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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 TERMINAL PREMISES LEASING FRAMEWORK AGREEMENT

### TERMINAL PREMISES LEASING FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 31 December 2018 in respect of the Former Terminal Premises Leasing Framework Agreement. The Former Terminal Premises Leasing Framework Agreement will expire on 31 December 2021. As the parties intend to carry out transactions of a similar nature from time to time, the Company and BGS entered into the Terminal Premises Leasing Framework Agreement as a renewal agreement.

The Board announces that on 28 December 2021, the Company entered into the Terminal Premises Leasing Framework Agreement with BGS, pursuant to which the Company agreed to lease certain premises of the terminals of Beijing Capital Airport to BGS for a term of one year, commencing from 1 January 2022 to 31 December 2022.

### 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. BGS is a non wholly-owned subsidiary of the Parent Company. As such, BGS is an associate of the Parent Company and therefore a connected person of the Company. Accordingly, the Terminal Premises Leasing 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 Terminal Premises Leasing Framework Agreement is more than 0.1% but less than 5%, the Terminal Premises Leasing 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.

## **TERMINAL PREMISES LEASING FRAMEWORK AGREEMENT**

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### ***Date***

28 December 2021

### ***Parties***

- (a) The Company; and
- (b) BGS.

Pursuant to the Terminal Premises Leasing Framework Agreement, the Company agreed to lease certain premises of the terminals of Beijing Capital Airport to BGS. The detail location of the premises and applicable scope to be leased shall be determined and agreed by both parties. The Company shall, at the same time, provide the necessary appertaining passageways, stairs and facilities, etc. to BGS.

BGS shall enter into individual terminal premises leasing agreements setting out the specific terms of the leasing agreements, including details of the relevant premises and the consideration, settlement and payment methods, with the Company according to the daily business development needs of BGS. Such terms will be consistent with the principles and the terms of the Terminal Premises Leasing Framework Agreement.

### ***Term***

The Terminal Premises Leasing Framework Agreement is for a term of one year, commencing from 1 January 2022 to 31 December 2022.

### *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 guarantees the right to lease the leased premises under the Terminal Premises Leasing Framework Agreement without any infringement of third party rights and that there is no actual or potential litigation, arbitration, dispute or other circumstances which may affect the right to use by BGS.
- (2) The Company shall provide BGS with the leased premises in accordance with the Terminal Premises Leasing Framework Agreement and shall be responsible for the daily supervision and fire safety inspection work of the leased premises to ensure the supply of electricity, water, heating, air conditioning and lighting, and provide basic services such as floor cleaning, garbage disposal and interior greening of common areas, to ensure that the leased premises is in a safe and satisfactory state and BGS may use the leased premises and relevant resources to conduct business activities normally.
- (3) The Company shall be fully responsible for the repair and maintenance of the common areas and public facilities of the terminals. Accordingly, the Company shall bear the expenses incurred and the Company shall exempt the corresponding rental based on the actual area affected by the maintenance during the maintenance period. If the maintenance work is caused by factors due to BGS, the corresponding expenses incurred shall be borne by BGS.
- (4) The Company shall not interfere with the normal operations of BGS except for performing airport management duties or conducting inspection in accordance with the law and the Terminal Premises Leasing Framework Agreement.

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

- (1) BGS shall pay the fees in accordance with the Terminal Premises Leasing Framework Agreement.
- (2) BGS shall use the leased premises in accordance with the leasing purpose and business scope as stipulated in the Terminal Premises Leasing Framework Agreement to properly take care of and maintain the structure, facilities, equipment, decoration and renovation of the leased premises. BGS shall comply with all aspects under the Terminal Premises Leasing Framework Agreement and the management of the Company. BGS shall ensure the safety of the leased premises and their surrounding environment and shall not affect or damage the legal rights of the Company, the relevant units residing in Beijing Capital Airport, staff, passengers and other third parties.
- (3) Without the consent of the Company, BGS shall not sublease, transfer, mortgage the leased premises.

- (4) BGS and their staff shall abide by and implement each of the management systems of the Company (including but not limited to the regulations and practices of each aspect such as interior property management, user specifications during construction for information resources and fire safety) to ensure the normal operations of the terminals. BGS shall accept the supervision and inspection of the Company on aspects such as safe production, fire protection, hygiene and service quality, etc.
- (5) BGS shall be responsible for the daily sanitation and cleaning work at the leased premises in accordance with the relevant laws and regulations of the National Environmental Protection Department, and manage well the waste management work and maintain a clean and beautiful image in line with the expectations of the overall image of Beijing Capital Airport.

### ***Consideration***

BGS shall pay to the Company the rental for the lease of part of terminal premises pursuant to the terms under the Terminal Premises Leasing Framework Agreement, which specifically includes (i) the rental and (ii) the comprehensive management fees.

The rental includes the land use fees, the apportionment of depreciation of the premises, regular maintenance fees of the premises and the maintenance fees of the public area etc.

The comprehensive management fees refers to the basic service and facilities fees which BGS shall pay, including the fees relating to the toilets, passageway garbage handling, public area cleaning and, interior security (including hygiene, environmental, greening, security, insurance and fire control related fees).

The premises rental fees are determined by reference to the finance management regulations of the Company and subject to specific leasing agreements.

### ***Payment***

The rental payable for the lease of terminal premises will be subject to the payment terms under each individual agreement, to be made on a monthly, quarterly, half-yearly or annual basis. The Company shall according to the charging standards under each individual agreement, issue rental payment notice to BGS. BGS shall make payment of the relevant amount of rent by bank transfer within the time limit set by each individual agreement.

### **Historical figures**

The following table shows the historical figure of rental paid by BGS to the Company for the lease of terminal premises:

	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the year ended 31 December 2020 (RMB)</b>	<b>For the year ending 31 December 2021 (RMB)</b>
Rental paid by BGS to the Company for the lease of terminal premises	60,422,000	52,722,000	48,923,000 <i>(Note)</i>
Annual caps	100,000,000	110,000,000	120,000,000

*Note:* Since the audited figure for the fees paid by BGS to the Company for the lease of terminal premises for the year ending 31 December 2021 is not yet available, it is only an unaudited figure for the eleven months ended 30 November 2021. The Company expects that the relevant fees payable by BGS to the Company for the lease of terminal premises for the year ending 31 December 2021 will not exceed its annual cap.

### **Annual cap**

The Company expects that the maximum aggregate annual fee payable by BGS to the Company under the Terminal Premises Leasing Framework Agreement for the year ending 31 December 2022 will not exceed RMB65,000,000, which is determined after taking into account the following factors:

- (1) the historical figures of rental paid by BGS to the Company for the lease of terminal premises in the past three years;
- (2) the expected increase of areas of premises to be leased by BGS due to daily operational needs for the year ending 31 December 2022; and
- (3) the potential increase in the rental of premises.

### **Pricing policy**

The relevant department of the Company, which is responsible for the signing of individual definitive leasing agreements, will regularly designate staff to compare the level of rent with that offered under other leasing agreements or to independent third parties (including at least three lease counterparties within the area of Beijing Capital Airport) according to the terms of the agreements, and will report the comparison results to their supervisors who will refer to such results and ensure that the level of rent receivable by the Company from BGS will not be less than that offered to other independent third parties during the same period.

## **Internal control on pricing**

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

1. Prior to entering into the Terminal Premises Leasing Framework Agreement, the terminal management department of the Company is responsible for gathering information on the historical annual rents paid by BGS under the Former Terminal Premises Leasing Framework Agreement and conducting cross-checks against the rents offered to other independent third parties within the area of Beijing Capital Airport. Thereafter, the terminal management department is responsible for the monitoring, assessment and ratings of the transactions contemplated under the Terminal Premises Leasing Framework Agreement. The finance department and the secretariat to the Board are responsible for gathering information of 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 Terminal Premises Leasing Framework Agreement, the principal officers in the terminal management department who handle the relevant matters shall lodge applications with the terminal management 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. After the above internal review process based on different functions of various departments of the Company has been completed, 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 Terminal Premises Leasing 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.

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

The Company has implemented the following internal control measures to ensure that the annual cap for the rental payable by the Company under the Terminal Premises Leasing 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 rents does not exceed the annual cap.

3. If such amount of rental 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 Terminal Premises Leasing Framework Agreement**

BGS possesses extensive experience in providing full-service chain aviation ground services to the airline companies and has cooperated with the Company for years and is very familiar with the operational situations of Beijing Capital Airport. Accordingly, leasing the relevant terminal premises to BGS for daily office work or operations is conducive to increasing both the non-aviation and aviation revenues of the Company and beneficial to the development of the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Terminal Premises Leasing Framework Agreement was entered into on normal commercial terms that are fair and reasonable and in the ordinary and usual course of business of the Company, and the transactions contemplated under the Terminal Premises Leasing Framework Agreement are 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 and the provision of operation and management services, counter and premises rental services, car parking management, housing rental, property management and advertising agency services and other businesses to its subsidiaries.

BGS is principally engaged in the provision of passenger transportation ground services, cargo transportation ground services, flight apron landing services and passenger and cargo sales agency services etc.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, BGS is a non wholly-owned subsidiary of the Parent Company. The equity interests of BGS is held by the Parent Company, SATS Ltd. (新翔集團有限公司), China Southern Airlines Company Limited (中國南方航空股份有限公司) and China Eastern Airlines Corporation Limited (中國東方航空股份有限公司) as to 51%, 29%, 10% and 10%, respectively. 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. SATS Ltd. is a company listed on the Singapore Stock Exchange, China Southern Airlines Company Limited is a company listed on the Main Board of the Stock Exchange (Stock Code: 01055) and the Shanghai

Stock Exchange (Stock Code: 600029). China Eastern Airlines Corporation Limited is a company listed on the Main Board of the Stock Exchange (Stock Code: 00670) and the Shanghai Stock Exchange (Stock Code: 600115).

## **BOARD'S APPROVAL**

The Terminal Premises Leasing 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 or BGS. Only one executive Director concurrently serves as the chairman of the Parent Company, one executive Director and three non-executive Directors concurrently serve as the deputy general managers of the Parent Company, and there is no overlapping senior management between the Company and BGS. Moreover, none of the Directors personally has any material interest in the transactions contemplated under the Terminal Premises Leasing Framework Agreement. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Terminal Premises Leasing 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. BGS is a non wholly-owned subsidiary of the Parent Company. As such, BGS is an associate of the Parent Company and therefore a connected person of the Company. Accordingly, the Terminal Premises Leasing 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 Terminal Premises Leasing Framework Agreement is more than 0.1% but less than 5%, the Terminal Premises Leasing 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:

“associate(s)” has the meaning ascribed to it under the Listing Rules

“Beijing Capital Airport” Beijing Capital International Airport



“BGS”	Beijing Aviation Ground Services Co., Ltd.* (北京空港航空地面服務有限公司), a sino-foreign joint venture company established in the PRC and is a non wholly-owned subsidiary of the Parent Company
“Board”	the board of Directors
“Company”	Beijing Capital International Airport Company Limited (北京首都國際機場股份有限公司), 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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Former Terminal Premises Leasing Framework Agreement”	the terminal premises leasing framework agreement dated 31 December 2018 entered into between the Company and BGS
“H Share(s)”	overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Independent Shareholder(s)”	the Shareholder(s) other than the Parent Company, its associates and any other Shareholder with a material interest in the transactions contemplated under the Terminal Premises Leasing Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Parent Company”	Capital Airports Holdings Limited* (首都機場集團有限公司) (formerly known as 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 registered capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal Premises Leasing Framework Agreement”	terminal premises leasing framework agreement dated 28 December 2021 entered into between the Company and BGS
“%”	per cent

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

Beijing, the PRC  
28 December 2021

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

*Executive Directors:* Mr. Wang Changyi, 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 Companies 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*