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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

BRIDGE-BORNE EQUIPMENT OPERATION SERVICES AGREEMENT

BRIDGE-BORNE EQUIPMENT OPERATION SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 28 December 2018 in respect of, among other things, the Former Bridge-borne Equipment Operation Services Agreement. The Former Bridge-borne Equipment Operation Services 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 Beijing Bowei entered into the Bridge-borne Equipment Operation Services Agreement as a renewal agreement.

The Board announces that on 29 December 2021, the Company entered into the Bridge-borne Equipment Operation Services Agreement with Beijing Bowei, pursuant to which Beijing Bowei agreed to position and remove bridge-borne equipment, including the static power supply equipment and the ground air conditioning equipment for aircrafts, in accordance with the existing procedures of the Company for the flights of airlines that are included in the scope of the Bridge-borne Equipment Operation Services Agreement 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. Beijing Bowei is a subsidiary of the Parent Company and is, therefore, a connected person of the Company. Accordingly, the transactions contemplated under the Bridge-borne Equipment Operation Services 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 transactions contemplated under the Bridge-borne Equipment Operation Services Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Bridge-borne Equipment Operation Services 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.

BRIDGE-BORNE EQUIPMENT OPERATION SERVICES AGREEMENT

Background

Reference is made to the announcement of the Company dated 28 December 2018 in respect of, among other things, the Former Bridge-borne Equipment Operation Services Agreement. The Former Bridge-borne Equipment Operation Services 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 Beijing Bowei entered into the Bridge-borne Equipment Operation Services Agreement as a renewal agreement.

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Material terms of the Bridge-borne Equipment Operation Services Agreement

The material terms of the Bridge-borne Equipment Operation Services Agreement are as follows:

Date

29 December 2021

Parties

- (a) The Company; and
- (b) Beijing Bowei

Subject Matter

Pursuant to the Bridge-borne Equipment Operation Services Agreement, Beijing Bowei agreed to position and remove bridge-borne equipment, including the static power supply equipment and the ground air conditioning equipment for aircrafts, in accordance with the existing procedures of the Company for the flights of airlines that are included in the scope of the Bridge-borne Equipment Operation Services Agreement.

Term

The Bridge-borne Equipment Operation Services Agreement is for a term of one year, commencing from 1 January 2022 to 31 December 2022.

Consideration and payment

The consideration shall be calculated based on the actual number of flights multiplied by the unit price of service fee. The current unit price of service fee per flight is RMB95/flight, which includes all the costs for positioning and removal of the bridge-borne equipment for each flight (such as labour costs, insurance premium, licence fees, overtime charges, transportation expenses, management expenses), profits and taxes, etc.

The service fee is payable on a quarterly basis according to the actual number of flights. The number of flights for which operation services are provided shall be verified with reference to the record of the Company's aerobridge automatic fare collection system that is signed and confirmed by the responsible person of the Company.

Other material terms

The major responsibilities of Beijing Bowei include:

- (1) the allocation of resources and improvement of process in respect of the bridge-borne equipment operation, so as to ensure achievement of objectives in relation to aerobridge equipment operation services and other relevant quality objectives;
- (2) provide support to relevant departments, monitor and inspect the operation of the bridge-borne equipment, and monitor the quality of operations of the bridge-borne equipment, so as to ensure smooth operation of the bridge-borne equipment;
- (3) analyse the service issues arising from the operation of the bridge-borne equipment, and formulate and implement relevant remedial and preventive measures; and
- (4) draw up emergency response plan and be responsible for command and coordination work in the event of emergency.

Pricing policy

The unit price of service fee includes all the costs incurred for completing the positioning and removal of the bridge-borne equipment for each flight (such as labour costs, insurance premium, licence fees, overtime charges, transportation expenses, management expenses), profit margin (not more than 5%) and taxes, etc. The pricing shall be approved by both parties and determined after consideration and approval at the general manager office meeting of the Company.

Internal control on pricing

The Company has implemented a management system to monitor the pricing standards for the transactions under the Bridge-borne Equipment Operation Services Agreement to ensure that the terms are on normal commercial terms as follows:

1. Prior to entering into the Bridge-borne Equipment Operation Services Agreement, the airfield management department of the Company is responsible for gathering data on the historical annual service fees paid by Beijing Bowei under the Former Bridge-borne Equipment Operation Services Agreement and conducting cross-checks against the service fees offered to other independent third parties within the area of Beijing Capital Airport. Thereafter, the airfield management department is responsible for the monitoring, evaluation and assessment of the transactions contemplated under the Bridge-borne Equipment Operation Services Agreement. The finance department and the secretariat to the Board are responsible for gathering data 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 Bridge-borne Equipment Operation Services Agreement, the principal officers in the airfield management department who handle the relevant matters shall lodge applications with the airfield 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 Bridge-borne Equipment Operation Services 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 service fee payable by the Company under the Bridge-borne Equipment Operation Services 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 rents 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.

Historical figures

The following table shows the historical figures of total service fee paid by the Company to Beijing Bowei for the provision of bridge-borne equipment operation services by Beijing Bowei:

| | For the year ended 31 December 2019 (RMB) | For the year ended 31 December 2020 (RMB) | For the year ending 31 December 2021 (RMB) |
|-------------------|--|--|---|
| Total service fee | 11,504,000 | 5,676,000 | 8,918,000 <i>(Note)</i> |
| Annual caps | 22,500,000 | 27,000,000 | 27,000,000 |

Note: Since the audited figure of the service fee paid by the Company to Beijing Bowei for the provision of bridge-borne equipment operation services by Beijing Bowei 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 total service fee payable by the Company to Beijing Bowei for the provision of bridge-borne equipment operation services by Beijing Bowei 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 the Company to Beijing Bowei under the Bridge-borne Equipment Operation Services Agreement for the year ending 31 December 2022 will not exceed RMB14,000,000, which is determined after taking into account the following factors:

- (i) the historical figures of service fee paid by the Company to Beijing Bowei for the provision of bridge-borne equipment operation services by Beijing Bowei for the past three years;
- (ii) the anticipated change in business volume of the operation of the bridge-borne equipment of Beijing Capital Airport for the year ending 31 December 2022; and
- (iii) the increase in related expenses as a result of the anticipated increase in labour costs in the future.

Reasons for and benefits of entering into the Bridge-borne Equipment Operation Services Agreement

Since the bridge-borne equipment was brought into service at Beijing Capital Airport in 2008, Beijing Bowei has been responsible for the operation services of bridge-borne equipment. It possesses ample experience in operating and supporting bridge-borne equipment, sufficient on-site support, highly professional staff and timely response to emergency. In addition, all of its bridge-borne equipment operators are qualified. Meanwhile, Beijing Bowei also engages in the operation and maintenance of the aerobridge and ground power supply equipment at Beijing Capital Airport, and is therefore familiar with the conditions of the aerobridges and bridge-borne equipment.

In view of the fact that the bridge-borne equipment operation services and the aerobridge operation and maintenance services are complementary to each other, engaging Beijing Bowei as the provider of bridge-borne equipment operation services is conducive to safeguarding the day-to-day operation and stable service quality of Beijing Capital Airport, maintaining the operation and business continuity, and catering to the operational needs for professionalism and efficiency at Beijing Capital Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Bridge-borne Equipment Operation Services Agreement are normal commercial terms that are fair and reasonable and entered into in the ordinary and usual course of business of the Company, and the transactions contemplated under the Bridge-borne Equipment Operation Services 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, advertising agency services and other businesses to its subsidiaries. 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.

Beijing Bowei is principally engaged in the development, installation, maintenance and manufacture of airport equipment, the supply of airport equipment and spare parts and provision of technical advisory services, the operation and maintenance of terminal equipment, station equipment and freight equipment, professional contracting; and elevator maintenance. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Beijing Bowei is a non wholly-owned subsidiary of the Parent Company. The equity interest of Beijing Bowei is held by the Parent Company and Jordan Limited as to 60% and 40%, respectively. The ultimate beneficial owner of Jordan Limited is Mr. Bu Gongan (卜鞏岸).

BOARD'S APPROVAL

The Bridge-borne Equipment Operation Services Agreement was approved by the Board. As at the date of this announcement, there are no overlapping directors between the Company on one hand, and the Parent Company and Beijing Bowei on the other hand. 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 Beijing Bowei. Moreover, none of the Directors personally has any material interest in the transactions contemplated under the Bridge-borne Equipment Operation Services Agreement. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Bridge-borne Equipment Operation Services Agreement.

LISTING RULES IMPLICATIONS

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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 Bowei” | Beijing Bowei Airport Support Limited* (北京博維航空設施管理有限公司), a limited liability company incorporated in the PRC and a non wholly-owned subsidiary of the Parent Company |
| “Beijing Capital Airport” | Beijing Capital International Airport |
| “Board” | the board of Directors |
| “Bridge-borne Equipment Operation Services Agreement” | the bridge-borne equipment operation services agreement dated 29 December 2021 entered into between the Company and Beijing Bowei for the provision of bridge-borne equipment operation services at Beijing Capital Airport by Beijing Bowei to the Company |
| “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 |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Former Bridge-borne Equipment Operation Services Agreement” | the bridge-borne equipment operation services agreement dated 28 December 2018 entered into between the Company and Beijing Bowei for the provision of bridge-borne equipment operation services at Beijing Capital Airport by Beijing Bowei to 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 other Shareholder with a material interest in the transactions contemplated under the Bridge-borne Equipment Operation Services Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 |
| “%” | per cent |

By order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC
29 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 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*