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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

CONSTRUCTION AGREEMENT

The Board announces that on 21 January 2020, the Company entered into the Construction Agreement with ACEC, pursuant to which the Company agreed to engage ACEC to provide Construction Services for the Construction Project of Phase I of the Safety Protection Facility for Passengers Using Remote Stands at the consideration of not more than RMB30,000,000.

LISTING RULES IMPLICATIONS

The Parent Company is the controlling shareholder of the Company, holding approximately 58.96% of the issued share capital of the Company as at the date of this announcement. The Parent Company holds approximately 31.48% of the equity interest in Airport Construction Corporation, which in turn holds approximately 67% of the equity interest in ACEC. ACEC is a subsidiary of Airport Construction Corporation. As such, Airport Construction Corporation and ACEC are connected persons of the Company and the transaction contemplated under the Construction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest 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, when aggregated with the Previous Transactions, is more than 0.1% but less than 5%, the Construction Agreement and the transaction contemplated thereunder is only subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

CONSTRUCTION AGREEMENT

Date

21 January 2020

Parties

- (a) the Company; and
- (b) ACEC

Services

Pursuant to the Construction Agreement, ACEC agreed to provide Construction Services to the Company for the Construction Project of Phase I of the Safety Protection Facility for Passengers Using Remote Stands.

Term of the Construction Agreement

The term of the Construction Agreement is 80 calendar days from the date when the Construction Agreement is signed and affixed with the respective company chops of the Parties.

Consideration and Payment

The contract price is determined on a fixed unit price basis and it includes costs for raw materials, labour costs and management fees. Such consideration was arrived at through a public tender process of the Company based on the relevant terms under the tender documents and agreements of the project with reference to the national requirement of “Standard for the Pricing of Work Volume List of Construction Projects” (《建設工程工程量清單計價規範》) (GB50500-2013). The consideration is inclusive of tax which shall be calculated at a rate of 9% of the construction cost before tax as stipulated in the “Notice of the Beijing Municipal Commission of Housing and Urban-Rural Development on the Re-adjustment to Value-added Tax Rate for the Pricing Basis of Construction Projects in Beijing” (《北京市住房和城鄉建設委員會關於重新調整北京市建設工程計價依據增值稅稅率的通知》) (Jing Jian Fa [2019] No. 141) (京建發[2019] 141號文). Further, such consideration does not exceed the total budget amount for the project estimated by the Company after taking into account the costs estimates for the project and the prevailing market price. For details of the public tender process, please refer to the section headed “Reasons for and Benefits of Entering into the Construction Agreement” of this announcement.

It is expected that the construction fee payable by the Company to ACEC will not be more than RMB30,000,000 and the payment of construction fee shall be settled by bank transfer.

The Company shall make an advance payment of 30% of the consideration (the “**Advance Payment**”) within 10 days after it has confirmed that ACEC has purchased construction and installation all-risk insurance as well as third-party liability insurance and that ACEC has issued a letter of guarantee for the Advance Payment.

The remaining consideration payable under the Construction Agreement shall be paid by the Company depending on, among others, the construction progress of the project in the following manner:

- (i) 20% of the consideration (which, together with the Advance Payment, is equivalent to an aggregate of 50% of the consideration) shall be paid by the Company to ACEC as the first progress payment after construction materials have entered into the construction site and the construction supervisor has confirmed that 50% of the construction has been completed;
- (ii) A further 20% of the consideration (which, together with all the payments that have been made, is equivalent to an aggregate of 70% of the consideration) shall be paid by the Company as the second progress payment after the construction supervisor has confirmed that 80% of the construction has been completed;
- (iii) A further 15% of the consideration (which, together with all the payments that have been made, is equivalent to an aggregate of 85% of the consideration) shall be paid by the Company for actual expenses incurred; and
- (iv) Payment shall be temporarily suspended when the total accumulated payment amount reaches an aggregate payment of 85% of the consideration.

The remaining balance of the consideration (excluding the quality assurance deposit below) shall be paid by the Company within 20 calendar days from the completion and acceptance of the construction provided that both Parties have agreed on the settlement amount and have finalised the settlement documents.

3% of the total consideration shall be retained by the Company as quality assurance deposit. The Company agreed to return the quality assurance deposit to ACEC two years after the completion of the Construction Project of Phase I of the Safety Protection Facility for Passengers Using Remote Stands provided that there are no quality issues with such project upon inspection.

Material rights and obligations of the Parties

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

- (i) to install water pipes, electricity wiring and telecommunication lines required for the construction in the construction site within the timeframe stipulated in the agreement to ensure that the construction is to be carried out smoothly;

- (ii) to provide information on the geological condition and underground pipeline network of the construction site within the timeframe stipulated in the agreement and complete the opening of pipelines;
- (iii) to complete the inspection of the water benchmark and coordinate control points, conduct joint discussion of drawings and clarify the design within the timeframe stipulated in the agreement; and
- (iv) to assist the contractor in applying for all certificates and documents required for the construction (such as certificates for individuals' or vehicles' access to restricted areas).

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

- (i) to complete the design of construction drawings and the planning of construction schedule, and to undertake obligation and fulfill requirements for the safety of the construction and the lighting for construction work during day time;
- (ii) to be responsible for the quality of the construction, equipment and other deliverables and ensure that they comply with the requirements of the laws, regulations, national standards and industry standards and those agreed in the Construction Agreement;
- (iii) to arrange for personnel to promptly arrive at the site of incident to provide repair services upon being notified of emergency repair incidents in respect of the terminals and key processes of the airfield;
- (iv) to provide training to its staff in accordance with Regulations on the Administration of Construction Work at the Beijing Airport and maintain corresponding training records; and
- (v) to comply with the various rules and regulations set out in the Regulation on the Administration of Construction Site as promulgated by the Beijing Municipal Commission of Construction and strictly comply with national requirements on safe and civilized construction management as well as various management rules implemented in the area of the Beijing Airport during the construction process.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

In view of actual needs of the operation of the Beijing Airport, to improve the travel experience of passengers who use remote stands and to extend the accessibility system of the Beijing Airport, the Company will build eight boarding halls for remote stands.

Subsequent to an invitation for public tender from construction companies, the Company received and considered tender documents from five tenderers (including independent third parties). After considering factors which include (i) business qualifications, such as management system, corporation

qualifications and results, and the performance of project managers; (ii) technical qualifications, such as the completeness of content, effectiveness of measures, measures for quality control and the monitoring of the project, emergency response plan for construction in the airfield, as well as plans and measures for ensuring no suspension of flights; and (iii) quotations submitted for the tender, the Company selected ACEC as the service provider for the Construction Agreement. The selection process complied with the PRC laws and regulations and the requirements of the Company.

ACEC holds the First-grade Qualification for General Contracting of Construction Engineering (建築工程施工總承包壹級資質) and the First-grade Qualification for Professional Contracting of Steel Structure Construction (鋼結構工程專業承包壹級資質) and has extensive academic knowledge and practical experience in airport construction works, enabling it to satisfy the needs for the implementation of the construction works.

It is expected that the entering into of the Construction Agreement will ensure successful implementation of the Construction Project of Phase I of the Safety Protection Facility for Passengers Using Remote Stands.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the Construction Agreement are on normal commercial terms and the transactions contemplated thereunder are fair and reasonable, and in the interest of the Company and its 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.

ACEC is principally engaged in project contracting such as general contracting for housing and construction projects, general contracting for port and waterway projects, general contracting for municipal public works projects, specialized contracting for ground and foundation projects, specialized contracting for steel structure projects, specialized contracting for airport runway projects etc., and architectural design, testing and engineering consulting etc..

BOARD'S APPROVAL

The Construction Agreement was approved by the Board. Since no Director has material interest in the transaction contemplated thereunder, none of the Directors have abstained from voting at the Board meeting to approve the Construction Agreement.

LISTING RULES IMPLICATIONS

The Parent Company is the controlling shareholder of the Company, holding approximately 58.96% of the issued share capital of the Company as at the date of this announcement. The Parent Company holds approximately 31.48% of the equity interest in Airport Construction Corporation, which in turn holds approximately 67% of the equity interest in ACEC. ACEC is a subsidiary of Airport Construction Corporation. As such, Airport Construction Corporation and ACEC are connected persons of the Company and the transaction contemplated under the Construction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest 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, when aggregated with the Previous Transactions, is more than 0.1% but less than 5%, the Construction Agreement and the transaction contemplated thereunder is only subject to the reporting and announcement requirements but is 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:

“ACEC”	Airport Construction Engineering Co., Ltd.* (民航機場建設工程有限公司), a limited liability company established in the PRC, which is principally engaged in general contracting and architectural design, testing and engineering consulting services etc., and approximately 67% of its equity interest is held by Airport Construction Corporation. ACEC is a subsidiary of Airport Construction Corporation
“Airport Construction Corporation”	China Airport Construction Corporation* (中國民航機場建設集團公司), a limited liability company established in the PRC, which is principally engaged in (i) the overall planning, pre-feasibility study and feasibility study of civil aviation airport; (ii) the survey, design and supervision of civil aviation airport construction and aviation administration projects; and (iii) general contracting and technical consulting services, etc., and whose equity interest is held by the Parent Company as to approximately 31.48%
“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
“Construction Agreement”	the agreement dated 21 January 2020 entered into between the Company and ACEC for the provision of Construction Services
“Construction Project of Phase I of the Safety Protection Facility for Passengers Using Remote Stands”	the construction of eight boarding halls for remote stands on the eastern side of Terminal 3D of the Beijing Airport
“Construction Services”	the construction services to be carried out by ACEC for the Company in relation to the Construction Project of Phase I of the Safety Protection Facility for Passengers Using Remote Stands pursuant to the Construction Agreement
“Director(s)”	the director(s) of the Company
“H Share(s)”	overseas listed foreign share(s) 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 transaction contemplated under the Construction Agreement
“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 ACEC
“PRC”	the People’s Republic of China

“Previous Transactions”	collectively, the previous transactions entered into between the Company and Airport Construction Corporation and its subsidiaries in respect of various projects at the Beijing Airport during the last 12 months preceding the date of this announcement, with an aggregate consideration of RMB5,065,622 under (i) the technical services agreements in relation to newly constructed project research (in lieu of feasibility study) report; (ii) the project design agreements; and (iii) the supervision agreements, which were fully exempt from the reporting, announcement and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules as they fell within the de minimis threshold under Rule 14A.76 of the Listing Rules
“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
“%”	per cent

By order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC
21 January 2020

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 is 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*