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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

### CONNECTED TRANSACTION

#### **CONSTRUCTION AGREEMENT FOR APRONS ENHANCEMENT PROJECT – WESTERN RUNWAY PROJECT**

The Board announces that on 30 November 2016, the Company and BCAC entered into the Construction Agreement for Aprons Enhancement Project – Western Runway Project in relation to the construction of four new aprons for Class C parking stands and the ancillary facilities for lighting, fire control and security in the western airfield area of the Beijing Airport.

#### **LISTING RULES IMPLICATIONS**

The Parent Company is the controlling shareholder of the Company as at the date of this announcement. BCAC is a subsidiary of CACC, which is a wholly-owned subsidiary of the Parent Company. BCAC is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Construction Agreement for Aprons Enhancement Project – Western Runway Project constitutes a connected transaction 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) in respect of the transaction contemplated under the Construction Agreement for Aprons Enhancement Project – Western Runway Project when aggregated with the transaction under the M7 and F Connecting Taxiways Pavement Enhancement Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Construction Agreement for Aprons Enhancement Project – Western Runway Project is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement of the Company under Chapter 14A of the Listing Rules.

# **CONSTRUCTION AGREEMENT FOR APRONS ENHANCEMENT PROJECT – WESTERN RUNWAY PROJECT**

## **Date**

30 November 2016

## **Parties**

- (1) the Company; and
- (2) BCAC

## **Term**

The term of the Construction Agreement for Aprons Enhancement Project – Western Runway Project is 120 calendar days from the commencement date of work. The commencement date of work shall be subject to notice of commencement given by the supervisor of the project.

## **Scope of the services provided under the Construction Agreement for Aprons Enhancement Project – Western Runway Project**

Pursuant to the Construction Agreement for Aprons Enhancement Project – Western Runway Project, BCAC agreed to provide construction services to the Company for the establishment of four new aprons for Class C parking stands and their ancillary facilities for lighting, fire control and security in the western airfield area of the Beijing Airport, and such services include but not limited to the following:

- (i) completion of construction work for the four new aprons for Class C parking stands and their ancillary facilities for lighting, fire control and security in accordance with the terms provided in the Construction Agreement for Aprons Enhancement Project – Western Runway Project and the repair and maintenance of any defects in the construction work;
- (ii) responsible for the design, construction, operation, maintenance, management and removal of any temporary facilities;
- (iii) ensuring the comprehensiveness, security and reliability of construction work and methods;

- (iv) taking construction safety measures to ensure the safety of the construction and engineering personnel;
- (v) responsible for the protection of the construction site and its surrounding environment and ecology, including underground pipelines, houses and buildings (including cultural relics and historic sites) and ancient trees, and for any damages caused;
- (vi) conducting construction work in compliance with specific safety construction requirements of Beijing Airport and the safety and hygiene requirements of Beijing;
- (vii) submitting monthly bill of works and project schedule for the next month on the 25th date of each month until completion and acceptance of the project, covering quality, progress, safety, investment and materials plan; and
- (viii) providing other services under the Construction Agreement for Aprons Enhancement Project – Western Runway Project.

### **Consideration and Payment**

The consideration payable by the Company in respect of the provision of the construction services under the Construction Agreement for Aprons Enhancement Project – Western Runway Project is preliminarily estimated to be RMB15,090,139.60. In the event that there are more than 5% changes in the market prices of the main project construction materials, e.g., steel, bituminous concrete and cable etc., the consideration may be further adjusted by the parties through agreement. The Company expects that the maximum consideration payable will not be higher than RMB16.31 million.

The Company agreed to make advance payment of approximately RMB1,509,013.96, i.e. 10% of the consideration, to BCAC upon the entering into of the Construction Agreement for Aprons Enhancement Project – Western Runway Project and the submission of performance guarantee and advance payment guarantee by BCAC. BCAC agreed to pay quality guarantee deposit of 5% of the settlement price. The Company agreed to return to BCAC such quality guarantee deposit two years after the completion of the project provided that by that time the Company is satisfied there are no quality problems associated with the project after passing acceptance.

The consideration payable under the Construction Agreement for Aprons Enhancement Project – Western Runway Project depends on the construction progress of the project. The Company shall pay BCAC within 28 days from the construction supervisor's receipt of the progress payment application form submitted by BCAC, which amount shall be agreed by the Company and the supervisor.

The consideration payable by the Company represents the lowest price in the public tender for the Aprons Enhancement Project – Western Runway Project and such consideration includes raw material costs, facility usage fee, labour costs, management fee and anticipated level of reasonable profit. Further, such consideration does not exceed the budget amount for the project estimated by the Company after taking into account the costs estimates for the project and the prevailing market prices. Therefore, the Company considers that the consideration is on normal commercial term and is fair and reasonable.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT FOR APRONS ENHANCEMENT PROJECT – WESTERN RUNWAY PROJECT**

In consideration of the operation needs of the Company and in order to utilise the existing resources of airfield area to construct new parking stands, so as to ease the shortage of parking stands, increase operation efficiency and improve the support capacity, the Company thinks it necessary to construct four new aprons for Class C parking stands and their ancillary facilities for lighting, fire control and security in the western airfield area at the Beijing Airport.

The Company had invited bid for the public tender for the Aprons Enhancement Project – Western Runway Project at Beijing Airport. After considering construction design and proposal, the technical qualification and experiences, business reputation, the consideration amount, project management skills and other relevant factors of all the bidders, the Company decided to appoint BCAC as the service provider of the project. The service provider selection process was fair in the whole course and complied with the PRC laws and regulations and the relevant requirements of the Company.

BCAC has first-tier qualification with expertise in airport runway project and possesses ample experience in carrying out construction work at airport, therefore the Company considers that it is able to satisfy the requirements of this project.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Construction Agreement for Aprons Enhancement Project – Western Runway Project are normal commercial terms and are fair and reasonable and the transaction under the Construction Agreement for Aprons Enhancement Project – Western Runway Project are in the interest of the shareholders of the Company as a whole.

## **BOARD'S APPROVAL**

The Construction Agreement for Aprons Enhancement Project – Western Runway Project was approved by the Board. Since no Director has material interest in the transaction contemplated under the agreement, thus none of the Directors abstained from voting at the Board's meeting to approve the agreement.

## **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.

CACC is principally engaged in the provision of a full range of services for construction of civil airports, including engineering design, investigation, consultation, site-selection, pre-feasibility study, feasibility study, construction, research, project supervision and management.

BCAC is principally engaged in the provision of construction, repair and maintenance services in the Beijing Airport, including the provision of repair and maintenance services on the lights and cable in the terminals, runway and airfield area of the Beijing Airport.

## DEFINITIONS

“BCAC”	Beijing China Aviation Construction Project Company Limited (北京中航空港建設工程有限公司), a company established in the PRC
“Beijing Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CACC”	China Airport Construction Corporation (中國民航機場建設集團公司), a company established in the PRC and a wholly-owned subsidiary of the Parent Company
“Construction Agreement for Aprons Enhancement Project – Western Runway Project”	the construction agreement for aprons enhancement project-western runway project dated 30 November 2016 entered into between the Company and BCAC, in relation to the provision of construction services to the Company for the establishment of four new aprons for Class C parking stands and their ancillary facilities for lighting, fire control and security
“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“M7 and F Connecting Taxiways Pavement Enhancement Agreement”	M7 and F connecting taxiways pavement enhancement agreement dated 14 November 2016 entered into between the Company and BCAC, which is within the de minimis threshold under Rule14A.76 of the Listing Rules
“Parent Company”	Capital Airports Holding Company (首都機場集團公司), an enterprise established in the PRC and the controlling shareholder of the Company

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By the order of the Board  
**Liu Xuesong**  
*Chairman*

Beijing, the PRC, 30 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>.*