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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

CONTINUING CONNECTED TRANSACTIONS

(1) ADVERTISING MANAGEMENT AGREEMENT

On 5 January 2015, the Company entered into the Advertising Management Agreement with Beijing Airport Advertising in relation to the operation and management of the designated advertising resources in or nearby Beijing Airport by Beijing Airport Advertising for the Company for a term of three years commencing from 1 January 2015 to 31 December 2017.

(2) FOOD AND BEVERAGE MANAGEMENT AGREEMENT

On 5 January 2015, the Company entered into the Food and Beverage Management Agreement with Beijing Airport Food Management in relation to the operation and management of the designated food and beverage resources in Beijing Airport by Beijing Airport Food Management for the Company for a term of three years commencing from 1 January 2015 to 31 December 2017.

(3) INTERNATIONAL RETAIL MANAGEMENT AGREEMENT

On 5 January 2015, the Company entered into the International Retail Management Agreement with Beijing Airport Commercial and Trading in relation to the operation and management of the designated retail resources in the international isolated area and international arrival area of Terminal Two and Terminal Three in Beijing Airport by Beijing Airport Commercial and Trading for the Company for a term of three years commencing from 1 January 2015 to 31 December 2017.

(4) DOMESTIC RETAIL LEASING AGREEMENT

On 5 January 2015, the Company entered into the Domestic Retail Leasing Agreement with Beijing Airport Commercial and Trading in relation to the leasing of the designated retail resources in the domestic isolated area and the public area in Beijing Airport by Beijing Airport Commercial and Trading for the Company for a term of three years commencing from 1 January 2015 to 31 December 2017.

(5) FOOD AND BEVERAGE LEASING AGREEMENT

On 5 January 2015, the Company entered into the Food and Beverage Leasing Agreement with Beijing Airport Food Management in relation to the leasing of the designated food and beverage resources in Beijing Airport by Beijing Airport Food Management for the Company for a term of three years commencing from 1 January 2015 to 31 December 2017.

CONTINUING CONNECTED TRANSACTIONS

The Parent Company is the controlling Shareholder of the Company, holding approximately 56.61% of the issued share capital of the Company as at the date of this announcement. Since Beijing Airport Advertising, Beijing Airport Commercial and Trading and Beijing Airport Food Management are subsidiaries of the Parent Company, Beijing Airport Advertising, Beijing Airport Commercial and Trading and Beijing Airport Food Management are therefore connected persons of the Company. Accordingly, the transactions under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of each of the Agreements is more than 0.1% but less than 5%, the transactions under the Agreements are only subject to the annual review, reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will disclose the relevant details in the next published annual report of the Company in accordance with the relevant requirements as set out in Chapter 14A of the Listing Rules.

(1) ADVERTISING MANAGEMENT AGREEMENT

Date

5 January 2015

Parties

- (a) the Company; and
- (b) Beijing Airport Advertising.

Services

Pursuant to the Advertising Management Agreement, Beijing Airport Advertising agreed to provide advertising management services of the designated advertising resources in or nearby Beijing Airport from time to time including terminals, ground transportation center at Beijing Airport, buildings, outside lanes nearby, etc., to the Company.

Term

The Advertising Management Agreement is for a term of three years commencing from 1 January 2015 to 31 December 2017.

The Company confirms that the transaction amount under the Advertising Management Agreement for the period from 1 January 2015 to the date of this announcement is below the de minimis threshold under Chapter 14A of the Listing Rules.

Consideration and Payment

The fee payable by the Company to Beijing Airport Advertising for the provision of advertising management services is at 22% of the total turnover received by the Company from the advertisers generated from the operation of the advertising resources.

The Company shall pay the fee to Beijing Airport Advertising on a monthly basis in accordance with the aforesaid calculation method. Beijing Airport Advertising shall issue a written payment request to the Company in relation to the fee payable for the preceding month and which amount shall be confirmed by the Company on or before the 10th working day of each month. Within 5 working days from the Company's receipt of such written payment request, the Company shall settle such payment by way of cash.

Pricing Policy

After receiving the quotation from Beijing Airport Advertising for the provision of advertising management services, the Company has considered the following factors to assess the reasonableness and fairness of such quotation: (i) the reasonable costs of Beijing Airport Advertising in providing the advertising management services; (ii) the reasonable profit margin (approximately 13%) to be made by Beijing Airport Advertising for the provision of advertising management services to the Company; and (iii) the relevant taxes.

Beijing Airport Advertising's profit margin of approximately 13% is considered by the Company as reasonable after the Company compared it with the profit margin (which is in the range of 8% to 15%) for provision of other services, e.g. property management services, environmental and cleaning services, by other service providers in Beijing Airport. Such service providers are selected based on tender results after assessing their quotation, qualifications, experience and service proposal, etc., by the Company.

Reference is also made to management fees charged by Beijing Airport Advertising for provision of similar advertising management services to other airports in the PRC. The relevant management fees are in the range of approximately 30% to 39% of the turnover of the operation of the advertising resources, which are higher than the management fee (i.e. 22%) charged by Beijing Airport Advertising for provision of similar services to the Company.

Historical figures

The Company did not conduct similar transaction in the same operation mode with Beijing Airport Advertising in the past.

Other Material Terms

Pursuant to the Advertising Management Agreement, Beijing Airport Advertising will be responsible for the signing of individual advertising contract in relation to the use and operation of the relevant advertising resources with each of the advertisers, and the terms of such advertising contracts shall not be in contradiction with the terms of the Advertising Management Agreement. Pursuant to the Advertising Management Agreement, Beijing Airport Advertising shall ensure each of the advertisers will make all payments to the Company's designated bank account directly. The Company will then pay Beijing Airport Advertising the agreed management fee as detailed above. The Company expects that the advertisers and their ultimate beneficial owners will be third parties independent of the Company and its connected persons.

The Company will be responsible for making commercial decisions on the allocation of advertising resources in Beijing Airport, as well as the layout, format, specification, quantity and development. Beijing Airport Advertising will assist in executing such commercial decisions.

The Company will appoint Beijing Airport Advertising to commence invitation for advertising business in the Beijing Airport. The result of which shall only be executed after being approved by the Company.

Beijing Airport Advertising will be responsible for the daily operation and managerial work in respect of the advertisers, including safety, servicing, logistics, renovation, premises and managerial work of related entrusted resources.

In respect of marketing, the Company will be responsible for the overall marketing strategy. Beijing Airport Advertising will execute the marketing plan and related store promotions in accordance with the overall marketing framework set by the Company.

Annual Cap

It is expected that the aggregate turnover of Beijing Airport Advertising from the operation of the advertising business under the Advertising Management Agreement received by the Company will increase at a rate ranging from 3% to 10% in 2015. This is determined in accordance with (i) the steady growth of 3% in the turnover from the operation of advertising resources at Beijing Airport in the past two years; and (ii) the increase in advertising resources which is expected to expand the client base of Beijing Airport Advertising.

Based on the above information and considering (i) historical figures of operating turnover from advertisement resources in Beijing Airport in the past two years; (ii) the newly-increased and enhanced advertising resources in the future; and (iii) the corresponding increase in the turnover from the operation of advertising resources resulting from the anticipated growth of overall passengers throughput at Beijing Airport in the coming three years, it is expected that the maximum aggregate annual fee payable by the Company to Beijing Airport Advertising under the Advertising Management Agreement for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed RMB270,000,000, RMB275,000,000 and RMB280,000,000 respectively.

Reasons for and benefits of entering into the Advertising Management Agreement

Beijing Airport Advising maintained a good cooperative relationship with the Company in the past and is familiar with the advertising business within Beijing Airport. In addition, Beijing Airport Advising has ample client resources and strong capability of attracting and managing advertising business. Through the entrusted management mode, it can bring the development of its core capability into better play, so as to facilitate the increase in value of advertising resources of Beijing Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Advertising Management Agreement are normal commercial terms and are fair and reasonable and the transactions under the Advertising Management Agreement are in the interest of the Shareholders of the Company as a whole.

(2) FOOD AND BEVERAGE MANAGEMENT AGREEMENT

Date

5 January 2015

Parties

- (a) the Company; and
- (b) Beijing Airport Food Management.

Services

Pursuant to the Food and Beverage Management Agreement, Beijing Airport Food Management agreed to provide operation and management services to the designated food and beverage resources in Terminal One, Terminal Two and Terminal Three of Beijing Airport to the Company.

Term

The Food and Beverage Management Agreement is for a term of three years commencing from 1 January 2015 to 31 December 2017.

The Company confirms that the transaction amount under the Food and Beverage Management Agreement for the period from 1 January 2015 to the date of this announcement is below the de minimis threshold under Chapter 14A of the Listing Rules.

Consideration and Payment

The fee payable by the Company to Beijing Airport Food Management for the provision of the food and beverage management services is at 13.5% of the total turnover in relation to the operation of the restaurants and catering business at the designated area of Beijing Airport received from the end customers by the Company.

The Company shall pay the fee to Beijing Airport Food Management on a monthly basis in accordance with the aforesaid calculation method. Beijing Airport Food Management shall issue a written payment request to the Company in relation to the fee payable for the preceding month and which amount shall be confirmed by the Company on or before the 5th day of each month. Within 10 working days from the Company's receipt of such written payment request, the Company shall settle such payment by way of cash.

Pricing Policy

After receiving the quotation from Beijing Airport Food Management for the provision of food and beverage management services, the Company has considered the following factors to assess the reasonableness and fairness of such quotation: (i) the reasonable costs of Beijing Airport Food Management in providing the food and beverage management services; (ii) the reasonable profit margin (approximately 10%) to be made by Beijing Airport Food Management for the provision of food and beverage management services to the Company; and (iii) the relevant taxes.

As there is no similar or equivalent entrusted management operation mode of food and beverage business in other airports in the PRC, there is no direct comparables of similar transactions. Beijing Airport Food Management's profit margin of approximately 10% is considered by the Company as reasonable after the Company compared it with the profit margin (which is in the range of 8% to 15% for provision of other services, e.g. property management services, environmental and cleaning services, by other service providers in Beijing Airport. Such service providers are selected based on tender results after assessing their quotation, qualifications, experience and service proposal, etc., by the Company.

Historical figures

The Company did not conduct similar transaction in the same operation mode with Beijing Beijing Airport Food Management in the past.

Other Material Terms

Pursuant to Food and Beverage Management Agreement, Beijing Airport Food Management will be responsible for the signing of individual food and beverage contract in relation to the use and operation of food and beverage business with each of the food and beverage operators, and the terms of such food and beverage contracts shall not be in contradiction with the terms of the Food and Beverage Management Agreement. Pursuant to the Food and Beverage Management Agreement, Beijing Airport Food Management shall ensure each of the food and beverage operators will make all payments to the Company's designated bank account directly. The Company will then pay Beijing Airport Food Management the agreed management fee as detailed above. The Company expects that the food and beverage operators and their ultimate beneficial owners will be third parties independent of the Company and its connected persons.

The Company will be responsible for making commercial decisions on the allocation of food and beverage resources in Beijing Airport, as well as the layout, format, category and development of brands. Beijing Airport Food Management will assist in executing such commercial decisions.

The Company will appoint Beijing Airport Food Management to commence invitation for food and beverage business in the Beijing Airport, the result of which shall only be executed after being approved by the Company.

Beijing Airport Food Management will be responsible for the daily operation and managerial work in respect of the food and beverage operators, including safety, servicing, logistics, cashier, renovation, premises and managerial work of related entrusted resources.

In respect of marketing, the Company will be responsible for the overall marketing strategy. Beijing Airport Food management will execute the marketing plan and other store promotions in accordance with the overall marketing framework set by the Company.

Annual Cap

It is expected that the aggregate turnover from the operation of the food and beverage business under the Food and Beverage Management Agreement obtained by the Company from the end customers will increase at a rate ranging from 6% to 15% in 2015. This is determined in accordance with (i) the steady growth of approximately 6% in the turnover from the operation of food and beverage resources in Beijing Airport in the past two years; and (ii) the increase in aggregate turnover from operation of food and beverage resources resulting from the newly-increased food and beverage resources and enhanced food and beverage brands.

Based on the above information and considering (i) historical figures of operating turnover from food and beverage business in Beijing Airport in the past two years; (ii) the newly-increased food and beverage resources and enhanced food and beverage brands in the future; and (iii) the corresponding increase in the turnover from the operation of food and beverage resources resulting from the anticipated growth of overall passengers throughput at Beijing Airport in the coming three years, it is expected that the maximum aggregate annual fee payable by the Company to Beijing Airport Food Management under the Food and Beverage Management Agreement for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed RMB80,000,000, RMB86,000,000 and RMB97,000,000 respectively.

Reasons for and benefits of entering into the Food and Management Agreement

Beijing Airport Food Management maintained a good cooperative relationship with the Company in the past and is familiar with the food and beverage business within Beijing Airport. In addition, Beijing Airport Food Management has ample client resources and strong capability of attracting and managing food and beverage business as well as strengths of food and beverage operation and management. Therefore, it is expected that the food and beverage resources of Beijing Airport to be managed by Beijing Airport Food Management will facilitate the increase in value of food and beverage resources in Beijing Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Food and Beverage Management Agreement are normal commercial terms and are fair and reasonable and the transactions under the Food and Beverage Management Agreement are in the interest of the Shareholders of the Company as a whole.

(3) INTERNATIONAL RETAIL MANAGEMENT AGREEMENT

Date

5 January 2015

Parties

- (a) the Company; and
- (b) Beijing Airport Commercial and Trading.

Services

Pursuant to the International Retail Management Agreement, Beijing Airport Commercial and Trading agreed to provide operation and management services of retail resources in the international isolated area and international arrival area in Terminal Two and Terminal Three in Beijing Airport to the Company.

Term

The International Retail Management Agreement is for a term of three years commencing from 1 January 2015 to 31 December 2017.

The Company confirms that the transaction amount under the International Retail Management Agreement for the period from 1 January 2015 to the date of this announcement is below the de minimis threshold under Chapter 14A of the Listing Rules.

Consideration and Payment

The fee payable by the Company to Beijing Airport Commercial and Trading for the provision of the international retail management services is set out as follows:

- (i) in respect of international inbound retail business: 5% of the total turnover of the retail resources of the international arrival area in Terminal Two and Terminal Three of Beijing Airport received by the Company from ultimate customers. If the total turnover of the financial year has increased over 30% as compared to that of the preceding year, then the fee for such excess portion over 30% will be calculated by 6%; and
- (ii) in respect of international outbound retail business: 8% of the total turnover of the retail resources of the international isolated area in Terminal Two and Terminal Three of Beijing Airport received by the Company from ultimate customers. If the total turnover of the financial year has increased over 15% as compared to that of the preceding year, then the fee for such excess portion over 15% will be calculated by 9%.

The Company shall pay the fee to Beijing Airport Commercial and Trading in accordance with the aforesaid calculation method. Beijing Airport Commercial and Trading shall issue a written payment request to the Company in relation to the fee payable for the preceding month and which amount shall be confirmed by the Company on or before the 5th working day of each month. Within 5 working days from the Company's receipt of such written payment notice, the Company shall settle such payment by way of cash.

Pricing Policy

After receiving the quotation from Beijing Airport Commercial and Trading for the provision of international retail management services, the Company has considered the following factors to assess the reasonableness and fairness of such quotation: (i) the reasonable costs of Beijing Airport Commercial and Trading in providing the international retail management services; (ii) the reasonable profit margin (approximately 15%) to be made by Beijing Airport Commercial and Trading for the provision of international retail management services to the Company; and (iii) the relevant taxes.

As there is no similar or equivalent entrusted management operation mode of international retail management in other airports in the PRC, there is no direct comparables of similar transactions. After compared Beijing Airport Commercial and Trading's profit with the profit margin (which is in the range of 8% to 15%), for provision of other services, e.g. property management services, environmental and cleaning services, by other service providers in Beijing Airport, the Company is of the view that the profit margin is reasonable. Such service providers are selected based on tender results after assessing their quotation, qualifications, experience and service proposal etc., by the Company.

Historical figures

The Company did not conduct similar transaction in the same operation mode with Beijing Airport Commercial and Trading in the past.

Other Material Terms

Pursuant to the International Retail Management Agreement, Beijing Airport Commercial and Trading will be responsible for the signing of individual retail contract in relation to the use and operation of retail resources with each of the retailers, and the terms of such retail contracts shall not be in contradiction with the terms of the International Retail Management Agreement. Pursuant to the International Retail Management Agreement, Beijing Airport Commercial and Trading shall ensure the retailers will make all payments to the Company's designated bank account directly. The Company will then pay Beijing Airport Commercial and Trading the agreed management fee as detailed above. The Company expects that the retailers and their ultimate beneficial owners will be third parties independent of the Company and its connected persons.

The Company will be responsible for making commercial decisions on the allocation of retail resources in Beijing Airport, as well as the layout, format, category and development of brands. Beijing Airport Commercial and Trading will assist in executing such commercial decisions.

The Company will appoint Beijing Airport Commercial and Trading to commence invitation for retail business in the Beijing Airport. The result of which shall only be executed after being approved by the Company.

Beijing Airport Commercial and Trading will be responsible for the daily operation and managerial work in respect of the retail operators, including safety, servicing, logistics, cashier, renovation, premises and managerial work of related entrusted resources.

In respect of marketing, the Company will be responsible for the overall marketing strategy. Beijing Airport Commercial and Trading will execute the marketing plan and other store promotions in accordance with the overall marketing framework set by the Company.

Annual Cap

It is expected that total turnover received from the end customers in relation to the operation of the retail resources under the International Retail Management Agreement by the Company will increase at a rate ranging from 10% to 20% in 2015. This is determined in accordance with (i) the anticipated growth rate of international passengers throughput at approximately 6%; (ii) the growth in the international retail business at Beijing Airport in the last two years at approximately 10%; and (iii) an expected increase in turnover of international retail business brought by deep implementation of the policy of 72-hour free visa for international passengers and relaxation of visa entry requirement for international passengers.

Based on the above information and considering (i) historical figures of operating turnover from international retail business in Beijing Airport in the past two years; (ii) the expected further increase in the scope in the retail resources; (iii) the anticipated growth rate of international passengers throughput at Beijing Airport in the next three years; and (iv) the anticipated enhancement of the retail brand at Beijing Airport resulting in the corresponding increase in the turnover of the international retail resources operation, it is expected that the maximum aggregate annual fee payable by the Company to Beijing Airport Commercial and Trading under the International Retail Management Agreement for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed RMB280,000,000, RMB310,000,000 and RMB340,000,000, respectively.

Reasons for and benefits of entering into the International Retail Management Agreement

Beijing Airport Commercial and Trading maintained a good cooperative relationship with the Company in the past and is familiar with the international retail business within Beijing Airport. In addition, Beijing Airport Commercial and Trading has ample client resources in international retail and strong capability of attracting and managing retail business as well as strengths of retail operation and management. Therefore, it is expected that the international retail resources of Beijing Airport to be managed by Beijing Airport Commercial and Trading will facilitate the increase in value of retail resources in Beijing Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the International Retail Management Agreement are normal commercial terms and are fair and reasonable and the transactions under the International Retail Management Agreement are in the interest of the Shareholders of the Company as a whole.

(4) DOMESTIC RETAIL LEASING AGREEMENT

Date

5 January 2015

Parties

- (a) the Company; and
- (b) Beijing Airport Commercial and Trading.

Services

Pursuant to the Domestic Retail Leasing Agreement, Beijing Airport Commercial and Trading agreed to lease the retail resources situated in the domestic isolated area and public area in Terminal One, Terminal Two and Terminal Three of Beijing Airport from the Company.

Term

The Domestic Retail Leasing Agreement is for a term of three years commencing from 1 January 2015 to 31 December 2017.

The Company confirms that the transaction amount under the Domestic Retail Leasing Agreement for the period from 1 January 2015 to the date of this announcement is below the de minimis threshold under Chapter 14A of the Listing Rules.

Consideration and Payment

The monthly rental payable by Beijing Airport Commercial and Trading to the Company pursuant to the Domestic Retail Leasing Agreement is either (i) turnover rental, i.e. 8% to 24% of the turnover generated from the operation of the retail business under the Domestic Retail Leasing Agreement (which percentage depends on the nature of retail business and determined according to the then market conditions and parties' arm's length negotiation); or (ii) a guaranteed monthly rental as agreed by the parties from time to time; whichever is higher.

Guaranteed monthly rental

The guaranteed monthly rental is calculated based on the unit rental price multiplied by the actual area of the retail resources.

The Company shall issue a written payment request to Beijing Airport Commercial and Trading within 3 working days of the end of each month in respect of the guaranteed monthly rental. Within the 7th working day of the beginning of following month, Beijing Airport Commercial and Trading shall settle such payment by way of cash.

Turnover rental

Beijing Airport Commercial and Trading shall submit a written report to the Company in relation to its turnover for the preceding month on or before the 3rd working day of the beginning of each month. At the end of each quarter, Beijing Airport Commercial and Trading shall report to the Company its turnover generated in that quarter and obtain confirmation from the Company. After the Company confirms the quarterly turnover of Beijing Airport Commercial and Trading, Beijing Airport Commercial and Trading shall pay the portion of turnover rental which exceeds the guaranteed rental (if any) along with the guaranteed monthly rental of the last month of each quarter to the Company.

Beijing Airport Commercial and Trading shall report its turnover for the 4th quarter in the preceding year on or before the 10th working day of the first month of the next financial year. Turnover rental of the 4th quarter in the preceding year (if any) shall be paid along with the guaranteed monthly rental of the first month in the following year.

Pricing Policy

Guaranteed monthly rental

In determining the unit rental price for calculation of the guaranteed monthly rental under the Domestic Retail Leasing Agreement, the Company compared rental prices of retail outlets in other similar shopping malls in Beijing and the unit rental of such shopping malls ranges from RMB6,000 to RMB18,000 per square meter per year.

With reference to the above unit rental price and the historical franchise fee paid by Beijing Airport Commercial and Trading to the Company in the past two years, it is currently estimated that the unit rental price under the Domestic Retail Leasing Agreement will be RMB15,000 per square meter per year. This rental price is slightly above market level.

Turnover rental

The Company has also made reference to the turnover rent payable by retailers in other shopping malls in Beijing. The turnover rent percentage in these shopping malls depends on the type of products sold by the retailer, ranging from 2% to 23%. It is currently estimated that the turnover rental percentage payable by Beijing Airport Commercial and Trading under the Domestic Retail Leasing Agreement will range from 8% to 24%, which is slightly above market level.

Historical figures

The Company did not conduct similar transaction in the same operation mode with Beijing Airport Commercial and Trading in the past.

Other Material Terms

The Company is responsible for making commercial decisions on the allocation of retail resources in the designated area in Beijing Airport, as well as the layout, format and category of retail brands.

Beijing Airport Commercial and Trading will be responsible for the daily operation and managerial work in respect of the retailers. The scope of work include safety, servicing, logistics, cashier, renovation, premises and managerial work of related leasing resources.

Beijing Airport Commercial and Trading will be responsible for initiating invitation for retail business in the Beijing Airport. The result of which shall only be executed after being approved by the Company.

In respect of marketing, the Company will be responsible for the overall marketing strategy. Beijing Airport Commercial and Trading will execute the marketing plan and other store promotions in accordance with the overall marketing framework set by the Company.

Annual Cap

It is expected that the aggregate turnover of Beijing Airport Commercial and Trading from the operation of the retail leasing business under the Domestic Retail Leasing Agreement will increase at a rate ranging from 5% to 15% in the year 2015. This is determined in accordance with (i) the anticipated growth rate of domestic passengers throughput at 2%; (ii) the growth in domestic retail business at Beijing Airport in the last two years at 5%; and (iii) the enhancement of the domestic retail brand.

Based on the above figures and taking into consideration (i) historical figures of operating turnover from domestic retail business in Beijing Airport in the past two years; (ii) expected growth of domestic retail resources in the future; (iii) expected enhancement of retail brands in Beijing Airport; and (iv) the corresponding increase in the turnover from domestic retail business resulting from the anticipated growth of domestic passengers throughput at Beijing Airport in the coming three years, it is expected that the maximum aggregate annual rental payable by Beijing Airport Commercial and Trading to the Company for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed RMB180,000,000, RMB200,000,000 and RMB220,000,000, respectively.

Reasons for and benefits of entering into the Domestic Retail Leasing Agreement

Beijing Airport Commercial and Trading is principally engaged in conducting trading and retail businesses. Since Beijing Airport Commercial and Trading, which maintained a good cooperative relationship with the Company in the past, has ample experience in conducting trading and retail businesses in Beijing Airport, Beijing Airport Commercial and Trading will be able to operate the designated retail resources in Beijing Airport independently and more effectively. Meanwhile, this arrangement will also help in enhancing business satisfaction and commercial service quality in Beijing Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Domestic Retail Leasing Agreement are normal commercial terms and are fair and reasonable and the transactions under the Domestic Retail Leasing Agreement are in the interest of the Shareholders of the Company as a whole.

(5) FOOD AND BEVERAGE LEASING AGREEMENT

Date

5 January 2015

Parties

- (a) the Company; and
- (b) Beijing Airport Food Management.

Services

Pursuant to the Food and Beverage Leasing Agreement, Beijing Airport Food Management agreed to lease the designated food and beverage resources in Terminal One, Terminal Two and Terminal Three of Beijing Airport from the Company.

Term

The Food and Beverage Leasing Agreement is for a term of three years commencing from 1 January 2015 to 31 December 2017.

The Company confirms that the transaction amount under the Food and Beverage Leasing Agreement for the period from 1 January 2015 to the date of this announcement is below the de minimis threshold under Chapter 14A of the Listing Rules.

Consideration and Payment

The monthly rental payable by Beijing Airport Food Management to the Company pursuant to the Food and Beverage Leasing Agreement is either (i) turnover rental, i.e. 16% to 18% of the turnover generated from the operation of the food and beverage business under the Food and Beverage Leasing Agreement (which percentage is dependent on the nature of food and beverage business and determined according to the then market conditions on the parties arm's length negotiations); or (ii) a guaranteed monthly rental at as agreed by the parties from time to time; whichever is higher.

Guaranteed monthly rental

The guaranteed monthly rental price is calculated based on the unit rental rate multiplied by the actual area of the food and beverage resources.

The Company shall issue a written payment request to Beijing Airport Food Management on the 5th working day of the end of each month in respect of the guaranteed monthly rental. Within the 7th working day of the beginning of the following month, Beijing Airport Food Management shall settle such payment by way of cash.

Turnover rental

Beijing Airport Food Management shall submit a written report to the Company in relation to its turnover for the preceding month on or before the 5th working day of the beginning of each month. At the end of each quarter, Beijing Airport Food Management shall report to the Company its turnover generated in that quarter and obtain confirmation from the Company. After the Company confirms the quarterly turnover of Beijing Airport Food Management, Beijing Airport Food Management shall pay the portion of the turnover rental which exceeds the guaranteed rental (if any) along with the guaranteed monthly rental of the last month of each quarter.

Beijing Airport Food Management shall report its turnover for the 4th quarter in the preceding year on or before the 10th business day of the first month of the next financial year. Turnover rental of the 4th quarter in the preceding year (if any) shall be paid along with the guaranteed monthly rental of the first month of the next year.

Pricing Policy

Guaranteed monthly rental

In determining the unit rental price for calculation of the guaranteed monthly rental under the Food and Beverage Leasing Agreement, the Company compared rental prices of food and beverage outlets in other similar shopping malls in Beijing. The respective unit rental rate of such food and beverage outlets ranges from RMB2,500 to RMB3,800 per square meter per year.

With reference to the unit rental price and the historical rental paid by Beijing Airport Food Management to the Company in the past two years, it is currently estimated that the unit rental price under the Food and Beverage Leasing Agreement will be RMB3,800 per square meter per year. This rental price is slightly above market level.

Turnover rent

The Company has also made reference to the turnover rent payable by food and beverage operators in other shopping malls in Beijing. The turnover rent depends on the type of food and beverage provided, ranging from 5% to 12%. It is currently estimated that the turnover rent percentage payable by Beijing Airport Food Management under Food and Beverage Leasing Agreement will range from 16% to 18%, which is above market level.

Historical figures

The Company did not conduct similar transaction in the same operation mode with Beijing Airport Food Management in the past.

Other Material Terms

The Company will be responsible for making commercial decisions on the allocation of food and beverage resources in the designated area in Beijing Airport, as well as the layout, format and category of brands.

Beijing Airport Food Management will be responsible for initiating invitation for food and beverage business in the Beijing Airport. The result of which shall only be executed after being approved by the Company.

Beijing Airport Food Management will be responsible for the daily operation and managerial work in respect of the food and beverage operators. The scope of work include safety, servicing, logistics, cashier, renovation, premises and managerial work of rental resources.

In respect of marketing, the Company will be responsible for the overall marketing strategy. Beijing Airport Food Management will execute the marketing plan and other store promotions in accordance with the overall marketing framework set by the Company.

Annual Cap

It is expected that the aggregate turnover of Beijing Airport Food Management from the operation of the food and beverage leasing business under the Food and Beverage Leasing Agreement will increase at a rate ranging from 6% to 15% in 2015. This is determined based on (i) the anticipated growth rate of overall passengers throughput of Beijing Airport from 2% to 6%; and (ii) the time and resources needed in renovating and decorating the stores affecting the total turnover.

Based on the above figures and taking into consideration (i) historical figures of operating turnover from food and beverage leasing business in Beijing Airport in past two years; (ii) the anticipated enhancement of food and beverage brands at Beijing Airport; and (iii) the corresponding increase in the turnover from the food and beverage leasing business resulting from the anticipated growth of overall passengers in Beijing Airport, it is expected that the maximum aggregate annual rental payable by Beijing Airport Food Management to the Company for the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed RMB50,000,000, RMB54,000,000 and RMB57,000,000, respectively.

Reasons for and benefits of entering into the Food and Beverage Leasing Agreement

Beijing Airport Food Management is principally engaged in restaurants and other food and beverage businesses. Since Beijing Airport Food Management, which maintained a good cooperative relationship with the Company, has ample experience in conducting restaurants and other food and beverage businesses in Beijing Airport. Beijing Airport Food Management will be able to operate the food and beverage premises independently and more effectively. Meanwhile, this arrangement will also help enhancing food and beverage satisfaction and food and beverage service quality in Beijing Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Food and Beverage Leasing Agreement are normal commercial terms and are fair and reasonable and the transactions under the Food and Beverage Leasing Agreement are in the interest of the Shareholders of the Company as a whole.

GENERAL

The Company is principally engaged in the operation of Beijing Airport.

The Parent Company is principally engaged in the provision of ground handling services for domestic and international aviation enterprises, including supply of water, electricity, steam and energy; airport management services and counter services.

Beijing Airport Advertising is principally engaged in of advertising business.

Beijing Airport Commercial and Trading is principally engaged in conducting trading and retail businesses.

Beijing Airport Food Management is principally engaged in restaurants and other food and beverage businesses.

BOARD'S APPROVAL

The Agreements were approved by the Board. Since no Director has material interest in the transactions contemplated under the Agreements, thus none of the Directors has abstained from voting at the Board's meeting to approve the Agreements.

LISTING RULES IMPLICATIONS

The Parent Company is the controlling Shareholder of the Company, holding approximately 56.61% of the issued share capital of the Company as at the date of this announcement. Since Beijing Airport Advertising, Beijing Airport Commercial and Trading and Beijing Airport Food Management are subsidiaries of the Parent Company, Beijing Airport Advertising, Beijing Airport Commercial and Trading and Beijing Airport Food Management are therefore connected persons of the Company. Accordingly, the transactions under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of each of the Agreements is more than 0.1% but less than 5%, the transactions under the Agreements are only subject to the annual review, reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will disclose the relevant details in the next published annual report of the Company in accordance with the relevant requirements as set out in Chapter 14A of the Listing Rules.

DEFINITIONS

“Advertising Management Agreement”	the agreement dated 5 January 2015 entered into between the Company and Beijing Airport Advertising for the provision of operation and management services of the designated advertising spaces in or nearby Beijing Airport by Beijing Airport Advertising to the Company
“Agreements”	Advertising Management Agreement, Food and Beverage Management Agreement, International Retail Management Agreement, Domestic Retail Leasing Agreement and Food and Beverage Leasing Agreement
“Associates”	has the same meaning as ascribed in the Listing Rules
“Beijing Airport”	Beijing Capital International Airport
“Beijing Airport Advertising”	北京首都機場廣告有限公司 (Beijing Capital Airport Advertising Company Limited), a limited liability company incorporated in the PRC, principally engaged in the advertising business, and is a subsidiary of the Parent Company
“Beijing Airport Commercial and Trading”	北京首都機場商貿有限公司 (Beijing Capital Airport Commercial and Trading Company Limited), a limited liability company incorporated in the PRC, principally engaged in trading and retail business, and is a subsidiary of the Parent Company

“Beijing Airport Food Management”	北京首都機場餐飲發展有限公司 (Beijing Capital Airport Food Management Company Limited), a sino-foreign joint stock limited company incorporated in the PRC, principally engaged in the restaurants and other food and beverage businesses, and is a subsidiary of the Parent Company
“Board”	the board of Directors
“Company”	Beijing Capital International Airport Co., Ltd (北京首都國際機場股份有限公司), a sino-foreign joint stock limited company incorporated in the PRC with limited liability, and the H Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Domestic Retail Leasing Agreement”	the agreement dated 5 January 2015 entered into between the Company and Beijing Airport Commercial and Trading for the leasing of the designated retail resources in domestic restricted area and the public area in Beijing Airport by Beijing Airport Commercial and Trading for the Company
“Food and Beverage Leasing Agreement”	the agreement dated 5 January 2015 entered into between the Company and Beijing Airport Food Management for the leasing of the designated food and beverage resources in Beijing Airport by Beijing Airport Food Management for the Company
“Food and Beverage Management Agreement”	the agreement dated 5 January 2015 entered into between the Company and Beijing Airport Food Management for the provision of management services of the designated food and beverage resources in Beijing Airport by Beijing Airport Food Management to the Company

“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Independent Shareholders”	the shareholders of the Company other than the Parent Company and its Associates
“International Retail Management Agreement”	the agreement dated 5 January 2015 entered into between the Company and Beijing Airport Commercial and Trading for the provision of operation and management services of the designated retail resources in the international isolated area and international arrival area in Beijing Airport by Beijing Airport Commercial and Trading to the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parent Company”	首都機場集團公司 (Capital Airports Holding Company), an enterprise established in the PRC and the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company
“Shareholders”	holders of the shares
“Terminal One”	the passenger terminal numbered one which forms part of Beijing Airport
“Terminal Two”	the passenger terminal numbered two which forms part of Beijing Airport
“Terminal Three”	the passenger terminal numbered three which forms part of Beijing Airport

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By the order of the Board
Shu Yong
Secretary to the Board

Beijing, the PRC, 5 January 2015

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

Executive Directors: Mr. Liu Xuesong, Mr. Shi Boli and Ms. Gao Lijia

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

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.cm.cn/> and the website of Irasia.com at <http://www.irasia.com/listco/hk/bcia>.