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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 TRANSACTIONS IN RELATION TO THE LEASE AGREEMENTS

LEASE AGREEMENTS

On 30 August 2019, the Company (as lessee) and the Parent Company (as lessor) entered into (i) the 92 Mu Land Lease Agreement for the lease of the 92 Mu Land; and (ii) the 47 Mu Premises Lease Agreement for the lease of the 47 Mu Premises, respectively, for a term of 18 years from 1 September 2019 to 31 August 2037. The Company leased the above lands to ensure the long-term use of such lands for the airport aprons.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company, holding approximately 56.61% of the issued share capital of the Company. As such, the Parent Company is a connected person of the Company.

In accordance with IFRS 16 applicable to the Company, the transactions under the Lease Agreements will be recognised as acquisitions of right-of-use assets which will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in relation to the transactions contemplated under the Lease Agreements exceeds 0.1% but is less than 5%, the transactions are only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

LEASE AGREEMENTS

On 30 August 2019, the Company (as lessee) and the Parent Company (as lessor) entered into (i) the 92 Mu Land Lease Agreement for the lease of the 92 Mu Land; and (ii) the 47 Mu Premises Lease Agreement for the lease of the 47 Mu Premises, respectively, for a term of 18 years from 1 September 2019 to 31 August 2037. The Company leased the above lands to ensure the long-term use of such lands for the airport aprons.

1. Material terms of the 92 Mu Land Lease Agreement

Date

30 August 2019

Parties

- (1) the Parent Company, as lessor; and
- (2) the Company, as lessee.

Leased Lands

A parcel of land with an area of 61,200 square metres (approximately 92 Mu) within the Beijing Airport, which shall be used by the Company for the construction of new airport aprons.

Term

A term of 18 years commencing from 1 September 2019 and expiring on 31 August 2037

Consideration and payment terms

The Company shall pay rent to the Parent Company in an aggregate amount of RMB42,253,200 (inclusive of tax) for the full term of the lease under the 92 Mu Land Lease Agreement, which was determined through arm's length negotiations by the Parties with reference to (i) the costs incurred by the Parent Company for land acquisition; (ii) the benchmark land premiums and corresponding adjustment coefficients as stipulated in Notice of the Municipal People's Government of Beijing on Updating the Reference Land Prices for Rights to Use State-owned Lands for Construction Purpose (Jing Zheng Fa No. 26 of 2014); (iii) the principles and parameters for determination of the price of the gross floor area of disposed sites in the open market; and (iv) the relevant taxes.

The rent is payable by way of remittance to the designated bank account of the Parent Company on an annual basis. The rent per annum is RMB2,347,400, comprising net rent of RMB2,153,577.98 and VAT of RMB193,822.02. For a given year commencing from 1 September to 31 August, the Company shall pay the rent per annum to the Parent Company in a lump sum before 1 September in the following year.

The above amount of rent is inclusive of all the fees and expenses payable by the Company to the Parent Company in respect of the lease and use of the 92 Mu Land and the above standard of rental payment for the 92 Mu Land shall not be adjusted upwards, and shall not be affected by the termination of the 92 Mu Land Lease Agreement.

In the event that there is any adjustment to the national or local taxation policies which would cause material effect to the manner of payment, time limit of payment and the issue of invoices as agreed under the 92 Mu Land Lease Agreement, the Parties shall make adjustments to such arrangement in accordance with the relevant requirements of the policies, but in principle the total rent payable under the 92 Mu Land Lease Agreement shall remain the same.

2. Material terms of the 47 Mu Premises Lease Agreement

Date

30 August 2019

Parties

- (1) the Parent Company, as lessor; and
- (2) the Company, as lessee.

Leased Land

A parcel of land with an area of 31,380 square metres (approximately 47 Mu) within the Beijing Airport, which shall be used by the Company for the construction of new airport aprons.

Term

A term of 18 years commencing from 1 September 2019 and expiring on 31 August 2037

Consideration and payment terms

The Company shall pay premises usage fee to the Parent Company in an aggregate amount of RMB21,664,800 (inclusive of tax) for the full term of the lease under the 47 Mu Premises Lease Agreement, which was determined through arm's length negotiations by the Parties with reference to the rent under the 92 Mu Land Lease Agreement.

The premises usage fee is payable by way of remittance to the designated bank account of the Parent Company on an annual basis. The premises usage fee per annum is RMB1,203,600, comprising net usage fee of RMB1,104,220.18 and VAT of RMB99,379.82. For a given year commencing from 1 September to 31 August, the Company shall pay the premises usage fee per annum to the Parent Company in a lump sum before 1 September in the following year.

The above standard of the payment of premises usage fee for the 47 Mu Premises shall not be adjusted upwards, and shall not be affected by the termination of the 47 Mu Premises Lease Agreement.

In the event that there is any adjustment to the national or local taxation policies which would cause material effect to the manner of payment, time limit of payment and the issue of invoices as agreed under the 47 Mu Premises Lease Agreement, the Parties shall make adjustments to such arrangement in accordance with the relevant requirements of the policies, but in principle the total rent payable under the 47 Mu Premises Lease Agreement shall remain the same.

INFORMATION OF THE LEASED LANDS

The Leased Lands comprise two parcels of land with a total area of 92,580 square metres located within the Beijing Airport for the purpose of construction of new airport aprons. Pursuant to IFRS 16, the Leased Lands will be recognised by the Company as right-of-use assets, of which the total value is RMB39,070,864.58, which was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 30 June 2019 (i.e. the date of initial application) and making adjustments in accordance with the previously recognised provisions made for the lease payments in relation to the lease.

Set out below is a summary of the unaudited financial information of the 92 Mu Land for the two financial years ended 31 December 2018:

	For the year ended 31 December 2017 (unaudited)	For the year ended 31 December 2018 (unaudited)
Net profit/(loss) before taxation	RMB(745,336)	RMB2,089,186
Net profit/(loss) after taxation	RMB(745,336)	RMB1,566,890

Set out below is a summary of the unaudited financial information of the 47 Mu Premises for the two financial years ended 31 December 2018:

	For the year ended 31 December 2017 (unaudited)	For the year ended 31 December 2018 (unaudited)
Net profit/(loss) before taxation	RMB357,068	RMB1,071,204
Net profit/(loss) after taxation	RMB267,801	RMB803,403

The original acquisition cost of the 92 Mu Land is RMB 25,655,000, while the 47 Mu Premises does not have any original acquisition cost as the 47 Mu Premises was allocated by the government.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENTS

The existing shortage of parking stands at the Beijing Airport has severely affected the efficiency and quality of operations of the Beijing Airport. In light of the continuous increase in business volume of the Beijing Airport, the issues of safeguarding resources for ground operations have been accentuated. The lease of additional land parcels of 92,580 square metres in total for the construction of new air aprons is able to alleviate the pressure on the safeguard of ground operations of the Beijing Airport effectively, enhance the operating efficiency and quality, as well as generate the income of parking charges for the Company to a certain extent.

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

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 supply of water, electricity, steam and energy; airport management services and counter services. It is a state-owned enterprise under CAAC.

BOARD'S APPROVAL

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company, holding approximately 56.61% of the issued share capital of the Company. As such, the Parent Company is a connected person of the Company.

In accordance with IFRS 16 applicable to the Company, the transactions under the Lease Agreements will be recognised as acquisitions of right-of-use assets which will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in relation to the transactions contemplated under the Lease Agreements exceeds 0.1% but is less than 5%, the transactions are only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

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

“47 Mu Premises Lease Agreement”	the premises lease agreement entered into between the Company (as lessee) and the Parent Company (as lessor) in relation to the lease of the 47 Mu Premises on 30 August 2019
“47 Mu Premises”	A parcel of land with an area of 31,380 square metres within the Beijing Airport under the land use right certificate (Jing Shun Guo Yong (2004) Zi Di No. 0238)
“92 Mu Land Lease Agreement”	the land lease agreement entered into between the Company (as lessee) and the Parent Company (as lessor) in relation to the lease of the 92 Mu Land on 30 August 2019
“92 Mu Land”	A parcel of land with an area of 61,200 square metres within the Beijing Airport under the land use right certificate (Jing Shun Guo Yong (2005 Chu Zi) No. 0190)
“Beijing Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CAAC”	Civil Aviation Administration of China

“Company”	Beijing Capital International Airport Company Limited, 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Days”	working days, being any days on which banks in the PRC open for business, except Saturdays, Sundays and statutory holidays as announced by the PRC government
“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
“IFRS”	International Financial Reporting Standard
“Lease Agreements”	the 92 Mu Land Lease Agreement and the 47 Mu Premises Lease Agreement
“Leased Lands”	the 92 Mu Land and the 47 Mu Premises
“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
“Parties”	the Company and the Parent Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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

“VAT” value-added tax

“%” per cent

By order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC, 30 August 2019

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 and Mr. Ma Zheng

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 are available for viewing on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> under “Latest Listed Company Information”, 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>.

* *For identification purpose only*