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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

### **BEIJING AIRPORT EASTERN AND WESTERN APRONS ENHANCEMENT PROJECT (PHASE TWO) DESIGN AGREEMENT**

The Board announces that on 27 June 2017, the Company and Airport Construction Corporation entered into the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement in relation to the design for the enhancement project, which includes the construction in Beijing Airport airfield of eight class C parking stands south of S6 taxiway, five parking stands north of T6 taxiway, 11 parking stands south of S4 taxiway and west of D4 taxiway, and supporting facilities such as lightening, power, firefighting and security facilities. The project will promote efficiency and enhance capability of the Beijing Airport with its existing airfield resources for construction of parking stands so as to alleviate shortage of parking stands.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company. Airport Construction Corporation is a wholly-owned subsidiary of the Parent Company. Airport Construction Corporation is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement 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 Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement when aggregated with the Previous Transactions is more than 0.1% but less than 5%, the transaction contemplated under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement 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.

# **BEIJING AIRPORT EASTERN AND WESTERN APRONS ENHANCEMENT PROJECT (PHASE TWO) DESIGN AGREEMENT**

## **Date**

27 June 2017

## **Parties**

- (1) the Company; and
- (2) Airport Construction Corporation

## **Term**

The term of the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement shall commence from the date when the agreement is signed and affixed with the respective company chops of the parties thereto, and continue until the completion of the project contemplated thereunder.

## **Scope of services under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement**

Pursuant to the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement, Airport Construction Corporation agreed to provide services in relation to the design for the enhancement project, which includes the construction in Beijing Airport airfield of eight class C parking stands south of S6 taxiway, five parking stands north of T6 taxiway, 11 parking stands south of S4 taxiway and west of D4 taxiway, and supporting facilities such as lightening, power, firefighting and security facilities. The project will promote efficiency and enhance capability of the Beijing Airport with its existing airfield resources for construction of parking stands so as to alleviate shortage of parking stands, and services contemplated under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement shall include but not limited to the following:

- (i) taking responsibility for producing design in accordance with the technical specifications and standards imposed under national regulations and the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement and submitting design documents and the relevant quality guarantee in accordance with the content, timing and quantity requirements as provided under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement;
- (ii) guaranteeing a reasonable life span of 30 years for the design;

- (iii) taking responsibility for examining the design information provided by foreign parties and the relevant liaison work;
- (iv) participating in the design examination to be conducted by the relevant officials after the submission of design documents by Airport Construction Corporation and making necessary adjustments and supplements within the originally agreed work scope based on the examination results. If the project is implemented within one year after the submission of design documents by Airport Construction Corporation, Airport Construction Corporation should be responsible for clarifying the design, handling the relevant design issues and participating in the completion inspection for the Company and construction provider. If the project is not implemented within one year, Airport Construction Corporation should still be responsible for the aforesaid work and be entitled to receive reasonable consultancy fees from the Company after mutual negotiation based on the work required; and
- (v) taking responsibility for making amendments or supplements in response to omissions or errors in the design documents. Taking responsibility for adopting remedial measures in response to losses resulting from accidents caused by any quality issues with the project, waiving the design fees for the relevant substandard work and paying to the Company an amount of damages that equals to 100% of the actual loss after mutual negotiation.

### **Consideration and payment**

The consideration payable to Airport Construction Corporation by the Company in respect of the provision of services under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement is RMB9,882,100. In the event that there are more than 5% changes in the market price of the key construction materials, e.g., steel, bituminous concrete and cable etc., the consideration may be further adjusted by the parties upon agreement. The Company expects that the maximum consideration payable will not be more than RMB12,720,000.

The consideration is determined upon mutual negotiation after taking into account the requirements under the relevant regulations of the PRC, including the “Regulations on Pricing Management of Project Survey and Design 《工程勘察設計收費管理規定》” and the “Measures for the Budget Estimation of Civil Aviation Projects 《民航建設工程概算編製辦法》”. Further, such consideration does not exceed the budget amount for the reconstruction projects estimated by the Company after taking into account the costs estimates for the reconstruction projects and the prevailing market prices. Therefore, the Company considers that the consideration is on normal commercial term and is fair and reasonable.

The Company agreed to pay to Airport Construction Corporation (i) RMB2,964,630 within 30 days from the effective date of the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement and the Company's confirmation thereof, which amounts to 30% of the consideration; (ii) RMB2,964,630 within 30 days from Airport Construction Corporation's submission and the Company's acceptance of the preliminary design documents, which amounts to 30% of the consideration; (iii) RMB2,470,525 within 30 days from Airport Construction Corporation's submission and the Company's acceptance of the construction drawing, which amounts to 25% of the consideration; (iv) the remaining amount of the consideration, within 30 days from the completion and acceptance of the project and consensus opinion regarding the settlement has been reached and a final settlement document has been formed by the parties.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE BEIJING AIRPORT EASTERN AND WESTERN APRONS ENHANCEMENT PROJECT (PHASE TWO) DESIGN AGREEMENT**

The Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) will include taxiway construction, navigation lights construction and construction of relevant supporting facilities. Entrusting Airport Construction Corporation to provide design services for the project not only guarantees the quality and progress of the construction, but also ensures that the construction expenses will not exceed investment of the project.

The procurement mode of the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) is public tender. The Company organized two rounds of public tender for the project and Airport Construction Corporation was the only participating tenderer. Given that there were less than three tenderers submitting tender documents in both of the two rounds of public tender, as approved by the Civil Aviation Administration of China, the design service provider can be selected without the tender procedure.

After considering the (1) business performance, (2) overall quality of the design outline including the quality management, scale and price controls, design cycle and control, coordination work arrangement and onsite services plans of the design, (3) design experience of the chief principal, title and achievement of specific principals, and the overall allocation of the designers of the projects, and (4) design fee quotation of Airport Construction Corporation, the Company selected Airport Construction Corporation as the design service provider for the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two). The selection process was fair during the whole course and complied with the PRC laws and regulations and the relevant requirements of the Company.

Airport Construction Corporation has A-Class qualification in project design and possesses ample knowledge and experience in airport construction projects design, therefore the Company considers that it is able to satisfy the requirements of the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement are on normal commercial terms and are fair and reasonable and the transaction contemplated thereunder is in the interest of the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company. Airport Construction Corporation is a wholly-owned subsidiary of the Parent Company. Airport Construction Corporation is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement 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 Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement when aggregated with the Previous Transactions is more than 0.1% but less than 5%, the transaction contemplated under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement 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.

## **BOARD'S APPROVAL**

Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement was approved by the Board. Since no Director has material interest in the transaction contemplated under the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement, none of the Directors abstained from voting at the Board's meeting to approve the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement.

## **GENERAL**

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

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

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

## DEFINITIONS

“Airport Construction Corporation”	中國民航機場建設集團公司(China Airport Construction Corporation), a company established in the PRC and a wholly owned subsidiary of the Parent Company
“Beijing Airport”	Beijing Capital International Airport
“Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement”	the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) Design Agreement dated 27 June 2017 entered into between the Company and Airport Construction Corporation for the design of the Beijing Airport Eastern and Western Aprons Enhancement Project (Phase Two) for promoting efficiency and enhancing capability of the Beijing Airport with its existing airfield resources for construction of parking stands so as to alleviate shortage of parking stands
“Board”	the board of Directors
“CECD Supervision & Consulting Company”	CECD Supervision & Consulting Co., Ltd.* (北京中企建發監理諮詢有限公司), a company established in the PRC, a subsidiary of Airport Construction Corporation
“China Super-Creative Airport Technical Company”	China Super-Creative Airport Technical Ltd.* (北京中企卓創科技發展有限公司), a company established in the PRC, a subsidiary of Airport Construction Corporation
“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 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
“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

“Measures for the Budget Estimation of Civil Aviation Projects”	the measures issued by the Civil Aviation Administration of China on 21 April 2008 to regulate the budget estimation of civil aviation projects
“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
“Previous Transactions”	similar transactions entered into between the Company and Airport Construction Corporation and its subsidiaries in the preceding twelve months period, i.e. the (i) examination contract of pavement around the building of T1, T2 airfield areas of Beijing Airport entered into between the Company and China Super-Creative Airport Technical Company on 27 July 2016; (ii) supplemental agreement to the newly constructed project research (in lieu of feasibility study) report of the second parallel taxiway at the western runway of the Beijing Airport entered into between the Company and Airport Construction Corporation on 14 September 2016; (iii) contract concerning separation and defect detection of the underside of runway at the airfield 01/19 entered into between the Company and China Super-Creative Airport Technical Company on 14 September 2016; (iv) M7 and F connecting taxiways pavement enhancement agreement entered into between the Company and Airport Construction Corporation on 28 September 2016; (v) Beijing Airport special facility storage site hardening project supervision contract entered into between the Company and CECD Supervision & Consulting Company on 30 September 2016; (vi) research contract (in lieu of feasibility study) for eastern and western aprons enhancement project (phase two) of Beijing Airport entered into between the Company and Airport Construction Corporation on 8 October 2016; (vii) airfield T-intersection sign reconstruction project research reporting (in lieu of feasibility study) compilation contract entered into between the Company and Airport Construction Corporation on 9 October 2016; (viii) technical service contract for T3 distant parking ground power and ground air conditioning system (stage 1) construction project entered into between the Company and Airport Construction Corporation on 13 October 2016;

(ix) Beijing Airport special facility storage site hardening project design contract entered into between the Company and Airport Construction Corporation on 1 November 2016; (x) guidance sign wind resistance reconstruction project (stage 2) research (in lieu of feasibility study) contract for of Beijing Airport airfield area entered into between the Company and Airport Construction Corporation on 24 November 2016; (xi) supervision contract for Beijing Airport charging supporting facilities project entered into between the Company and CECD Supervision & Consulting Company on 2 December 2016; (xii) supervision contract for Beijing Airport eastern and western aprons enhancement project – eastern airfield entered into between the Company and CECD Supervision & Consulting Company on 2 December 2016; (xiii) feasibility study contract for experimental reconstruction of western area aerobridge replacement project – foundation enhancement entered into between the Company and Airport Construction Corporation on 13 December 2016; (xiv) design contract for experimental reconstruction of western area aerobridge replacement project – foundation enhancement entered into between the Company and Airport Construction Corporation on 13 December 2016; (xv) prefeasibility study contract for western runway benchmarking and type III operation upgrading project entered into between the Company and Airport Construction Corporation on 19 December 2016; (xvi) pavement test contract for aprons in airfields entered into between the Company and China Super-Creative Airport Technical Company on 30 December 2016; (xvii) supervision contract for reconstruction project of Beijing Airport technical prevention cables in the perimeter of airfields entered into between the Company and CECD Supervision & Consulting Company on 10 January 2017; (xviii) preventive test and assessment contract for the pavements of airfields entered into between the Company and CECD Supervision & Consulting Company on 16 January 2017; (xix) project research (in lieu of feasibility study) contract for the supporting project of western area aerobridge replacement of Beijing Airport – foundation enhancement, light current and taxiway construction entered into between the Company and Airport Construction Corporation on 1 March 2017; (xx) project design contract for the reconstruction project of the southern intersection at the middle runway entered into between the Company and Airport Construction



Corporation on 1 April 2017; (xxi) project supervision contract for the reconstruction project of the southern intersection at the middle runway into between the Company and China Super-Creative Airport Technical Company on 1 April 2017; (xxii) supervision contract for the overhaul works of the middle part (the second section) of Beijing Airport middle runway entered into between the Company and CECD Supervision & Consulting Company on 1 April 2017 (the aggregation of transactions set out in (i) to (xxii) of this definition is within the de minimis threshold under Rule 14A.76 (1) of the Listing Rules); (xxiii) project design agreement for the reconstruction of Beijing Airport operation guarantee supporting facilities entered into between the Company and Airport Construction Corporation on 10 April 2017, for details of which please refer to the announcement of the Company dated 10 April 2017; and (xxiv) design contract for the overhaul works of the middle part of Beijing Airport middle runway entered into between the Company and Airport Construction Corporation on 26 June 2017 (which is within the de minimis threshold under Rule 14A.76 (1) of the Listing Rules).

“Regulations on Pricing Management of Project Survey and Design”	the regulations issued by the State Development & Planning Commission and Ministry of Construction on 7 January 2002 to regulate the charging of fees for project survey and design
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By the order of the Board  
**Luo Xiaopeng**  
*Secretary to the Board*

Beijing, the PRC  
27 June 2017

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

\* For identification purposes only