breakdown as at 31 December 2015**

<i>RMB Yuan</i>		
<b>Item</b>	<b>Net value</b>	<b>Percentage of Intangible assets</b>
Land use rights	1,163,821,243	96.05%
Software	47,829,002	3.95%
<b>Total</b>	<b>1,211,650,245</b>	<b>100.00%</b>

**Chart II-12: Company's land use rights breakdown as at 31 December 2015**

*RMB Yuan*

<b>Assets Description</b>	<b>Cost</b>	<b>Accumulate Amortisation</b>	<b>Net book amount</b>
Land use right of Terminal 1	43,457,800.00	14,101,646.90	29,356,153.10
Deed tax of land use right of Terminal 1	1,738,312.00	563,325.35	1,174,986.65
Land use right of Terminal 2	136,006,000.00	44,132,666.44	91,873,333.56
Deed tax of land use right of Terminal 2	5,440,240.00	1,762,989.04	3,677,250.96
Land use right of Terminal 3 Building D	505,802,244.23	11,561,194.15	494,241,050.08
Land use rights of security station	9,786,100.00	3,175,497.31	6,610,602.69
Deed tax of land use right of security station	391,444.00	126,853.14	264,590.86
Land use rights of field service team in district east	6,703,200.00	2,175,125.31	4,528,074.69
Deed tax of land use right of field service team in district east	27,244.00	8,828.82	18,415.18
Land use rights of field service team in district west	8,001,200.00	2,596,314.07	5,404,885.93
Deed tax of land use right of field service team in district west	268,128.00	86,890.78	181,237.22
Land use right of light station	1,081,300.00	350,871.66	730,428.34
Deed tax of land use right of light station	12,948.00	4,196.00	8,752.00
Land use right of the office building of the ground services company	472,300.00	153,256.91	319,043.09
Deed tax of land use right of the office building of the ground services company	42,868.00	13,892.01	28,975.99
Land use right of the runway east fire point	93,100.00	30,210.08	62,889.92
Deed tax of land use right of runway east fire point	3,724.00	1,206.79	2,517.21
Land use right of office building	5,004,556.00	380,564.62	4,623,991.38
Deed tax of land use right of office building	195,709.62	15,294.36	180,415.26
Land use right of aviation escort centre	722,200.00	234,347.09	487,852.91
Deed tax of land use right of aviation escort centre	551,645.87	41,916.37	509,729.50
Land use right of air incinerator	4,006,600.00	1,300,103.97	2,706,496.03
Deed tax of land use right of air incinerator	87,888.00	28,481.42	59,406.58
Land use right of sanitation team	4,119,100.00	587,383.17	3,531,716.83
Deed tax of land use right of sanitation team	68,056.00	22,054.56	46,001.44
Land use right of freight house	21,600,800.00	7,009,256.23	14,591,543.77
Deed tax of land use right of freight house	864,032.00	280,002.18	584,029.82

<b>Assets Description</b>	<b>Cost</b>	<b>Accumulate Amortisation</b>	<b>Net book amount</b>
Land use right of airport management office	323,700.00	105,037.63	218,662.37
Deed tax of land use right of airport management office	28,888.00	9,361.57	19,526.43
Land use right of purification station	4,961,700.00	1,610,024.93	3,351,675.07
Deed tax of land use right of purification station	160,264.00	51,935.87	108,328.13
Land use right of greening team east greenhouse	2,197,200.00	712,970.68	1,484,229.32
Deed tax of land use right of greening team east greenhouse	18,892.00	6,122.20	12,769.80
Land use right of greening team	18,061,328.60	1,121,589.26	16,939,739.34
Deed tax of land use right of greening team	198,468.00	64,316.44	134,151.56
Land use rights of duty free warehouse	681,100.00	221,010.53	460,089.47
Deed tax of land use right of duty free warehouse	4,868.00	1,577.54	3,290.46
Land use right of special vehicle warehouse	121,700.00	39,490.53	82,209.47
Deed tax of land use right of special vehicle warehouse	320,048.00	103,716.22	216,331.78
Land	550,272,663.73	79,789,536.22	470,483,127.51
Land use right of property management department	1,071,700.00	347,756.59	723,943.41
Deed tax of land use right of property management department	43,252.00	14,016.45	29,235.55
Land use right of fire centre	5,337,100.00	1,731,838.72	3,605,261.28
Deed tax of land use right of fire centre	213,484.00	69,182.62	144,301.38
<b>Total</b>	<b>1,340,565,096.05</b>	<b>176,743,852.73</b>	<b>1,163,821,243.32</b>

Overall, the Company's asset structure adapted to the characteristics of the airport construction industry and was pretty stable. The Company kept good liquidity and asset quality.

## (2) Liability structure analysis

**Chart II-13: Company's liability structure analysis as at 31 December 2013, 2014 and 2015 and 30 September 2016**

Item	30 September 2016		31 December 2015		31 December 2014		31 December 2013	
	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage
<b>Current liabilities:</b>								
Short-term borrowings	–	–	2,000,000,000	13.87%	2,250,000,000	15.30%	3,000,000,000	18.20%
Accounts payable	1,222,201,705	9.42%	1,001,825,004	6.95%	1,016,465,490	6.91%	903,257,303	5.48%
Advance from customers	223,202,811	1.72%	116,793,788	0.81%	56,127,020	0.38%	47,156,305	0.29%
Employee benefits payable	200,040,426	1.54%	194,976,671	1.35%	110,985,545	0.75%	162,935,250	0.99%
Taxes payable	539,386,641	4.16%	622,983,278	4.32%	554,483,460	3.77%	463,439,954	2.81%
Dividends payable	271,546,803	2.09%	–	–	–	–	–	–
Interests payable	104,515,470	0.81%	142,887,435	0.99%	221,719,587	1.51%	225,812,873	1.37%
Other payables	582,012,382	4.49%	520,774,744	3.61%	402,550,467	2.74%	708,129,812	4.30%
Current portion of non-current liabilities	3,176,186,249	24.48%	2,644,712,502	18.34%	2,060,192,576	14.01%	159,955,518	0.97%
<b>Total current liabilities</b>	<b>6,319,092,488</b>	<b>48.70%</b>	<b>7,244,953,422</b>	<b>50.23%</b>	<b>6,672,524,145</b>	<b>45.36%</b>	<b>5,670,687,015</b>	<b>34.40%</b>
<b>Non-current liabilities:</b>								
Long-term borrowings	4,375,000,000	33.72%	1,885,000,000	13.07%	2,225,000,000	15.13%	2,985,000,000	18.11%
Debentures payable	–	–	2,997,277,530	20.78%	2,994,976,018	20.36%	4,890,150,300	29.66%
Long-term payables	2,135,158,604	16.45%	2,156,118,779	14.95%	2,682,236,604	18.24%	2,824,310,535	17.13%
Deferred income	17,468,418	0.13%	17,287,643	0.12%	9,217,192	0.06%	–	–
Other non-current liabilities	–	–	–	–	–	–	114,637,413	0.70%
Long-term employee benefits payable	129,319,329	1.00%	121,599,022	0.84%	124,943,336	0.85%	–	–
<b>Total non-current liabilities</b>	<b>6,656,946,351</b>	<b>51.30%</b>	<b>7,177,282,974</b>	<b>49.77%</b>	<b>8,036,373,150</b>	<b>54.64%</b>	<b>10,814,098,248</b>	<b>65.60%</b>
<b>Total liabilities</b>	<b>12,976,038,839</b>	<b>100.00%</b>	<b>14,422,236,397</b>	<b>100.00%</b>	<b>14,708,897,295</b>	<b>100.00%</b>	<b>16,484,785,263</b>	<b>100.00%</b>

The Company's current liabilities were mainly composed of short-term borrowings, accounts payable, taxes payable and other payables. At the end of 2013, 2014 and 2015 and as at 30 September 2016, the Company's current liabilities were RMB5.671 billion, RMB6.673 billion, RMB7.245

billion and RMB6.319 billion respectively, accounting for 34.40%, 45.36%, 50.23% and 48.70% of the total liabilities respectively. The significant fluctuation was mainly due to the reclassification of the long-term liabilities due within 1 year as current liabilities and the continuous repayment of the short-term borrowing. Since 2013, the Company had changed the financing structure, and replaced part of the short-term liabilities with the long-term liabilities. In addition, the Company repaid all the short-term borrowings in 2016. So the short-term liabilities has a significant fluctuation in the recent years. The Company's non-current liabilities were mainly composed of long-term borrowings, debentures payables and long-term payables. At the end of 2013, 2014 and 2015 and as at 30 September 2016, the Company's non-current liabilities were RMB10.814 billion, RMB8.036 billion, RMB7.177 billion and RMB6.657 billion respectively, representing a decreasing trend, accounting for 65.60%, 54.64%, 49.77% and 51.30% of the total liabilities. Regarding the change of the liability structure, the Company's current liabilities and non-current liabilities ratio had significant changes due to the impact of the change from the Company's financing structure in the recent years.

### ***Current liabilities***

- (1) Short-term borrowing: The Company had begun to adjust the debt structure and make short-term financing since 2013. The Company's short-term borrowing were RMB3 billion, RMB2.25 billion and RMB2 billion at the end of 2013, 2014 and 2015, representing a decreasing trend. It was due to that the Company repaid part of the short-term borrowings. As at 30 September 2016, the Company's short-term borrowings was nil, decreased by RMB2 billion compared with the end of 2015, due to the repayment of the short-term borrowings amounted to RMB2 billion during this period.

### **Chart II-14: Company's repayment of the short-term borrowings breakdown for the 9 months ended 30 September 2016**

*RMB0'000*

<b>Repayment date</b>	<b>Repayment amount</b>	<b>Borrower</b>	<b>Remaining balance</b>	<b>Loan term</b>
2016.5.18	200,000.00	Huabao Trust		– 1 year

- (2) Accounts payable: The Company's accounts payable was mainly payable for repair and maintenance, payable for greening and materials payable. The accounts payable were RMB903 million, RMB1,016 million and RMB1,002 million at the end of 2013, 2014 and 2015 respectively. The accounts payable increased by RMB113 million and 12.51% at the end of 2014 compared with the end of 2013, mainly due to the increase of the repair and maintenance expenses. The accounts payable was roughly flat at the end of 2015 compared with the end of 2014. At the end of 2015, the Company's accounts payable with ageing above 1 year was RMB0.246 billion, mainly the payable for repair and maintenance. As at 30 September 2016, the Company's accounts payable was RMB1.222 billion, increased by RMB1.10 billion and 8.25% compared with the end of 2015, mainly due to that the Company would speed up the settlement at year end.

**Chart II-15: Company's top five accounts payable as at 31 December 2015**

*RMB Yuan*

The Company's top five suppliers of accounts payable	Amount	Percentage of accounts payable	Related parties (Yes/No)
Capital Airports Power and Energy Limited	185,497,557	18.52%	Yes
Beijing Bowei Airport Support Limited	88,642,481	8.85%	Yes
Beijing Capital Property Management Company Limited	69,741,493	6.96%	Yes
Capital Airports Holding Company	66,381,998	6.63%	Yes
Capital Airports Aviation Security Company Limited	18,097,405	1.81%	Yes
<b>Total</b>	<b>428,360,933</b>	<b>42.76%</b>	–

- (3) Advance from customers: The Company's advance from customers was mainly advanced airport fees, advanced concession fees, advanced rentals and advanced car parking pass fees. The proportion of the advance from customers in the liabilities was very small. The advance from customers were RMB47 million, RMB56 million and RMB117 million at the end of 2013, 2014 and 2015 respectively. As at 30 September 2016, the advance from customers was RMB223 million, increased by RMB106 million and 90.60% compared with the end of 2015, mainly due to the advanced civil aviation development fund and the increased advanced advertising concession fees after the change of the business model on the retail, food and beverage and advertising.
- (4) Other payables: The Company's other payables were mainly amount due to related parties for construction, amount due to third parties for construction and fixed assets, rental deposits and construction deposits. The Company's other payables were RMB708 million, RMB403 million and RMB521 million at the end of 2013, 2014 and 2015 respectively. As at 30 September 2016, the other payables were RMB582 million. There were significant fluctuations on the other payables during the 3 years. The other payables decreased by 43.08% at the end of 2014 compared with the end of 2013, mainly due to the substantial decrease of the payables for construction and fixed assets. The other payables increased by 29.28% at the end of 2015 compared with the end of 2014, mainly due to the increase of the payables for construction and fixed assets. The other payables increased by RMB61 million and 11.70% as at 30 September 2016 compared with the end of 2015, mainly due to the increase of the deposits received from the customers and suppliers and the receipts on behalf of the food and beverage concession operators.
- (5) Current portion of non-current liabilities: The Company's current portion of non-current liabilities were RMB0.160 billion, RMB2.060 billion and RMB2.645 billion at the end of 2013, 2014 and 2015 respectively, representing an increasing trend. The current portion of non-current liabilities increased by RMB1.90 billion at the end of 2014 compared with the end of 2013, mainly due to the reclassification of the corporate debentures amounted to RMB1.9 billion as the current portion of non-current liabilities as it would be matured in February 2015. The current portion of non-current liabilities increased by RMB585 million at the end of 2015 compared with the end of 2014, mainly due to the reclassification of the long-term payables due within 1 year. The current portion of non-current liabilities was RMB3.176 billion as at 30 September, increased by RMB531 million compared to the end of 2015, mainly due to the reclassification of the corporate debentures amounted to RMB3 billion as the current portion of non-current liabilities as it would be matured on 3 February 2017. Meanwhile, the Company had repaid part of the long-term payables due within 1 year.

### *Non-current liability*

- (1) Long-term borrowings: The Company's long-term borrowings were RMB2.985 billion, RMB2.225 billion, RMB1.885 billion and RMB4.375 billion at the end of 2013, 2014 and 2015 and as at 30 September 2016 respectively, representing a significant fluctuation. The long-term borrowings decreased by RMB760 million at the end of 2014 compared with the end of 2013. The long-term borrowings decreased by RMB340 million at the end of 2015 compared with the end of 2014, mainly due to the reclassification of the long-term borrowings amounted to RMB1.985 billion as the current portion of non-current liabilities. The long-term borrowings increased by RMB2.49 billion as at 30 September 2016 compared with the end of 2015, mainly due to that the Company obtained the long-term borrowings amounted to RMB3.5 billion from the Bank of Communications and repaid part of the long-term borrowings from the Bank of China.
- (2) Debentures payable: The Company issued 2 kinds of corporate debentures in 2010. With the approval of the China Securities Regulatory Commission regulatory [2010] No. 78, the Company issued corporate debentures with an aggregate principal amount of RMB4.9 billion on 5 February 2010. The debentures' interest was calculated and payable annually based on the simple interest. The debenture of principal amount of RMB1.9 billion with maturity of 5 years, interest-bearing at 4.45% per annum, had been repaid in February 2015. The debenture of principal amount of RMB3 billion with maturity for 7 years, interest-bearing at 4.65% per annum, will be mature on 3 February 2017, so the balance of the debentures payable was reclassified as the current portion of non-current liabilities in the first quarter of 2016. These debentures were guaranteed by the group company which was full unconditional irrevocable.
- (3) Long-term payables: In order to pay the acquisition consideration of the T3 assets (the Phase III Assets) to the group company, the Company entered into agreements with the group company on 29 December 2008 to assume the loans previously obtained by the group company for the T3 assets from the European Investment Bank and the domestic financial institutions with the same terms and conditions. The long-term payables were RMB2.824 billion, RMB2.682 billion and RMB2.156 billion at the end of 2013, 2014 and 2015 respectively, representing a decreasing trend, mainly due to the reclassification of the long-term payables due within 1 year as the current portion of non-current liabilities. As at 30 September 2016, the long-term payables were RMB2.135 billion, keeping stability with the end of 2015.



**Chart II-16: Company's long-term payable breakdown as at 31 December 2013, 2014 and 2015 and 30 September 2016**

*RMB Yuan*

Item	The end of	31 December	31 December	31 December
	September 2016	2015	2014	2013
Loans from the Parent Company	2,302,138,956	2,815,831,281	2,832,735,680	2,974,266,053
Less: Within 1 year	<u>-166,980,352</u>	<u>-659,712,502</u>	<u>-150,499,076</u>	<u>-149,955,518</u>
<b>Long-term payables, net</b>	<b><u>2,135,158,604</u></b>	<b><u>2,156,118,779</u></b>	<b><u>2,682,236,604</u></b>	<b><u>2,824,310,535</u></b>

**(3) Equity analysis**

**Chart II-17: Company's equity structure analysis as at 31 December 2013, 2014 and 2015 and 30 September 2016**

Item	30 September 2016		31 December 2015		31 December 2014		31 December 2013	
	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage	Amount (RMB Yuan)	Percentage
<b>Equity:</b>								
Share capital	4,330,890,000	22.76%	4,330,890,000	23.71%	4,330,890,000	25.18%	4,330,890,000	26.71%
Capital surplus	6,053,860,969	31.82%	6,012,935,435	32.91%	5,983,129,637	34.78%	5,839,763,372	36.02%
Other comprehensive income	-20,635,447	-0.11%	-14,848,687	-0.08%	-11,309,334	-0.07%	-	-
Surplus reserve	4,198,232,856	22.06%	3,869,850,082	21.18%	3,427,412,547	19.92%	3,022,484,711	18.64%
Undistributed profits	<u>4,465,721,562</u>	<u>23.47%</u>	<u>4,070,163,036</u>	<u>22.28%</u>	<u>3,472,247,321</u>	<u>20.18%</u>	<u>3,018,643,891</u>	<u>18.62%</u>
<b>Total equity</b>	<b><u>19,028,069,939</u></b>	<b><u>100.00%</u></b>	<b><u>18,268,989,866</u></b>	<b><u>100.00%</u></b>	<b><u>17,202,370,171</u></b>	<b><u>100.00%</u></b>	<b><u>16,211,781,974</u></b>	<b><u>100.00%</u></b>

For the year end 2013, 2014 and 2015 and the 9 months ended 30 September 2016, the Company's total equity were RMB16.212 billion, RMB17.202 billion, RMB18.269 billion and RMB19.028 billion respectively, representing an increasing trend. The equity was composed of share capital, capital surplus, surplus reserve and undistributed profits.

- (1) Share capital: Confirmed by the Ministry of Finance of the PRC on 9 October 1999, the group company converted the valued net assets of RMB3,761,930,000 into RMB2,500,000,000 domestic shares, par value at RMB1 per share, and the premium was treated as capital surplus. On 27 January 2000, the Company launch its initial public offering issuing 1,346,150,000 shares (H shares) to extraterritorial investors, par value at RMB1 per share, and then such shares were listed on the Stock Exchange of Hong Kong on 1 February 2000. Upon such issue, the total share capital of the Company had increased to RMB3,846,150,000. On 4 October 2006, the Company issues additional 220,000,000 H Shares, par value at RMB1, among which 200,000,000 H shares were orientated to institutional investor, and the remaining 20,000,000 shares were transferred to the National Social Security Fund Council of the PRC and then changed to listed H shares (accounted for 10% after actual issuance of new shares), according to the request of the National Social Security Fund Council of the PRC [2006]16 “Letters regarding the Beijing Capital International Airport Company Limited’s placement in Hong Kong”. Upon such issue, the total share capital of the Company had increased to RMB4,046,150,000. On 10 June 2008, the Company issues additional 313,214,000 H Shares, par value at RMB1, among which 284,740,000 H shares were orientated to institutional investor, and the remaining 28,474,000 shares were transferred to the National Social Security Fund Council of the PRC and then changed to listed H shares (accounted for 10% after actual issuance of new shares), according to the request of the National Social Security Fund Council of the PRC [2006]16 “Letters regarding the Beijing Capital International Airport Company Limited’s placement in Hong Kong”. Upon such issue, the total share capital of the Company had increased to RMB4,330,890,000. There was no change on the Company’s share capital for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016.
- (2) Capital surplus: The Company’s capital surplus were RMB5,840 million, RMB5,983 million, RMB6,013 million and RMB6,054 million as at the end of 2013, 2014 and 2015 and as at 30 September 2016, representing an increasing trend in the recent years, mainly due to cash contributed from the group company. It was treated as capital surplus that the group company was fully entitled and could not be distributed as profit.

- (3) Surplus reserve: The Company's surplus reserve were RMB3,022 million, RMB3,427 million, RMB3,870 million and RMB4,198 million at the end of 2013, 2014 and 2015 and as at 30 September 2016 respectively, representing an increasing trend. In accordance with the PRC Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus has reached 50% of the registered capital. The Company appropriated 10% of the net profit for the years of 2013, 2014 and 2015 to the statutory surplus reserve, amounted to RMB133 million, RMB139 million and RMB164 million.

The appropriation of the discretionary surplus reserve was proposed by the Board of Directors and approved by the shareholders' meeting. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. According to the resolution at the shareholders meeting on 28 June 2015, the Company appropriated 20% of the net profit for the year 2014 to the discretionary reserve, amounted to RMB278 million (2014: 20% of the net profit for the year 2013, amounted to RMB266 million).

- (4) Non-distribution profit: The Company's undistributed profits were RMB3,019 million, RMB3,427 million and RMB4,070 million at the end of 2013, 2014 and 2015, representing an increasing trend. As at 30 September 2016, the undistributed profits were RMB4,466 million, and increased slightly compared with the end of 2015. The undistributed profits was the total of the accumulated undistributed profit for the past years and the net profit of the current year, net of the statutory surplus reserve, the discretionary surplus reserve and the dividend paid for the ordinary shares.

In accordance with the resolution of the sixth board meeting's third meeting in 2016, held on 25 August 2016, the Board of Director resolved to distribute an interim dividend of 30% of the net profit of the first half year of 2016, RMB0.0627 per share, amounted to the total of approximately RMB271,547,000.

#### (4) Cash flow analysis

**Chart II-18: Company's cash flow analysis for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016**

*RMB Yuan*

Item	From January to September 2016	Year 2015	Year 2014	Year 2013
<b>Net cash flows from operating activities</b>	<u>2,847,044,108</u>	<u>4,157,282,637</u>	<u>3,264,678,254</u>	<u>3,246,186,234</u>
Among: Cash inflows from operating activities	6,349,434,163	8,857,803,126	7,730,061,720	7,304,904,154
Cash outflows from operating activities	<u>-3,502,390,055</u>	<u>-4,700,520,489</u>	<u>-4,465,383,466</u>	<u>-4,058,717,920</u>
<b>Net cash flows from investing activities</b>	<u>-153,265,856</u>	<u>-2,405,556,291</u>	<u>-542,577,331</u>	<u>-400,820,087</u>
Among: Cash inflows from investing activities	29,560,664	35,251,425	22,636,316	99,406,192
Cash outflows from investing activities	<u>-182,826,519</u>	<u>-2,440,807,716</u>	<u>-565,213,647</u>	<u>-500,226,279</u>
<b>Net cash flows from financing activities</b>	<u>-2,769,899,632</u>	<u>-1,826,848,402</u>	<u>-2,590,666,396</u>	<u>-2,611,290,305</u>
Among: Cash inflows from financing activities	3,540,925,533	4,179,805,799	2,653,933,217	6,652,251,254
Cash outflows from financing activities	<u>-6,310,825,165</u>	<u>-6,006,654,201</u>	<u>-5,244,599,613</u>	<u>-9,263,541,559</u>
<b>Net increase in cash and cash equivalents</b>	<u>-74,461,913</u>	<u>-71,403,330</u>	<u>131,989,214</u>	<u>233,878,997</u>

##### **1. The analysis of cash flows from operating activities**

The Company's cash flows from operating activities were RMB7.305 billion, RMB7.730 billion and RMB8.858 billion, and the net cash flows from operating activities were RMB3.246 billion, RMB3.265 billion and RMB4.157 billion for the years of 2013, 2014 and 2015 respectively, keeping a positive inflows, which indicated that the Company continuously expanded its business activities. For the 9 months ended 30 September 2016, the cash inflows from operating activities were RMB2.847 billion, decreased by 9.84% compared with the same period last year, mainly received other business activities related cash declined compared with the same period of previous year. Regarding the statements of cash flow, cash flows from operating activities were mainly cash received from sales of goods or rendering of services and cash paid for goods and services. The Company's cash flows from operating activities were well.

## **2. *The analysis of cash flows from investing activities***

The Company's net cash flows from investing activities were RMB-401 million, RMB-543 million and RMB-2,406 million for the years of 2013, 2014 and 2015 respectively. The cash flows from investing activities had a significant fluctuation for the year of 2015 compared with the year of 2014, mainly due to cash paid to acquire fixed assets, intangible assets and other long-term assets increased significantly during this period. For the 9 months ended 30 September 2016, the Company's net cash flows from investing activities were RMB-153 million, compared with RMB-1,849 million for the same period of previous year, mainly due to cash paid to acquire fixed assets, intangible assets and other long-term assets decreased during this period. The Company's cash flows from investment activities were mainly cash paid to acquire fixed assets, intangible assets and other long-term assets. Due to the particularity of the Company's business activities, the Company should maintain and repair the facilities each year. Therefore, it was consistent with the Company's operating characteristics that the net cash flows from investing activities kept high negative growth.

## **3. *The analysis of cash flows from financing activities***

The Company's net cash flows from financing activities were RMB-2.611 billion, RMB-2.591 billion and RMB-1.827 billion for the years of 2013, 2014 and 2015 respectively. Due to that the Company's working capital was relatively abundant and repaid part of the loans during the reporting periods, the Company's net cash flows from financing activities were always negative. For the 9 months ended 30 September 2016, the Company's net cash flow from financing activities were RMB-2.770 billion, compared with RMB-948 million for the same period of previous year, mainly due to the decrease of the borrowings and the increase of the repayments during this period.

### 3. PROFITABILITY ANALYSIS

**Chart II-19: Company's profitability indicators for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016**

*RMB Yuan*

Item	For the 9 months ended 30 September			
	2016	Year 2015	Year 2014	Year 2013
Revenues	6,477,168,928	8,509,962,238	7,655,956,759	7,224,817,824
Less: Cost of sales	-3,736,822,273	-4,794,432,556	-4,494,938,763	-4,175,743,693
Add: Investment income	3,124,661	8,016,803	4,835,743	3,230,970
Operating profit	1,872,271,467	2,184,363,100	1,853,287,529	1,784,265,330
Add: Non-operating income	295,778	16,143,820	11,525,601	5,006,984
Less: Non-operating expenses	–	-7,552,013	-5,773,902	-13,892,532
<b>Total profit</b>	<b><u>1,872,567,245</u></b>	<b><u>2,192,954,907</u></b>	<b><u>1,859,039,228</u></b>	<b><u>1,775,379,782</u></b>
Net profit	1,403,891,030	1,641,913,870	1,391,230,736	1,329,023,811
Gross profit margin	42.31%	43.66%	41.29%	42.20%
Net profit margin	21.67%	19.29%	18.17%	18.40%
Return on equity	<u>7.53%</u>	<u>9.26%</u>	<u>8.33%</u>	<u>8.46%</u>

*Note:* The gross profit margin, net profit margin and return on equity for the 9 months ended 30 September 2016 have not been projected to annual ratios.

#### (1) Revenue

The Company's total revenue were RMB7.225 billion, RMB7.656 billion and RMB8.510 billion for the years of 2013, 2014 and 2015 respectively, keeping a stable increasing trend. The total revenue of 2015 increased by RMB0.854 billion and 11.15% compared with the previous year. The Company's total revenue for the 9 months ended 30 September 2016 reached RMB6.477 billion, increased by RMB0.146 billion compared with the same period of previous year. Due to the enhanced business scale and the enlarged aeronautical revenue as a result of the increased aircraft movement and increased passenger throughput, as well as the developed non-aeronautical revenue, the total revenue in the recent three years and the 9 months ended 30 September in 2016 demonstrated a steady progress.

Investment income: The Company's investment income were RMB3.231 million, RMB4.8358 million and RMB8.0168 million for the years of 2013, 2014 and 2015 respectively, representing an increasing trend. For the 9 months ended 30 September 2016, the Company's investment income was RMB3.1247 million. The Company's investment income was mainly from the long-term equity investments accounted for using the equity method.

## (2) Cost of sales

Attributable to the continuous growth of the aeronautical volume and the non-aeronautical volume, the Company's cost of sales were RMB4.176 billion, RMB4.495 billion and RMB4.794 billion for the years of 2013, 2014 and 2015, representing an increasing trend. For the 9 months ended 30 September 2016, the Company's cost of sales was RMB3.737 billion, increased by RMB0.173 billion and 4.84% compared with the same period of previous year. The Company's cost of sale included rental expenses, depreciation and amortisation expenses, utilities and power expenses, repair and maintenance expenses, staff costs and other costs directly related with the operation of the airport. With the continuous expansion of the business, the cost of sales increased and maintained a stable growth. The composition of the cost of sales is as follows:

### Chart II-20: Company's cost of sales breakdown for the years of 2013, 2014 and 2015 and 9 months ended 30 September 2016

*RMB Yuan*

Item	For the 9			
	months ended 30 September 2016	Year 2015	Year 2014	Year 2013
Depreciation	1,135,496,413	1,508,106,784	1,384,592,956	1,452,338,102
Repairs and maintenance	478,987,833	686,182,122	739,865,464	644,407,073
Utilities and power	487,370,015	609,042,642	621,488,944	575,282,973
Concession management fee	418,132,407	562,519,307	-	-
Aviation safety and security guard costs	403,612,927	532,888,002	488,926,011	456,802,857
Staff costs	314,690,849	280,597,341	351,689,285	329,738,062
Operating contracted services	233,329,807	265,523,401	268,945,151	236,623,754
Greening and environmental maintenance	142,546,885	194,724,918	199,859,819	197,014,358
Rental expenses	45,836,510	59,727,519	334,585,517	182,325,105
Other	76,818,628	95,120,520	104,985,616	101,211,409
<b>Total</b>	<b>3,736,822,273</b>	<b>4,794,432,556</b>	<b>4,494,938,763</b>	<b>4,175,743,693</b>

### (3) Expense

#### 1) General and administrative expenses

The Company's general and administrative expenses were RMB0.628 billion, RMB0.648 billion and RMB0.77 billion for the years of 2013, 2014 and 2015 respectively, representing an increasing trend. For the 9 months ended 30 September 2016, the general and administrative expenses were RMB0.45 billion.

#### Chart II-21: Company's general and administrative expenses breakdown for the year of 2015

*RMB Yuan*

Item	Amount	Percentage of the general and administrative expenses
Staff costs	250,406,605	32.52%
Taxation	171,527,028	22.28%
Trademark license expenses	73,560,744	9.55%
Rental expenses	52,395,979	6.81%
Amortisation	51,954,881	6.75%
Consulting and agency expenses	41,526,955	5.39%
Agency commission	26,829,553	3.48%
Insurance expenses	15,422,002	2.00%
Operating contracted services	11,976,663	1.56%
Office related expenses	8,833,278	1.15%
Depreciation	8,596,966	1.12%
Repair and maintenance	7,777,279	1.01%
Utilities and power	7,611,424	0.99%
Advertising expenses	6,592,326	0.86%
Travel and transportation expenses	5,824,453	0.76%
Other	29,122,722	3.78%
<b>Total</b>	<b>769,958,858</b>	<b>100.00%</b>



## 2) *Financial expenses*

The Company's financial expense were RMB0.512 billion, RMB0.539 billion and RMB0.614 billion for the years of 2013, 2014 and 2015 respectively, representing an increasing trend. For the 9 months ended 30 September 2016, the Company's financial expenses were RMB0.348 billion. The business developed in recent three years, and therefore the administration fee and the financial expenses are also increased. The general and administrative expenses and financial expenses increased due to the expansion of the Company's business in the recent 3 years.

### **Chart II-22: Company's financial expenses breakdown for the years of 2015**

<b>Item</b>	<i>RMB Yuan</i>	
	<b>Amount</b>	<b>Percentage of the financial expenses</b>
Finance costs	506,423,789	82.48%
Less: Finance income	-29,880,181	-4.87%
Exchange losses, net	135,353,304	22.05%
Other	2,068,290	0.34%
<b>Total</b>	<b>613,965,203</b>	<b>100.00%</b>

## (4) **Profit**

The Company's net profit were RMB1.329 billion, RMB1.391 billion, RMB1.642 billion and RMB1.404 billion for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016 respectively. Benefit from the development of the Company's business, the Company's profit kept a stable growth. The net profit of 2015 increased by RMB0.251 billion and 18.04% compared with 2014, demonstrated the Company's good profitability.

Non-operating income: The Company's non-operating income were RMB5.007 million, RMB11.5256 million and RMB16.1438 million for the years of 2013, 2014 and 2015 respectively, representing an increasing trend. For the 9 months ended 30 September 2016, the non-operating income was RMB295.8 thousand. The Company's non-operating income was primarily from gains on disposal of non-current assets, government subsidies and other items.

For the years of 2013, 2014 and 2015 and the 9 months ended 30 September, the Company's operating profit margin were 42.20%, 41.29%, 43.66% and 42.31% respectively, keeping stable, and the net profit margin were 18.40%, 18.17%, 19.29% and 21.67% respectively, demonstrating an increase trend and strong profitability.

#### 4. LIQUIDITY ANALYSIS

**Chart II-23: Company's liquidity indicators as at 31 December 2013, 2014 and 2015 and 30 September 2016**

Item	30 September			
	2016	Year 2015	Year 2014	Year 2013
Asset-liability ratio (%)	40.54%	44.12%	46.09%	50.42%
Current ratio	0.61	0.48	0.55	0.59
Quick ratio	0.59	0.47	0.54	0.57
EBIT (100 million)	19.68	26.99	24.06	23.87
EBIT Interest cover ratio (times)	6.56	5.33	4.4	3.9

*Note:* The EBIT (100 million) for the 9 months ended 30 September 2016 has not been projected to the annual figure.

At the end of year 2013, 2014 and 2015 and as at 30 September 2016, the Company's asset-liability ratio were 50.42%, 46.09%, 44.12% and 40.54% respectively, representing a decreasing trend to demonstrate that the Company had a strong ability to repay long-term debts. At the end of year 2013, 2014 and 2015 and as at 30 September 2016, the Company's quick ratio were 0.59, 0.55, 0.48 and 0.61 respectively. Considering the small size of the inventory in the current assets, the quick ratio was almost consistent with the current ratio. Since the repayment of the short-term borrowings amounted to RMB2 billion and the increase of cash at bank and on hand, the Company's current ratio as at 30 September 2016 increased when compared with the end of 2015.

For the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016, the Company's interest cover ratio were 3.90, 4.40, 5.33 and 6.56 respectively, representing an increasing trend and demonstrating the strong capacity to pay the debts.

## 5. ASSET OPERATION EFFICIENCY ANALYSIS

**Chart II-24: Company's asset operation indicators for the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016**

Item	For the 9 months ended 30 September			
	2016	Year 2015	Year 2014	Year 2013
Total assets turnover ( <i>time/year</i> )	0.20	0.26	0.24	0.22
Accounts receivable turnover ( <i>time/year</i> )	4.78	8.43	7.98	6.67
Inventory turnover ( <i>time/year</i> )	28.60	39.32	38.60	34.82

*Note:* The total assets turnover, accounts receivable turnover, inventory turnover have not been projected to the annual figures.

For the years of 2013, 2014 and 2015 and the 9 months ended 30 September 2016, the Company's total assets turnover were 0.22, 0.24, 0.26 and 0.20 respectively, keeping stable in the recent 3 years. The Company's accounts receivable turnover were 6.67, 7.98, 8.43 and 4.78 respectively, representing a slightly increase in the recent 3 years. The Company's inventory turnover were 34.82, 38.60, 39.32 and 28.60 respectively, representing an increasing trend in the recent 3 years.

## 6. COMPANY'S DEBTS IN RECENT FINANCIAL YEAR

### (1) Bank borrowings

At the end of 2015, the Company's total bank borrowings were RMB5.87 billion, among which the short-term borrowing was RMB2 billion, the non-current liabilities due within 1 year was RMB1.985 billion, and the long-term borrowings was RMB1.885 billion. As at 30 September 2016, the Company's total bank borrowings was RMB4.385 billion, among which the long-term borrowing was RMB4.375 billion and there was no short-term borrowings. The Company's borrowing maturity and guarantee structure are set out below.

**Chart II-25: Company's bank borrowing mature structure as at 31 December 2015 and 30 September 2016**

*RMB100 million Yuan*

Item	30 September 2016		31 December 2015	
	Amount	Percentage (%)	Amount	Percentage (%)
Short-term borrowings	–	–	20	34.07%
Long-term borrowings due within 1 year	0.1	0.23%	19.85	33.82%
Long-term borrowings	43.75	99.77%	18.85	32.11%
<b>Total</b>	<b>43.85</b>	<b>100.00%</b>	<b>58.7</b>	<b>100.00%</b>

**Chart II-26: Company's bank borrowings guarantee structure as at 30 September 2016**

*RBM 100 million Yuan*

Item	Short-term borrowings	Long-term borrowings due within 1 year	Long-term borrowings	Total amount	Percentage of the total borrowings
Credit borrowings	–	0.1	43.75	43.85	59.38%

**Chart II-27: Company's bank borrowing breakdown as at 31 December 2015 and 20 September 2016**

*RMB100 million Yuan*

Bank	Amount	Beginning and due date	Interest rate	Loan type
Bank of China Limited	8.85	2015.1.29– 2018.1.29	4.275%	Unsecured loan
Bank of Communications Company Limited	35.00	2016.5.17– 2019.5.17	4.18%	Unsecured loan
<b>Total</b>	<b>43.85</b>	–	–	–

(2) Other interest-bearing debts

Chart II-28: Company's interest-bearing debts at the prospectus date

*RMB100 million Yuan*

Type	Issuance Amount	Interest rate	Duration	Beginning Date	Due Date
Corporation debenture	30	4.65%	7 years	2010.2.3	2017.2.3
<b>Total</b>	<b>30</b>	–			

*Note:* This corporation debenture has already adjusted to non-current liabilities within one year in the first quarter of 2016.

By the order of the Board  
**Shu Yong**  
*Company Secretary*

Beijing, the PRC, 10 November 2016

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

*Executive Directors:* Mr. Liu Xuesong, Mr. Han Zhiliang and Ms. Gao Lijia

*Non-executive Directors:* Mr. Yao Yabo, Mr. Zhang Musheng, Mr. Ma Zheng and Mr. Cheng Chi Ming, Brian

*Independent Non-executive Directors:* Mr. Japhet Sebastian Law, Mr. Wang Xiaolong, Mr. Jiang Ruiming and Mr. Liu Guibin

*An announcement containing details of the matter is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at <http://www.hkex.com.hk> under "Latest Listed Companies Information", at the website of the Company at <http://www.bcia.com.cn/> and the website of Irasia.com at <http://www.irasia.com/listco/hk/bcia>.*