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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
AND
CONTINUING CONNECTED TRANSACTIONS

(1) ASSETS TRANSFER AGREEMENT

The Board announces that on 22 December 2017, the Company entered into the Assets Transfer Agreement with the Parent Company, pursuant to which the Company agreed to acquire the Target Assets (comprising Yingbin Bridge, Road No. 1, and the Landside Control System of the Beijing Airport) from the Parent Company.

(2) GTC ASSETS TRANSITIONAL LEASING AGREEMENT

The Board announces that on 22 December 2017, the Company entered into the GTC Assets Transitional Leasing Agreement with the Parent Company, pursuant to which the Company agreed to lease the GTC Assets from the Parent Company for a term commencing from 1 January 2018 to 30 June 2018 (inclusive of the first day). During the lease term, if the Company obtains approval for acquisition of the GTC Assets at the general meeting and completes other necessary legal approval procedures, the contract shall be terminated. Where the Company fails to complete the aforesaid procedures during the lease term, the contract shall be automatically extended for a half year. In case the aforesaid procedures are not completed upon expiry of the extended period (31 December 2018), the lease shall be re-submitted to the Board for approval.

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. The Parent Company is therefore a connected person of the Company. Consequently, the Acquisition under the Assets Transfer Agreement constitutes a connected transaction of the Company, and the transactions contemplated under the GTC Assets Transitional Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition under the Assets Transfer Agreement and the transactions under the GTC Assets Transitional Leasing Agreement, when aggregated with the Previous Transaction, are more than 0.1% but less than 5%, the Assets Transfer Agreement and the GTC Assets Transitional Leasing Agreement are subject to the reporting and announcement requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) ASSETS TRANSFER AGREEMENT

Date

22 December 2017

Parties

- (a) the Parent Company, as vendor; and
- (b) the Company, as purchaser.

Major terms of the Assets Transfer Agreement

Consideration and payment terms

Pursuant to the Assets Transfer Agreement, the Parent Company agreed to sell, and the Company agreed to acquire, the Target Assets (comprising Yingbin Bridge, Road No. 1, and the Landside Control System of the Beijing Airport) for a consideration of approximately RMB205,075,300, which was determined by the Valuation Sum.

According to the Assets Transfer Agreement, the Company shall pay the Parent Company a down payment of not less than 50% of the Valuation Sum at the Initial Consideration Payment Date. The Remaining Balance shall be settled by the Company within 10 days from the Delivery Date.

The parties agreed that after the Valuation Report is filed with the relevant government authority, the parties shall make adjustments to the consideration in accordance with the filed the Valuation Sum. In the event that the adjustment is within the range of 10% of the original Valuation Sum, the corresponding party shall pay/reimburse the other party the difference between the consideration and the adjusted consideration, as the case maybe, within 30 days after the completion of the filing. In the event that the adjustment is not within the range of 10% of the original Valuation Sum, the parties shall enter into supplemental agreement in writing to make further arrangements and the Company will comply with the applicable Listing Rules requirements when entering into such agreement.

Condition precedent

The Assets Transfer Agreement and the Acquisition contemplated thereunder are subject to the approval by the Board in accordance with the requirements of the Listing Rules.

Delivery of the Target Assets

The parties agree that the Parent Company shall transfer and deliver the Target Assets to the Company at Beijing Airport on the Delivery Date in accordance with the terms and conditions of the Assets Transfer Agreement, after which both parties shall sign an assets delivery form in writing.

The Parent Company shall transfer and deliver to the Company all the relevant documents and information in relation to the Target Assets, including but not limited to all approval documents, relevant designs, architecture, purchasing and financial documents or drawings in relation to the Target Assets.

After the Target Assets are delivered, the Company shall be responsible for the operation of all the businesses in relation to the Target Assets.

Transitional use of assets

The Parent Company undertook that for the period from the signing date of the Assets Transfer Agreement to the Delivery Date, it shall manage the Target Assets in an honest, prudent, proper and reasonable manner and ensure that the Target Assets will not be subject to any material adverse changes. In the event that any loss or damage is incurred to the Target Assets as a result of the fault of the Parent Company, such loss or damage shall be borne by the Parent Company. If the consideration has been paid by the Company, the Company is entitled to request the Parent Company to return the corresponding consideration which is equivalent to the amount of such loss or damage, and other expenses arising from the Acquisition. In the event that the corresponding consideration to the amount of such loss or damage has not yet been paid by the Company, the Company is entitled not to pay the corresponding portion of the consideration which is equivalent to the amount of such loss or damage.

Obligations of the parties after entering into the Assets Transfer Agreement

The Parent Company agreed and undertook to carry out the following obligations after entering into the Assets Transfer Agreement:

- i. The Parent Company shall be obliged to manage the Target Assets in an honest, prudent, proper and reasonable manner in accordance with the terms of the Assets Transfer Agreement.
- ii. The Parent Company shall implement the relevant procedures with the government authorities for the transfer of the Target Assets.
- iii. The Parent Company shall deliver the Target Assets to the Company on the Delivery Date in accordance with the terms of the Assets Transfer Agreement.

The Company agreed and undertook to carry out the following obligations after entering into the Assets Transfer Agreement:

- i. The Company shall, pursuant to its articles of association and the Listing Rules, perform the Board's approval procedures, and acquire the Target Assets from the Parent Company in accordance with the terms of the Assets Transfer Agreement.
- ii. The Company shall pay the consideration of the Acquisition to the Parent Company in a timely manner in accordance with the terms of the Assets Transfer Agreement.

Information of the Target Assets

The Target Assets, which comprise Yingbin Bridge, Road No.1, and the Landside Control System of the Beijing Airport, were constructed by the Parent Company.

As at 30 September 2017, the unaudited book value of the Target Assets on the books of the Parent Company is approximately RMB161,943,400. According to the Valuation Report of the Target Assets issued by China United Assets Appraisal Group Co., Ltd., an independent registered PRC valuer, the Valuation Sum of the Target Assets adopting the replacement cost method was approximately RMB205,075,300 as at the Valuation Date, i.e. 30 September 2017. As set out in the section headed "Consideration and payment terms" of this announcement, such Valuation Sum may be subject to adjustments to be made by the relevant government authority.

Reasons for and benefits of entering into the Assets Transfer Agreement

The Yingbin Bridge, Road No. 1 and the Landside Control System are necessary for the operation of Beijing Airport. The Acquisition will be beneficial in clarifying asset ownership of the Company, integrating public road and bridge resources in the proximity of Beijing Airport, coordinating traffic within and outside the Beijing Airport area, increasing the operational capacity and coordinative efficiency of Beijing Airport, and ensuring smooth, ordered and efficient operation of Beijing Airport, which will in turn improve the utilization efficiency of Beijing Airport's resources and maximize the value of its resources.

In light of the above, the Company is of the view that the terms of the Assets Transfer Agreement are normal commercial terms and are fair and reasonable and the transactions under the Assets Transfer Agreement are in the interest of the Company and its Shareholders as a whole.

(2) GTC ASSETS TRANSITIONAL LEASING AGREEMENT

Date

22 December 2017

Parties

- (a) the Parent Company, as lessor; and
- (b) the Company, as lessee.

Major terms of the GTC Assets Transitional Leasing Agreement

Services

Pursuant to the GTC Assets Transitional Leasing Agreement, the Company agreed to lease the GTC Assets from the Parent Company.

Term

The GTC Assets Transitional Leasing Agreement is for a term commencing from 1 January 2018 to 30 June 2018 (inclusive of the first day). During the lease term, if the Company obtains approval for acquisition of the GTC Assets at the general meeting and completes other necessary legal approval procedures, the contract shall be terminated. Where the Company fails to complete the aforesaid procedures during the lease term, the contract shall be automatically extended for

a half year. In case the aforesaid procedures are not completed upon expiry of the extended period (31 December 2018), the lease matter shall be submitted to the Board for consideration and approval.

Consideration and payment

During the term of the lease, the Company is entitled to all the operating income arising from the operating activities carried out by the Company by using the GTC Assets, and the Company is responsible for the operating expenses related to the GTC Assets; whereas the Parent Company is responsible for the depreciation expenses of the GTC Assets, the capital costs for the construction capital of the GTC Assets, the property taxes and the land use taxes and so forth.

The Company shall pay leasing fee to the Parent Company during the term of the GTC Assets Transitional Leasing Agreement, which is to be determined according to the following formula:

$$\text{Leasing fee} = \text{depreciation of GTC Assets} + \text{loan interest} + \text{relevant taxes and other amortization expenses}$$

The leasing fee under the GTC Assets Transitional Leasing Agreement is payable by the Company to the Parent Company on a quarterly basis, and is payable by the Company in the first month of every quarter, according to the particulars of the leasing fee calculation provided by the Parent Company as confirmed by the Company, and within five business days of the receipt of such particulars.

The leasing fee is arrived at after arm's length negotiations between the parties taking into account (i) the depreciation of the GTC Assets incurred to the Parent Company; (ii) the cost of capital for the construction capital of the GTC Assets, which is determined by the amount of the Parent Company's investment for the construction of GTC Assets and the applicable loan lending rate(s); and (iii) other relevant taxes (including property tax, value-added tax and land use tax, etc.).

Historical figures

The Company and the Parent Company did not conduct any similar transaction in the past three years.

Annual cap

The Company expects that the maximum transaction amount payable by the Company to the Parent Company for the leasing of GTC Assets under the GTC Assets Transitional Leasing Agreement for the term ending 30 June 2018 will be half of the cap of the annual leasing fee, being RMB113,000,000. In the event of postponement of the agreement, the maximum aggregate leasing fee payable by the Company to the Parent Company for the leasing of GTC Assets for the

year ending 31 December 2018 will not exceed RMB226,000,000, which was determined after taking into account the following factors:

- (i) the anticipated annual depreciation of the GTC Assets incurred to the Parent Company as at 31 December 2018, which is calculated according to the average annual value of depreciation from 2008 to 2016;
- (ii) the anticipated cost of capital for the construction capital of the GTC Assets as at 31 December 2018, which is determined by the loan lending rate provided by banks in the PRC for a loan term of over five years in 2017; and
- (iii) the anticipated relevant taxes (including property tax, value-added tax and land use tax, etc.) as at 31 December 2018 considering the prevailing taxation policy of the PRC.

Reasons for and benefits of entering into the GTC Assets Transitional Leasing Agreement

General expediency of the plan

Leasing the GTC Assets by the Company from the Parent Company is a transitional arrangement for the purpose of the Company's future proposed acquisition of the GTC Assets. Since the GTC Assets are owned by the Parent Company, its transfer to the Company will require the fulfillment of certain approval procedures. The present circumstances do not provide objective and mature conditions to initiate acquisition procedures, therefore such transitional leasing arrangement has been put in place.

The Company intends to complete the acquisition of the GTC Assets as soon as possible. This is of great significance in clarifying asset ownership, improving implementation of the continuous management and follow-up reform of the relevant facilities, reducing and standardizing related transactions, and co-ordinating and optimizing the allocation of resources.

The overall operational effectiveness

The GTC Assets are a part of the daily operation of Beijing Airport. The transaction will be conducive to the further completion of the Company's ownership of resources for the operation of Beijing Airport and the enhancement of the proactiveness of Beijing Airport's resources management, enhance the overall operational capacity and coordinative efficiency of Beijing Airport, which will in turn improve the utilization efficiency of Beijing Airport's resources and maximize the value of its resources.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the GTC Assets Transitional Leasing Agreement are normal commercial terms and are fair and reasonable and the transaction under the GTC Assets Transitional Leasing Agreement is in the interest of the Shareholders 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.

BOARD'S APPROVAL

The Assets Transfer Agreement and the GTC Assets Transitional Leasing Agreement were approved by the Board. Since no Director has material interest in the Acquisition contemplated under the Assets Transfer Agreement and the transactions under the GTC Assets Transitional Leasing Agreement, none of the Directors has abstained from voting at the Board's meeting to approve the Assets Transfer Agreement and the GTC Assets Transitional Leasing Agreement.

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. The Parent Company is therefore a connected person of the Company. Consequently, the Acquisition under the Assets Transfer Agreement constitutes a connected transaction of the Company, and the transactions contemplated under the GTC Assets Transitional Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition under the Assets Transfer Agreement and the transactions under the GTC Assets Transitional Leasing Agreement, when aggregated with the Previous Transaction, are more than 0.1% but less than 5%, the Assets Transfer Agreement and the GTC Assets Transitional Leasing Agreement are subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Target Assets by the Company from the Parent Company in accordance with the terms and conditions of the Assets Transfer Agreement
“Approval Date”	the date on which the Assets Transfer Agreement and the Acquisition contemplated thereunder were approved by the Board in accordance with the requirements under the Listing Rules
“Assets Transfer Agreement”	the assets transfer agreement dated 22 December 2017 entered into between the Parent Company and the Company in respect of the Acquisition
“Beijing Airport”	Beijing Capital International Airport
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Days”	working days, any day which banks in the PRC open for business, except Saturdays, Sundays and statutory holidays as announced by the PRC government
“Delivery Date”	the date within 30 days from the Approval Date or otherwise agreed by parties through written supplemental agreement, i.e., the date when the Target Assets are delivered by the Parent Company to the Company pursuant to the Assets Transfer Agreement
“Director(s)”	the director(s) of the Company

“GTC”	Ground Traffic Center, a car-parking building that is located in the south side of the Terminal No. 3 (T3C) of Beijing Airport, with a total gross area of 342,700 square metres, comprising two floors above ground level (first floor being the commercial area, and second floor being the Airport Express Station), and two floors below ground level (being a carpark and a taxi queuing lot)
“GTC Assets”	GTC and its associated facilities in Beijing Airport, including the two floors above ground level and the two floors below ground level as well as the relevant facilities
“GTC Assets Transitional Leasing Agreement”	the leasing agreement dated 22 December 2017 entered into between the Company and the Parent Company in respect of the leasing of the GTC Assets
“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Initial Consideration”	the initial consideration payable by the Company to the Parent Company for the Acquisition under the Assets Transfer Agreement, which shall not be less than 50% of the Valuation Sum, i.e. RMB102,537,650
“Initial Consideration Payment Date”	the date for the payment of the Initial Consideration by the Company to the Parent Company, which shall be within 10 days from the date immediately after the Approval Date
“Landside Control System”	electronic facilities that comprise the landside control system and the street lighting system on the two sides of the roads within the Beijing Airport area (including airport towers, roads prone to traffic incidents and main intersections for entry into and exit from Beijing Airport)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“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

“Previous Transaction”	the transaction contemplated under the leasing agreement dated 9 August 2017 entered into between the Company and the Parent Company in relation to the leasing of the information technology centre in Beijing Airport by the Company from the Parent Company, which is fully exempt from disclosure under Rule 14A.76 of the Listing Rules
“Remaining Balance”	the balance of the consideration for the Acquisition payable by the Company to the Parent Company after deducting a down payment of not less than 50% of the Valuation Sum
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company
“Shareholders”	holders of the shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	collectively, the Yingbin Bridge, the Road No. 1 and the Landside Control System
“Transitional Period”	the period between the Valuation Date and the Delivery Date
“RMB”	Renminbi, the lawful currency of the PRC
“Road No.1”	Road No.1 of Beijing Airport (首都機場一號路), a thoroughfare that runs from the old exclusive aircraft tower to the Beijing Capital Airports Power and Energy Co., Ltd., with a total length of 1580 metres
“Valuation Date”	30 September 2017, i.e. the date for the valuation of the Target Assets by the relevant valuation company
“Valuation Report”	the valuation report relating to the valuation of the Target Assets dated 26 November 2017 (China United Ping Bao Zi (2017) (No. 2301) (中聯評報字[2017]第2301號), conducted by China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), an independent certified PRC valuer

“Valuation Sum”	approximately RMB205,075,300, being the assessed value of the Target Assets as at the Valuation Date under the Valuation Report, which is to be filed with the State-owned Assets Supervision and Administration Commission in the PRC
“Yingbin Bridge”	Yingbin Bridge of Beijing Airport (首都機場迎賓橋), an infrastructure of Beijing Airport that comprises the construction of entryways and bridges in the Beijing Airport, which include the thoroughfare that connect the exit of the exclusive aircrafts and business jets area and the northside of Beijing Airport expressway main toll gate, and the thoroughfare of Beijing Airport that runs across Airport South Road (機場南路), Airport Side Road (機場輔路) and the ramp bridge of the airport expressway entrance toll gate ramp, respectively. Its total length is 1414 metres
“%”	per cent

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

Beijing, the PRC
22 December 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. Gao Shiqing, Mr. Yao Yabo, Mr. Ma Zheng and Mr. Cheng Chi Ming, Brian*

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

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