

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 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

### CONSTRUCTION PROJECTS FRAMEWORK AGREEMENT

#### **CONSTRUCTION PROJECTS FRAMEWORK AGREEMENT**

The Board announces that on 28 December 2020, the Company entered into the Construction Projects Framework Agreement with Airport Construction Corporation and Airport Construction Corporation Subsidiaries, pursuant to which the Company agreed to engage Airport Construction Corporation and Airport Construction Corporation Subsidiaries to provide a range of construction project services to the Company for a term of three years commencing from 1 January 2021 to 31 December 2023.

#### **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. The Parent Company holds approximately 31.48% of the equity interest in Airport Construction Corporation. China Super-Creative, CECD, Research Institute and ACEC are subsidiaries of Airport Construction Corporation. As such, Airport Construction Corporation, China Super-Creative, CECD, Research Institute and ACEC are associates of the Parent Company and, therefore, connected persons of the Company. Accordingly, the Construction Projects Framework Agreement and the transactions contemplated thereunder 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 Construction Projects Framework Agreement is more than 0.1% but less than 5%, the Construction Projects Framework Agreement and the transactions contemplated thereunder 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.

# **CONSTRUCTION PROJECTS FRAMEWORK AGREEMENT**

## **Introduction**

The Board announces that on 28 December 2020, the Company entered into the Construction Projects Framework Agreement with Airport Construction Corporation and Airport Construction Corporation Subsidiaries, pursuant to which the Company agreed to engage Airport Construction Corporation and Airport Construction Corporation Subsidiaries to provide a range of construction project services to the Company for a term of three years commencing from 1 January 2021 to 31 December 2023.

## **Material terms of the Construction Projects Framework Agreement**

### ***Date***

28 December 2020

### ***Parties***

- (a) the Company;
- (b) Airport Construction Corporation;
- (c) China Super-Creative;
- (d) CECD;
- (e) Research Institute; and
- (f) ACEC.

### ***Term***

The Construction Projects Framework Agreement is for a term of three years commencing from 1 January 2021 to 31 December 2023.

### ***Scope of services***

Pursuant to the Construction Projects Framework Agreement, the Company agreed to engage Airport Construction Corporation and Airport Construction Corporation Subsidiaries to provide a range of construction project services, including but not limited to project research (in lieu of feasibility study), design, construction, and supervision services related to construction projects, to the Company.

The Construction Projects Framework Agreement is a framework agreement only. In view of its daily operational needs, the Company will separately enter into definitive agreements with Airport Construction Corporation and Airport Construction Corporation Subsidiaries, which contain specific terms including but not limited to details of service, pricing method, settlement terms and payment method. Such terms shall be consistent with the principles and terms of the Construction Projects Framework Agreement.

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

The fees to be charged by Airport Construction Corporation and Airport Construction Corporation Subsidiaries for each of the specific agreements under the Construction Projects Framework Agreement include but not limited to the related raw material costs, labour costs and management fees. The final amount of consideration shall be determined by the Parties according to the requirements of the respective types of construction projects when the Parties enter into definitive agreements.

The fees for the services under the Construction Projects Framework Agreement are payable by the Company based on the specific needs of the construction projects.

### **Historical figures**

The historical figures of the total service fees paid by the Company to Airport Construction Corporation and Airport Construction Corporation Subsidiaries for the provision of construction project services for the two years ended 31 December 2019 and for the eleven months ended 30 November 2020 are as follows:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the eleven months ended 30 November 2020</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Service fees for the provision of construction project services by Airport Construction Corporation and Airport Construction Corporation Subsidiaries to the Company	7,663,000	28,019,000	38,969,000 (unaudited)

### **Annual caps**

The Company expects that the annual caps for the transactions contemplated under the Construction Projects Framework Agreement are as follows:

(RMB)

For the year ending 31 December 2021	48,000,000
For the year ending 31 December 2022	51,000,000
For the year ending 31 December 2023	54,000,000

The above annual caps are determined based on the following factors:

1. the number of construction projects, the scale of projects and the construction period required by the Company based on its daily operations, taking into account the possible increase of demand for services;
2. the increase in labour costs and raw material costs; and
3. the related taxes.

### **Pricing policy**

The consideration for the provision of construction services by Airport Construction Corporation and Airport Construction Corporation Subsidiaries to the Company will be determined in the following manner: public bidding, competitive negotiation, selection, direct procurement, or renewal with negotiation. Methods such as public bidding, competitive negotiation and selection are generally applicable to new projects with certain level of project amount or existing projects with certain length of service term.

In respect of public bidding, the Company shall take into account the service schemes, management levels, qualifications and project quotations of all service providers participating in the bidding and other relevant data, the final service provider will be determined accordingly. The entire public bidding process of the service providers shall comply with the laws and regulations of the PRC as well as the relevant requirements of the Company.

In respect of direct procurement, the procurement conditions shall comply with the relevant internal management requirements of the Company, and the Company will engage a cost consultancy company, which is an independent third party, to determine the fees based on the fee standards prescribed by the PRC government for relevant design, supervision and other services.

In respect of renewal with negotiation, the Company shall conduct annual evaluation on the services of suppliers pursuant to the internal supplier assessment systems and regulations of the Company. For the agreements confirmed by the Parties for renewal, the fees will be determined through arms' length negotiation between the Parties according to the evaluation results.

In particular, the consideration for construction fee shall be prepared and determined based on the relevant terms under the tender documents and specific agreements of the project and 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). Such consideration shall not exceed the total budget amount for the project estimated by the Company based on the estimated costs for the project and the prevailing market price.

The project research (in lieu of feasibility study) fee, design fee, and supervision fee are generally calculated by means of multiplying the settlement amount of the final construction fee by the fixed rate. The Company will engage a cost consultancy company, which is an independent third party, to determine the fees based on the fee standards prescribed by the PRC government for relevant design, supervision and other services.

### **Internal control on pricing**

The Company has implemented a management system to monitor the pricing standards for the transactions under the Construction Projects Framework Agreement to ensure that such terms are on normal commercial terms as follows:

1. prior to the entering into of the Construction Projects Framework Agreement, the construction project management center of the Company is responsible for collecting and organising each of the construction project agreements entered into in the past and the information regarding the considerations. Thereafter, the construction project management center is responsible for the monitoring, assessment and ratings of the transactions contemplated under the Construction Projects Framework 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 signing of the definitive agreements and the implementation of the transactions contemplated under the Construction Projects Framework Agreement, the principal officers in the construction project management center who handle the relevant matters shall lodge applications with the construction project management center, 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 Construction Projects Framework Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms; and

4. the auditors of the Company will conduct annual review on the transactions contemplated under the Construction Projects Framework Agreement in relation to the pricing policy and annual caps contemplated thereunder in accordance with the Listing Rules.

#### **Internal control measures 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 Construction Projects Framework 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; and
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 Construction Projects Framework Agreement**

Airport Construction Corporation and Airport Construction Corporation Subsidiaries have been engaged in the provision of services in relation to airport construction projects over the years, including but not limited to project research (in lieu of feasibility study), design, construction and supervision services, and they possess construction-related professional qualifications.

Meanwhile, Airport Construction Corporation and Airport Construction Corporation Subsidiaries have a wealth of theoretical and practical experience in the area of airport construction, design and supervision, and they understand and are familiar with the special standards and needs in relation to the construction services for safeguarding the daily operations of Beijing Capital Airport.

The appointment of Airport Construction Corporation and Airport Construction Corporation Subsidiaries for the provision of various services in relation to the construction projects of Beijing Capital Airport could ensure the quality and progress of construction projects as well as control the construction fee so that it does not exceed the construction investment amount.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Construction Projects Framework Agreement are normal commercial terms and the transactions contemplated thereunder are fair and reasonable, in the ordinary and usual course of business of the Company, and are in the interest of the Company and its Shareholders as a whole.

## **GENERAL**

### ***The Company***

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

### ***The Parent Company***

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.

### ***Airport Construction Corporation***

Airport Construction Corporation is principally engaged in the provision of a full range of services for the construction of civil airports, including engineering design, investigation, consultation, site-selection, pre-feasibility study, feasibility study, construction, research, project supervision and management. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the shareholding structure of Airport Construction Corporation is as follows:

- (a) Airport Construction Corporation is held by CCCG and the Parent Company as to approximately 49% and 31.48%, respectively. The ultimate beneficial owner of CCCG is the State-owned Assets Supervision and Administration Commission of the PRC, which is a special organisation directly under the State Council. The ultimate beneficial owner of the Parent Company is CAAC, which is a state bureau administered by the Ministry of Transport of the PRC; and
- (b) the remaining equity interests in Airport Construction Corporation of approximately 19.52% in total are held by (i) Shanghai Huadong Civil Aviation Airport Construction Co., Ltd.\* (上海華東民航機場建設有限責任公司); (ii) Guangdong Zhongnan Civil Aviation Industry Co., Ltd.\* (廣東中南民航實業有限公司); (iii) Civil Aviation Chengdu Electronic Technology Co., Ltd.\* (民航成都電子技術有限責任公司); and (iv) Civil Aviation Guangdong Air Traffic Control Service Centre\* (民航廣東空管服務中心), each of which is ultimately beneficially owned by CAAC, which is a state bureau administered by the Ministry of Transport of the PRC.

### ***China Super-Creative***

China Super-Creative is principally engaged in technological development, consulting, services and transfer as well as marketing services relating to the construction of civil airports. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, China Super-Creative is a wholly-owned subsidiary of Airport Construction Corporation. For the ultimate beneficial owners of Airport Construction Corporation, please refer to the paragraph headed “Airport Construction Corporation” in this announcement.

## ***CECD***

CECD is principally engaged in the provision of consulting services for construction project and technology, and project supervision services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, CECD is a wholly-owned subsidiary of Airport Construction Corporation. For the ultimate beneficial owners of Airport Construction Corporation, please refer to the paragraph headed “Airport Construction Corporation” in this announcement.

## ***ACEC***

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, surveying and mapping, and engineering consulting, etc. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, ACEC is a non-wholly-owned subsidiary of Airport Construction Corporation and its equity interest is held by Airport Construction Corporation and CCCC First Harbour Engineering as to approximately 67% and 33%, respectively.

For the ultimate beneficial owners of Airport Construction Corporation, please refer to the paragraph headed “Airport Construction Corporation” in this announcement.

For CCCC First Harbour Engineering, its equity interest is held by (i) China Communications Construction Company Limited, (ii) ABC Financial Asset Investment Company Limited\* (農銀金融資產投資有限公司), (iii) ICBC Finance Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司); and (iv) Shenzhen Xinmaisui Investment Management Co., Ltd.\* (深圳市鑫麥穗投資管理有限公司) as to approximately 90%, 5%, 2.5% and 2.5%, respectively. China Communications Construction Company Limited, whose H-shares are listed on the Stock Exchange (stock code: 1800) and A-shares are listed on the Shanghai Stock Exchange (stock code: 601800), is a subsidiary of CCCG. ABC Financial Asset Investment Company Limited is ultimately beneficially owned by Agricultural Bank of China Limited, whose H-shares are listed on the Stock Exchange (stock code: 1288) and A-shares are listed on the Shanghai Stock Exchange (stock code: 601288). ICBC Finance Assets Investment Co., Ltd. is ultimately beneficially owned by Industrial and Commercial Bank of China Limited, whose H-shares are listed on Stock Exchange (stock code: 1398) and A-shares are listed on the Shanghai Stock Exchange (stock code: 601398). Shenzhen Xinmaisui Investment Management Co., Ltd. is ultimately beneficially owned as to approximately 51% by China Merchants Group Ltd., a state-owned enterprise in the PRC, and as to approximately 49% by China Merchants Bank Co., Ltd., whose H-shares are listed on the Stock Exchange (stock code: 3968) and A-shares are listed on the Shanghai Stock Exchange (stock code: 600036).



## ***The Research Institute***

The Research Institute is principally engaged in engineering-related exploration, design, supervision, project management, quotation consulting and tendering agency, as well as preparation of urban and rural planning, and technical consulting services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Research Institute is a wholly-owned subsidiary of Airport Construction Corporation. For the ultimate beneficial owners of Airport Construction Corporation, please refer to the paragraph headed “Airport Construction Corporation” in this announcement.

## **BOARD’S APPROVAL**

The Construction Projects Framework 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, Airport Construction Corporation, China Super-Creative, CECD, Research Institute or ACEC. 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 Airport Construction Corporation, China Super-Creative, CECD, Research Institute or ACEC. Moreover, none of the Directors personally has any material interest in the transactions contemplated under the Construction Projects Framework Agreement. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Construction Projects 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. The Parent Company holds approximately 31.48% of the equity interest in Airport Construction Corporation. China Super-Creative, CECD, Research Institute and ACEC are subsidiaries of Airport Construction Corporation. As such, Airport Construction Corporation, China Super-Creative, CECD, Research Institute and ACEC are associates of the Parent Company and, therefore, connected persons of the Company. Accordingly, the Construction Projects Framework Agreement and the transactions contemplated thereunder 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 Construction Projects Framework Agreement is more than 0.1% but less than 5%, the Construction Projects Framework Agreement and the transactions contemplated thereunder 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

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 and a non-wholly-owned subsidiary of Airport Construction Corporation, with its equity interest held by Airport Construction Corporation and CCCC First Harbour Engineering as to approximately 67% and 33%, respectively
“Airport Construction Corporation”	China Airport Construction Group Company Limited* (中國民航機場建設集團有限公司), a limited liability company established in the PRC, with its equity interest held by (i) the Parent Company; (ii) CCCG; (iii) Shanghai Huadong Civil Aviation Airport Construction Co., Ltd.* (上海華東民航機場建設有限責任公司); (iv) Guangdong Zhongnan Civil Aviation Industry Co., Ltd.* (廣東中南民航實業有限公司); (v) Civil Aviation Chengdu Electronic Technology Co., Ltd.* (民航成都電子技術有限責任公司); and (vi) Civil Aviation Guangdong Air Traffic Control Service Centre* (民航廣東空管服務中心) as to approximately 31.48%, 49%, 7.45%, 5.93%, 3.74% and 2.40%, respectively
“Airport Construction Corporation Subsidiaries”	collectively, (i) China Super-Creative; (ii) CECD; (iii) Research Institute; and (iv) ACEC
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Capital Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CAAC”	Civil Aviation Administration of China
“CCCC First Harbour Engineering”	CCCC First Harbour Engineering Co., Ltd.* (中交第一航務工程局有限公司), a limited liability company established in the PRC
“CCCG”	China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC

“CECD”	Beijing CECD Supervision & Consulting Co., Ltd.* (北京中企建發監理諮詢有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Airport Construction Corporation
“China Super-Creative”	China Super-Creative Airport Technology Development Co., Ltd.* (北京中企卓創科技發展有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Airport Construction Corporation
“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”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Construction Projects Framework Agreement”	the construction projects framework agreement dated 28 December 2020 entered into between (i) the Company, (ii) Airport Construction Corporation; and (iii) Airport Construction Corporation Subsidiaries in relation to the provision of a range of construction project services by Airport Construction Corporation and Airport Construction Corporation Subsidiaries to the Company
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“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
“Independent Shareholders”	the Shareholders other than the Parent Company, its associates and any Shareholder who has a material interest in the transactions contemplated under the Construction Projects Framework 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 parties to the Construction Projects Framework Agreement
“PRC”	the People’s Republic of China
“Research Institute”	Civil Aviation Airport Planning and Design Research Institute Co., Ltd.* (民航機場規劃設計研究總院有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Airport Construction Corporation
“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  
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*