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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 AND
DISCLOSEABLE TRANSACTION

SUPPLEMENTAL AGREEMENT

Reference is made to the announcement dated 13 December 2013 of the Company in relation to the Financial Services Agreement entered into between the Company and the Finance Company, pursuant to which, the Finance Company shall offer deposit services, loan and guarantee services and other financial services (including settlement services, draft acceptance and discount services, financial and financing advisory services) subject to the terms and conditions provided therein for a term from 1 January 2014 to 30 June 2016.

Due to the Company's increasing demand for the financial services under the Financial Services Agreement and the expected cashflow of the Company as a result of the adjustment of the non-aviation related business of the Company, on 6 May 2015, the Company entered into the Supplemental Agreement with Finance Company to, among others, (i) set a new term for the provision of such financial services from the date which the Supplemental Agreement becomes effective to 31 December 2017 and replace the Financial Services Agreement (which will be automatically terminated once the Supplemental Agreement becomes effective); (ii) provide for new annual caps for the continuing connected transactions contemplated thereunder.

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION

Finance Company is a subsidiary of the Parent Company, which is the controlling Shareholder of the Company pursuant to the Listing Rules as at the date of this announcement, and thus a connected person of the Company. Accordingly, the transactions under the Supplemental Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The loan and guarantee services to be provided by the Finance Company to the Company under the Supplemental Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Company, which are on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services in the PRC, and which is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and independent Shareholders' approval requirements since no security over the assets of the Company will be granted in respect of the loan.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap for the provision of deposit services is more than 5% but less than 25%, the deposit services to be provided by the Finance Company to the Company under the Supplemental Agreement will constitute discloseable transaction and non-exempt continuing connected transactions of the Company, and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements as set out in Chapters 14 and 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps of the service fee for the provision of other financial services under the Supplemental Agreement is more than 0.1% but less than 5%, the other financial services to be provided by the Finance Company to the Company under the Supplemental Agreement are subject to the reporting, annual review and announcement requirements as set out in Chapter 14A of the Listing Rules.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AND DESPATCH OF CIRCULAR

The Company has appointed Platinum Securities as the independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the Supplemental Agreement.

A circular containing details of the Supplemental Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the Shareholders on or before 28 May 2015.

BACKGROUND

Reference is made to the announcement of the Company dated 13 December 2013 which set out the major terms of the Financial Services Agreement. On 13 December 2013, the Company entered into the Financial Services Agreement with the Finance Company in relation to the provision of deposit services, loan and guarantee services and other financial services by the Finance Company subject to the terms and conditions provided therein for a term of three years from 1 January 2014 to 30 June 2016.

Reference is also made to the announcement of the Company dated 5 January 2015. On 5 January 2015, the Company respectively entered into the Advertising Management Agreement with the Advertising Company, the International Retail Management Agreement and the Domestic Retail Leasing Agreement with the Commercial and Trading Company, the Food and Beverage Management Agreement and the Food and Beverage Leasing Agreement with the Food Management Company (together referred to as the “New Non-aviation Related Contracts”), with a term from 1 January 2015 to 31 December 2017.

Due to the Company’s increasing demand for the financial services under the Financial Services Agreement and the expected cashflow of the Company as a result of the adjustment of the non-aviation related business of the Company, on 6 May 2015, the Company entered into the Supplemental Agreement with Finance Company to, among others, (i) set a new term for the provision of such financial services from the date which the Supplemental Agreement becomes effective to 31 December 2017 and replace the Financial Services Agreement (which will be automatically terminated once the Supplemental Agreement becomes effective); (ii) provide for new annual caps for the continuing connected transactions contemplated thereunder.

Date

6 May 2015

Parties

- (i) the Company; and
- (ii) Finance Company

Term

The term of the Supplemental Agreement commences from the date which the Supplemental Agreement becoming effective and ends on 31 December 2017.

The Supplemental Agreement becomes effective when it is signed by the respective authorized representatives of the parties with their company chops affixed therein and approved by the Independent Shareholders of the Company.

Major Terms

1. The Financial Services Agreement will be automatically terminated once the Supplemental Agreement becomes effective.
2. The services to be provided by the Finance Company to the Company under the Supplemental Agreement include deposit services, loan and guarantee services, settlement services, draft acceptance and discount services, financial and financing advisory services.
3. The interest rate payable for the Company's deposits with the Finance Company shall not be lower than the interest rate payable by the PBOC for comparable deposits and such interest shall be payable by the Finance Company on a quarterly basis by way of crediting cash into the deposit account of the Company.
4. The interest rate to be charged for the loans to be provided by the Finance Company to the Company shall not be higher than the rate charged by normal commercial banks in the PRC for comparable loans and such interest shall be payable by the Company to the Finance Company on a quarterly basis by way of cash on the 21st day of the end of each quarter.

5. The service fee to be charged for the settlement services, draft acceptance and discount services, financial and financing advisory services to be provided by the Finance Company shall not be higher than the service fees charged by normal commercial banks in the PRC for comparable services and such service fees shall be payable by the Company to the Finance Company on an interval to be agreed by the parties.

Capital Risk Control Measures

1. The Finance Company shall ensure the prudent management of its business and the strict compliance with the risk control indicators for financial institutions issued by the CBRC.
2. The Finance Company shall implement periodic evaluation system and establish internal control system and risk monitoring indicators to ensure the safe and stable operation of fund management.

The Directors (including the independent non-executive Directors) consider that the above capital risk control measures are adequate to cover the risks involved in depositing funds with Finance Company.

Internal Control on Pricing

There are stringent internal control policies with regard to financial service transactions. The finance department of the Company would compare the deposit rates and services charge fees quoted from the counterparties with the terms from other independent third parties to ensure that the most favourable terms are obtained. In addition, the transactions will be reported to and approved by the head of the finance department of the Company. The internal control policies will also be applied to the transactions with the Finance Company to ensure the interest rate payable for the Company's deposits with the Finance Company shall not be lower than the interest rate payable by the PBOC for comparable deposits and such interest shall be payable by the Finance Company on a quarterly basis by way of crediting cash into the deposit account of the Company.

Annual Caps

Deposit Services:

The Company estimates that the annual caps for the maximum daily balance of the deposit (including any interest accrued therefrom) with the Finance Company for each of three years ending 31 December 2017 are RMB1,000,000,000 after taking into account of (i) the daily balance of the deposit with the Finance Company for the year ended 31 December 2014; (ii) the expected significant increase in the cash flow of the Company under the New Non-aviation Related Contracts; and (iii) the expected demand for cashflow of the Company for each of the three years ending 31 December 2017 after considering the operation and development plan of the Company.

Loan and Guarantee Services:

In view of the loan and guarantee services to be provided by the Finance Company to the Company which are on normal commercial terms and on terms similar to or even more favourable than those offered from independent third parties for comparable services in the PRC, and that no security over assets in respect of the loan and guarantee will be needed by the Company, no cap has been set for such services.

Other Financial Services:

The Company estimates that the annual cap for the maximum service fees payable for the other financial services to be provided by the Finance Company under the Supplemental Agreement for each of the three year ending 31 December 2017 is RMB10,000,000 after taking into account the amount of other financial services to be required from the Finance Company and considering the operation and development plan of the Company for each of the three years ending 31 December 2017.

Historical Figures

Set out below are the historical figures in respect of the provision of deposit services and other financial services by the Finance Company to the Company for the three years ended 31 December 2014:

	2012	2013	2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Maximum daily balance of deposit	310,000,000	307,000,000	329,000,000
Service fees payable for provision of other financial services	0	0	0

The Company confirms that the maximum daily balance of deposit for the period from 1 January 2015 to the date of this announcement did not exceed the annual cap for the year ending 31 December 2015 set under the Financial Services Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Due to the New Non-aviation Related Contracts, the cash inflow and outflow of the corresponding businesses both recorded significant increases as compared to those of the previous franchise model business, and the aggregate amount of deposits at banks and other financial institutions of the Company increased accordingly. On account of the above and based on the following reasons and benefits, the Company is of the view that entering into the Supplemental Agreement and increase in annual caps of the deposit services are in the interest of the Company and the Shareholders in light of the New Non-aviation Related Contracts.

1. The quality-assured qualifications of the Finance Company can ensure the deposits of the Company are secured and the deposit services provided are professional and efficient.
2. The (i) interest rates for loans, guarantees and deposits offered by the Finance Company to the Company are equal to or more favourable than those offered by commercial banks in the PRC; and (ii) the favorable conditions of such loans, guarantees and deposit will not be more unfavorable than those to be provided to other customers.

3. Entering into the Supplemental Agreement will be beneficial to the operation of the non-aviation related business under the New Non-aviation Related Contracts. Since the Advertising Company, the Commercial and Trading Company and the Food Management Company settle their payments through the Finance Company, and in the context of the New Non-aviation Related Contracts, the following issues will likely occur if the Company opts to engage other commercial banks in payment settlement instead of the Finance Company: (i) delay in the settlement; (ii) increased likelihood of accounting errors; and (iii) high time consumption and costs for bank reconciliation. Accordingly, entering into the Supplemental Agreement facilitates the payment settlement for transactions under the New Non-aviation Related Contracts of the Company and improves the efficiency of the settlement between the Company and the Advertising Company, the Commercial and Trading Company and the Food Management Company in terms of aspects including regular checking on accounts, payment settlement, payment recovery and aging analysis of outstanding payments.
4. The increase of the annual caps for the maximum daily balance of the deposit decreases the amount of external deposits placed with the commercial banks in the PRC and hence reduces the risk of over-concentration of deposits placed with any particular commercial bank. As at 31 March 2015, the deposit ratios of the Company in the four major banks and financial institutions (including the Finance Company) were 30.59%, 24.87%, 23.7% and 12.68%, respectively. Upon increase in the annual caps for the maximum daily deposits of the Company with the Finance Company, the deposit ratios of the Company in the aforementioned financial institutions will be adjusted to 27%, 23%, 21% and 20%, presenting an even more optimized allocation proportion.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be despatched to the Shareholders after considering the views of the independent financial adviser on the terms of the Supplemental Agreement) consider that the terms of the Supplemental Agreement and the annual caps in respect of the maximum daily balance of deposit and the maximum fees payable for other financial services under the Supplemental Agreement are fair and reasonable and are entered into on normal commercial terms, and on terms no less favourable than those available to independent third parties under the prevailing local market conditions, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

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

The Finance Company, incorporated on 8 October 2008, is the only non-bank financial institution approved by the CBRC within the airport industry of the PRC. It is mainly engaged in provision of financial services to the Parent Company as well as its subsidiaries and associated companies (including the Company), and it serves more than 200 customers.

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.

LISTING RULES IMPLICATIONS

Pursuant to the Listing Rules, as at the date of this announcement, Finance Company is a subsidiary of the Parent Company, which is the controlling Shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions under the Supplemental Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The loan and guarantee services to be provided by the Finance Company to the Company under the Supplemental Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Company, which are on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services in the PRC, and which is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and independent Shareholders' approval requirements since no security over the assets of the Company will be granted in respect of the loan.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap for the provision of deposit services under the Supplemental Agreement is more than 5% but less than 25%, the deposit services to be provided by the Finance Company to the Company under the Supplemental Agreement will constitute discloseable transaction and non-exempt continuing connected transactions of the Company, and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements as set out in Chapters 14 and 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps of the service fee for the provision of other financial services under the Supplemental Agreement is more than 0.1% but less than 5%, the other financial services to be provided by the Finance Company to the Company under the Supplemental Agreement are subject to the reporting, annual review and announcement requirements as set out in Chapter 14A of the Listing Rules.

BOARD'S APPROVAL

The Supplemental Agreement was approved by the Board. Since none of the Directors has material interest in the transactions contemplated under the Supplemental Agreement, none of them has abstained from voting at the Board's meeting to approve the Supplemental Agreement.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AND DESPATCH OF CIRCULAR

The Company has appointed Platinum Securities as the independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the Supplemental Agreement.

A circular containing details of the Supplemental Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the Shareholders on or before 28 May 2015.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Advertising Company” 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” Beijing Capital International Airport

“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Commercial and Trading Company”	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
“Company”	Beijing Capital International Airport Company Limited (北京首都國際機場股份有限公司), a sino-foreign joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Company”	首都機場集團財務有限公司 (Beijing Capital Airport Finance Group Company Limited), a subsidiary of the Parent Company
“Financial Services Agreement”	the financial services agreement entered into between the Finance Company and the Company on 13 December 2013 in relation to the provision of deposit services, loan and guarantee services and other financial services by the Finance Company to the Company
“Food Management Company”	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

“H Shares”	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Independent Board Committee”	the independent board committee of the Company
“Independent Shareholder”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“PBOC”	People’s Bank of China (中國人民銀行)
“Platinum Securities”	Platinum Securities Company Limited, a licensed corporation under the SFO, to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the continuing connected transactions contemplated under the Supplemental Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	the ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “subsidiary”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement entered into between the Finance Company and the Company on 6 May 2015
“%”	Percentage

By order of the Board
Shu Yong
Secretary to the Board

Beijing, PRC, 6 May 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. 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/>.