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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

### DOMESTIC RETAIL RESOURCES USAGE AGREEMENT

#### **DOMESTIC RETAIL RESOURCES USAGE AGREEMENT**

Reference is made to the announcements of the Company dated 28 December 2017, 6 November 2019 and 29 September 2020, respectively, in respect of, among other things, the Former Domestic Retail Leasing Agreement, the revision of annual caps of the continuing connected transactions contemplated under the Former Domestic Retail Leasing Agreement, and the Former Supplemental Domestic Retail Leasing Agreement, respectively. The Former Domestic Retail Leasing Agreement (as amended by the Former Supplemental Domestic Retail Leasing Agreement) will expire on 31 December 2020. As the parties intend to continue to carry out the transactions of a similar nature from time to time after 31 December 2020 due to the Company's daily operation needs, the Company entered into a new term of agreement as a renewal agreement. In order to further standardise the operational management of Beijing Airport Commercial and Trading in the Beijing Capital Airport, the operation model for the current term of agreement is intended to be adjusted to the resource usage model.

The Board announces that on 28 December 2020, the Company entered into the Domestic Retail Resources Usage Agreement with Beijing Airport Commercial and Trading, pursuant to which the Company permitted Beijing Airport Commercial and Trading to use the commercial retail resources and the resources of taxable domestically manufactured goods situated in the domestic isolated area and the public area in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport for a term of three years commencing from 1 January 2021 to 31 December 2023.

#### **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. Since Beijing Airport Commercial and Trading is a wholly-owned subsidiary of the Parent Company,

Beijing Airport Commercial and Trading is a connected person of the Company. Therefore, the transactions contemplated under the Domestic Retail Resources Usage Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Domestic Retail Resources Usage Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Domestic Retail Resources Usage Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DOMESTIC RETAIL RESOURCES USAGE AGREEMENT**

### **Background**

Reference is made to the announcements of the Company dated 28 December 2017, 6 November 2019 and 29 September 2020, respectively, in respect of, among other things, the Former Domestic Retail Leasing Agreement, the revision of annual caps of the continuing connected transactions contemplated under the Former Domestic Retail Leasing Agreement, and the Former Supplemental Domestic Retail Leasing Agreement, respectively. The Former Domestic Retail Leasing Agreement (as amended by the Former Supplemental Domestic Retail Leasing Agreement) will expire on 31 December 2020. As the parties intend to continue to carry out the transactions of a similar nature from time to time after 31 December 2020 due to the Company's daily operation needs, the Company and Beijing Airport Commercial and Trading entered into a new term of agreement as a renewal agreement. In order to further standardise the operational management of Beijing Airport Commercial and Trading in Beijing Capital Airport, the operation model for the current term of agreement is intended to be adjusted to the resource usage model.

The Board announces that on 28 December 2020, the Company entered into the Domestic Retail Resources Usage Agreement with Beijing Airport Commercial and Trading, pursuant to which the Company permitted Beijing Airport Commercial and Trading to use the commercial retail resources and the resources of taxable domestically manufactured goods situated in the domestic isolated area and public area in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport for a term of three years commencing from 1 January 2021 to 31 December 2023.

### **Material terms of the Domestic Retail Resources Usage Agreement**

#### ***Date***

28 December 2020

#### ***Parties***

(a) the Company; and

(b) Beijing Airport Commercial and Trading.

### ***Services***

Pursuant to the Domestic Retail Resources Usage Agreement, the Company permitted Beijing Airport Commercial and Trading to use the commercial retail resources and the resources of taxable domestically manufactured goods situated in the domestic isolated area and public area in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport.

### ***Term***

The Domestic Retail Resources Usage Agreement is for a term of three years commencing from 1 January 2021 to 31 December 2023.

### ***Consideration and payment***

The monthly resources usage fee payable by Beijing Airport Commercial and Trading to the Company pursuant to the Domestic Retail Resources Usage Agreement is computed by the following method:

Guaranteed resources usage fee + commission for increase in resources usage fee (*Note 1*)

*Note 1:* Commission for increase in resources usage fee = (total rental income of Beijing Airport Commercial and Trading for the current year – total rental income of Beijing Airport Commercial and Trading for the preceding year) × 40%

Total rental income of Beijing Airport Commercial and Trading = Actual amount of rental received for the contracting of commerce and trading + rental for the self-operation of commerce and trading

### ***Guaranteed resources usage fee***

In principle, the actual amount of resources usage fee of the preceding year is used as the base of guaranteed resources usage fee. Further, guaranteed resources usage fee is related to the base of guaranteed unit resources usage fee per square meter, actual number of days for store operation, and size of the operation area.

Due to the exceptional circumstance in 2020 under the influence of the novel coronavirus pandemic, the base of guaranteed resources usage fee for 2021 will be calculated based on the actual rental paid by Beijing Airport Commercial and Trading to the Company in 2019 and the change of domestic passengers throughput between 2021 and 2019. This is the basis on which the base of guaranteed unit resources usage fee per square meter for 2021 is calculated, and the operating area is based on the actual operating area in 2019. The final guaranteed resources usage fee for 2021 is calculated based on the actual area of operation for the year.

The increase in resource area resulting from, among others, overall airport resource planning, major process adjustments of the airport, airport renovation and expansion and addition of storefronts, is not included in the scope of calculation of the increase in resources usage fee for the year, but is included in the scope of calculation of the guaranteed resources usage fee. If the Company adjusts the venue resources and the total resource area does not increase after the adjustment, it shall adjust the calculation of the increase in resources usage fee for the year based on actual resources.

The Company shall issue a written payment notice to Beijing Airport Commercial and Trading within three working days at the end of each month in respect of the guaranteed resources usage fee. Within seven working days from the beginning of the following month, Beijing Airport Commercial and Trading shall make such payment to the Company.

#### *Commission for increase in resources usage fee*

There will not be any commission for increase in resources usage fee for the year ending 31 December 2021. Subsequently, from the year ending 31 December 2022 onwards, Beijing Airport Commercial and Trading and the Company shall audit the commission for increase in resources usage fee for the preceding year on the first month of each year. Upon the confirmation by Beijing Airport Commercial and Trading and the Company, the commission for the increase shall be paid together with the guaranteed resources usage fee in the following month.

#### *Other material terms*

The Company shall be responsible for making commercial decisions on the allocation of retail resources in the designated area in Beijing Capital Airport, as well as the layout, format and category of retail brands.

Beijing Airport Commercial and Trading shall be responsible for the daily operation and managerial work in respect of the retailers. The scope of work includes safety, servicing, logistics, cashier, renovation, and managerial work of resources, premises and related leasing assets.

Beijing Airport Commercial and Trading shall be responsible for initiating tender invitation for retail business in Beijing Capital Airport. The tender result shall be reviewed by Beijing Airport Commercial and Trading and filed with the Company.

In respect of marketing, the Company shall be responsible for the overall marketing strategy. Beijing Airport Commercial and Trading will execute the marketing plan and store promotions in accordance with the overall marketing framework set by the Company.

## Historical figures

The following table shows the historical figures of rentals received by the Company from Beijing Airport Commercial and Trading for the leasing of the designated retail resources in the domestic isolated area and public area in Beijing Capital Airport:

	<b>For the year ended 31 December 2018 (RMB)</b>	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the year ending 31 December 2020 (RMB)</b>
Rentals received by the Company from Beijing Airport Commercial and Trading	149,505,000	217,114,000	189,410,000 <i>(Note 2)</i>
Annual caps	160,000,000	240,000,000	230,000,000

*Note 2:* The rentals received by the Company from Beijing Airport Commercial and Trading for the leasing of the designated retail resources in the domestic isolated area and public area in Beijing Capital Airport for the eleven months ended 30 November 2020 are approximately RMB173,626,000. Since the audited figure for the rentals received by the Company from Beijing Airport Commercial and Trading for the leasing of the designated retail resources in the domestic isolated area and public area in Beijing Capital Airport for the year ending 31 December 2020 is not yet available, it is only an estimated figure. The Company expects that the relevant rental income for the year ending 31 December 2020 will not exceed the annual cap.

## Annual caps

Having considered (i) the historical figures of operating turnover from domestic retail business in Beijing Capital Airport in the past three years; (ii) the expected growth of domestic retail resources in the future; (iii) the change in the domestic retail business resulting from the expiry of leases or the bidding of new resources in the future; and (iv) the potential impact of the change in the domestic passengers throughput at Beijing Capital Airport on the domestic retail business in the coming three years, the Company expects that the annual caps for the resources usage fees to be paid by Beijing Airport Commercial and Trading to the Company under the Domestic Retail Resources Usage Agreement are as follows:

	<i>(RMB)</i>
For the year ending 31 December 2021	150,000,000
For the year ending 31 December 2022	180,000,000
For the year ending 31 December 2023	200,000,000

## **Pricing policy**

Since the Company is not aware of any similar or equivalent resources usage model for direct comparison, therefore, in determining the unit price of resources usage fee per square meter for calculation of the guaranteed resources usage fee under the Domestic Retail Resources Usage Agreement, the Company compared against the rental of retail outlets in other similar shopping malls in Beijing and the unit rental of such shopping malls ranges from RMB3,600 to RMB18,000 per square meter per year.

With reference to the above unit rental price and the historical figures of rentals paid by Beijing Airport Commercial and Trading to the Company in the past three years, it is currently estimated that the unit price of resources usage fee per square meter under the Domestic Retail Resources Usage Agreement will be RMB14,500 per square meter per year. Such unit price is relatively above market level.

## **Internal control on pricing**

The Company has implemented a management system to monitor the pricing standards for the transactions under the Domestic Retail Resources Usage Agreement to ensure that such terms are on normal commercial terms as follows:

1. Prior to the entering into of the Domestic Retail Resources Usage Agreement, the commercial development department of the Company is responsible for gathering information on the historical figures of rentals and the relevant transactions under the Former Domestic Retail Leasing Agreement (as amended by the Former Supplemental Domestic Retail Leasing Agreement) and conducting assessment on the fairness of the transaction terms and pricing terms. Thereafter, the commercial development department is responsible for the monitoring, assessment and ratings of the transactions contemplated under the Domestic Retail Resources Usage Agreement. The finance department and the secretariat to the Board are responsible for gathering information on connected transactions and monitoring the implementation of connected transactions.
2. Prior to the implementation of the transactions contemplated under the Domestic Retail Resources Usage Agreement, the principal officers in the commercial development department who handle the relevant matters shall lodge applications with the commercial development department, the finance department, the legal department and the secretariat to the Board. Such applications would only be approved upon a preliminary review conducted by the managers of the above respective departments of the Company, followed by a final review at the general manager office meeting in accordance with the internal control policies of the Company. Upon completion of the above internal review process based on different functions of various departments of the Company, the relevant definitive agreements will be considered and approved by the Board.

3. The independent non-executive Directors have reviewed and would continue to review the transactions contemplated under the Domestic Retail Resources Usage Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.
4. The auditors of the Company will conduct annual review on the transactions contemplated under the Domestic Retail Resources Usage Agreement in relation to the pricing policy and annual caps contemplated thereunder in accordance with the Listing Rules.

### **Internal control on review of annual caps**

The Company has implemented the following internal control measures to ensure that the annual caps for the transactions contemplated under the Domestic Retail Resources Usage Agreement will not be exceeded:

1. The finance department of the Company provides the secretariat to the Board with information in relation to the actual transaction amounts on a monthly basis.
2. The secretariat to the Board is responsible for monitoring such transactions to ensure that the total amount of transactions does not exceed the annual caps.
3. If such amount of transactions is estimated to exceed the relevant annual cap, the person-in-charge of the relevant department of the Company will be notified so that the scale of transactions in the future may be re-estimated and arrangements may be made to issue announcements and/or to obtain the relevant approvals from the Board and the Independent Shareholders in accordance with the requirements of the Listing Rules.

### **Reasons for and benefits of entering into the Domestic Retail Resources Usage Agreement**

Beijing Airport Commercial and Trading is principally engaged in conducting trading and retail businesses. Since Beijing Airport Commercial and Trading has maintained a good cooperative relationship with the Company and has ample experience in conducting trading and retail businesses in Beijing Capital Airport, Beijing Airport Commercial and Trading will be able to operate the designated retail resources in Beijing Capital Airport independently and more effectively. Meanwhile, this arrangement will also help to enhance business satisfaction and commercial service quality in Beijing Capital Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Domestic Retail Resources Usage Agreement is entered into on normal commercial terms that are fair and reasonable, and the transactions contemplated under the Domestic Retail Resources Usage Agreement are in the ordinary and usual course of business of the Company and in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

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

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

Beijing Airport Commercial and Trading is principally engaged in conducting trading and retail businesses.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Beijing Airport Commercial and Trading is a wholly-owned subsidiary of the Parent Company; and the ultimate beneficial owner of the Parent Company is the Civil Aviation Administration of China, which is a state bureau administered by the Ministry of Transport of the PRC.

## **BOARD'S APPROVAL**

The Domestic Retail Resources Usage Agreement was approved by the Board. As at the date of this announcement, there are no overlapping directors between the Company and the Parent Company or Beijing Airport Commercial and Trading. Certain executive and non-executive Directors concurrently serve as the general manager and deputy general managers of the Parent Company only, and there is no overlapping senior management between the Company and Beijing Airport Commercial and Trading. Moreover, none of the Directors personally has any material interest in the transactions contemplated under the Domestic Retail Resources Usage Agreement. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Domestic Retail Resources Usage Agreement and the transactions contemplated thereunder.

## **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. Since Beijing Airport Commercial and Trading is a wholly-owned subsidiary of the Parent Company, Beijing Airport Commercial and Trading is a connected person of the Company. Therefore, the transactions contemplated under the Domestic Retail Resources Usage Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Domestic Retail Resources Usage Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Domestic Retail Resources Usage Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.



## DEFINITIONS

“associates”	has the same meaning ascribed to it in the Listing Rules
“Beijing Capital Airport”	Beijing Capital International Airport
“Beijing Airport Commercial and Trading”	Beijing Capital Airport Commercial and Trading Company Limited* (北京首都機場商貿有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Parent Company
“Board”	the board of Directors
“Company”	Beijing Capital International Airport Co., Ltd , 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(s)”	has the same meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Retail Resources Usage Agreement”	the domestic retail resources usage agreement dated 28 December 2020 entered into between the Company and Beijing Airport Commercial and Trading, pursuant to which the Company permitted Beijing Airport Commercial and Trading to use the commercial retail resources and the resources of taxable domestically manufactured goods in domestic isolated area and public area in Beijing Capital Airport
“Former Domestic Retail Leasing Agreement”	the domestic retail leasing agreement dated 28 December 2017 entered into between the Company and Beijing Airport Commercial and Trading for the leasing of the designated retail resources in the domestic isolated area and public area in Beijing Capital Airport from the Company to Beijing Airport Commercial and Trading, details of which were disclosed in the announcements of the Company dated 28 December 2017 and 6 November 2019
“Former Supplemental Domestic Retail Leasing Agreement”	the supplemental agreement dated 29 September 2020 entered into between the Company and Beijing Airport Commercial and Trading to amend certain terms of the Former Domestic Retail Leasing Agreement

“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 Domestic Retail Resources Usage 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
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal One”	the passenger terminal numbered one which forms part of Beijing Capital Airport
“Terminal Three”	the passenger terminal numbered three which forms part of Beijing Capital Airport
“Terminal Two”	the passenger terminal numbered two which forms part of Beijing Capital Airport
“%”	per cent

By the order of the Board  
**Meng Xianwei**  
*Secretary to the Board*

Beijing, the PRC  
28 December 2020

As at the date of this announcement, the Directors of the Company are:

*Executive Directors: Mr. Liu Xuesong, Mr. Han Zhiliang and Mr. Zhang Guoliang*

*Non-executive Directors: Mr. Gao Shiqing, Mr. Jia Jianqing and Mr. Song Kun*

*Independent non-executive Directors: Mr. Jiang Ruiming, Mr. Liu Guibin, Mr. Zhang Jiali and Mr. Stanley Hui Hon-chung*

*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*