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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 OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

Reference is made to the Announcement in relation to, among other matters, the Service Agreements entered into between the Company and Beijing Bowei in connection with the provision of Operation and Maintenance Services by Beijing Bowei to the Company, which will expire on 31 December 2019. As the Parties intend to continue to carry out transactions of a similar nature from time to time after 31 December 2019, on 23 December 2019, the Company and Beijing Bowei entered into the Operation and Maintenance Services Framework Agreement, pursuant to which Beijing Bowei agreed to provide the Company with Operation and Maintenance Services at the Beijing Capital Airport.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company, holding approximately 58.96% of the issued share capital of the Company. Since Beijing Bowei is a subsidiary of the Parent Company, Beijing Bowei is a connected person of the Company. Accordingly, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Operation and Maintenance Services Framework Agreement is more than 0.1% but less than 5%, such transactions are only subject to reporting and announcement requirements but are exempt from approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to, among other matters, the Service Agreements entered into between the Company and Beijing Bowei in connection with the provision of Operation and Maintenance Services by Beijing Bowei to the Company, which will expire on 31 December 2019. As the Parties intend to continue to carry out transactions of a similar nature from time to time after 31 December 2019, on 23 December 2019, the Company and Beijing Bowei entered into the Operation and Maintenance Services Framework Agreement, pursuant to which Beijing Bowei agreed to provide the Company with Operation and Maintenance Services at the Beijing Capital Airport.

OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

The material terms of the Operation and Maintenance Services Framework Agreement are set out as follows:

Date

23 December 2019

Parties

- (a) the Company; and
- (b) Beijing Bowei.

Services

Pursuant to the Operation and Maintenance Services Framework Agreement, Beijing Bowei agreed to provide the Company with Operation and Maintenance Services at T1, T2, T3, airfield, public area and other designated areas of the Beijing Capital Airport.

Term

The Operation and Maintenance Services Framework Agreement is for a term of three years, commencing from 1 January 2020 to 31 December 2022.

Consideration and Payment Terms

Beijing Bowei and the Company shall, from time to time, enter into definitive service agreement(s) regarding the provision of the Operation and Maintenance Services during the term of the Operation and Maintenance Services Framework Agreement to the extent that the terms of such definitive service agreement(s) shall comply with the terms and conditions of the Operation and Maintenance Services Framework Agreement.

The service fees charged by Beijing Bowei in respect of the various definitive agreements under the Operation and Maintenance Services Framework Agreement include but are not limited to labour cost, management fee, fees for the procurement of spare products, spare parts, materials and consumables, and the procurement or installation fees that have been actually incurred.

The service fees under the Operation and Maintenance Services Framework Agreement shall be settled by the Company by way of cheque or wire transfer on a monthly, quarterly, half-yearly or annual basis. The specific payment terms shall be determined according to the nature of and services contemplated under the definitive agreements to be entered into by the Parties.

Material rights and obligations of the Parties

The material rights and obligations of the Company shall include but are not limited to the following:

- (1) The Company shall provide Beijing Bowei with necessary conditions and assistance to render services; and
- (2) The Company is entitled to conduct appraisal on services provided by Beijing Bowei to assess suitability of its services.

The material rights and obligations of Beijing Bowei shall include but are not limited to the following:

- (1) Beijing Bowei shall render services in the agreed format, content, standards and requirements and shall be subject to the management, supervision and inspection of its work by the Company; and
- (2) Beijing Bowei shall make improvements to its work on its own initiative or as requested by the Company.

Historical figures

The historical transaction amounts of service fee paid or payable by the Company to Beijing Bowei in respect of the provision of Operation and Maintenance Services at the Beijing Capital Airport are as follows:

	For the year ended 31 December 2017 (RMB'000)	For the year ended 31 December 2018 (RMB'000)	For the year ending 31 December 2019 (RMB'000) (Note)
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Service fee paid or payable by the Company to Beijing Bowei for the provision of Operation and Maintenance Services	394,628	394,748	415,625
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Note: The total service fee payable by the Company to Beijing Bowei in respect of the provision of Operation and Maintenance Services at the Beijing Capital Airport as of 31 December 2019 is approximately RMB415,625,000. Since the audited figures for the total service fee for the year ending 31 December 2019 are not yet available, it is an estimated figure only.

Annual caps

The Company expects that the annual caps for the transactions contemplated under the Operation and Maintenance Services Framework Agreement are as follows:

	For the year ending 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)	For the year ending 31 December 2022 (RMB'000)
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Annual caps for the service fee payable by the Company to Beijing Bowei for the provision of Operation and Maintenance Services	459,000	504,000	555,000
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The above annual caps are determined based on: (i) the historical transaction amounts of service fee paid or payable by the Company for the provision of Operation and Maintenance Services; (ii) the potential increase or adjustments in demand for services arising from the continuous upgrade and refinement of relevant services at the Beijing Capital Airport, such as the proposed provision of Operation and Maintenance Services for boarding bridges at remote stands, the proposed addition of automated people mover systems and the upgrade and optimization of baggage system and information system and equipment at terminals, etc.; (iii) the potential increase in labour costs and raw materials; and (iv) relevant taxes.

PRICING POLICY

The Company engages Beijing Bowei for the provision of Operation and Maintenance Services by way of (i) public bidding; and (ii) negotiations for renewal. Public bidding is generally adopted for new projects with monetary amount reaching certain thresholds, or for existing projects with term of service reaching certain years, while the remaining projects are determined by negotiations for renewal.

In respect of the Operation and Maintenance Services projects that undergo public bidding, the final service provider will be determined after taking into account the service proposals, management standard and qualifications and the project quotations of all the service providers participating in bidding as well as the other relevant data. The entire public tender process of the service providers will comply with the laws and regulations of the PRC as well as the relevant requirements of the Company.

In respect of negotiations for renewal, the Company will conduct annual evaluation on the services of suppliers according to internal supplier assessment system and institution of the Company. After comprehensive consideration of the quality and reputation of the suppliers and pursuant to the evaluation results, the fees will be determined by the Parties through arms' length negotiations. The prices for services subject to renewal are determined by the Company in accordance with the historical service fees, taking into consideration the scope of operations, changes in operation cost and the reasonable profits of the suppliers.

The service fees and terms of the Operation and Maintenance Services to be provided by Beijing Bowei to the Company under the definitive service agreements shall be determined in the ordinary course of business on normal commercial terms upon negotiation on an arm's length basis, and shall be no less favourable than the fees and terms offered by independent third parties to the Company for the provision of same types of services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

Beijing Bowei has been cooperating with the Company for many years and is very familiar with the operation of relevant equipment and facilities of Beijing Capital Airport with ample experience in the development, installation, operation, repair and maintenance, spare parts supply and technical advisory services of terminal, station and airport equipment. Since the operation of Beijing Capital Airport is highly dependent on the steady and continuous operation of various types of equipment and facilities around the clock, which requires high stability of operation, safety of management and extremely quick emergency responses to repair and maintenance services in respect of equipment and facilities, as such, the relevant operation, repair and maintenance services provided by Beijing Bowei are conducive to ensuring the stability of the daily operation and service quality of Beijing Capital Airport, which helps to maintain the continuity of operation, repair and maintenance business while ensuring the rapid responsiveness and the specialty and high efficiency required for the operation of the isolated area of Beijing Capital Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Operation and Maintenance Services Framework Agreement was entered into in the ordinary course of business of the Company, on normal commercial terms that are fair and reasonable and is in the interest of the Shareholders as a whole.

GENERAL

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

Beijing Bowei is an enterprise established in the PRC. It is principally engaged in development, installation, maintenance and manufacture of airport equipment, airport equipment, spare parts supply and technical advisory services; operation and maintenance of terminal, station and freight equipment; professional contractor; and elevator maintenance. The branch offices of Beijing Bowei are principally engaged in class 1 vehicle maintenance (large and medium-sized vehicle repair, large and medium-sized truck repair and small car repair).

BOARD'S APPROVAL

The Operation and Maintenance Services Framework Agreement was approved by the Board. Since no Director has material interest in the transaction contemplated thereunder, none of the Directors has abstained from voting at the Board meeting to approve the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company, holding approximately 58.96% of the issued share capital of the Company. Since Beijing Bowei is a subsidiary of the Parent Company, Beijing Bowei is a connected person of the Company. Accordingly, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Operation and Maintenance Services Framework Agreement is more than 0.1% but less than 5%, such transactions are only subject to reporting and announcement requirements but are exempt from approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 12 February 2018 in relation to continuing connected transactions pursuant to Rule 14A.60(1) of the Listing Rules in respect of, among other matters, the Service Agreements entered into between the Company and Beijing Bowei in connection with the provision of Operation and Maintenance Services by Beijing Bowei to the Company, which will expire on 31 December 2019
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Capital Airport”	Beijing Capital International Airport
“Beijing Bowei”	Beijing Bowei Airport Support Limited* (北京博維航空設施管理有限公司), an enterprise established in the PRC
“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
“Director(s)”	the director(s) of the Company
“GTC”	the Ground Traffic Center, a 342,700 sq.m. parking lot located on the southern side of T3C in Beijing Capital Airport, including two floors aboveground (the first floor is the commercial area and the second floor is the express train station) and two floors underground (parking lot and taxi queuing area)

“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Independent Shareholders”	the Shareholders other than the Parent Company, its associates and any other Shareholder who has a material interest in the transactions contemplated under the Operation and Maintenance Services Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation and Maintenance Services”	collectively, (i) operation, inspection, maintenance and preservation services of mechanical and electric equipment system and electronic equipment system; (ii) system security, operation, repair, maintenance and sanitary cleaning services within the baggage system area; (iii) operation and maintenance of boarding bridge system and equipment; (iv) operation and maintenance services of automated people mover system for passengers, and the lifts, escalators and automated ramps of terminals and GTC; (v) maintenance, emergency safeguard and vehicle escorting services during the winter de-icing period for general and special vehicles within the airfield; and (vi) other related services as requested by the Company from time to time
“Operation and Maintenance Services Framework Agreement”	the framework agreement dated 23 December 2019 entered into between the Company and Beijing Bowei in relation to the provision of Operation and Maintenance Services by Beijing Bowei to the Company
“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 Beijing Bowei
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreements”	a series of agreements entered into between the Company and Beijing Bowei in relation to the provision of various types of Operation and Maintenance Services by Beijing Bowei to the Company, the details of which are set out in the Announcement

“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
“T1”	the passenger terminal numbered one which forms part of the Beijing Capital Airport
“T2”	the passenger terminal numbered two which forms part of the Beijing Capital Airport
“T3”	the passenger terminal numbered three which forms part of the Beijing Capital Airport
“%”	per cent

By order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC, 23 December 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.hkexnews.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*