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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

OPERATION AND MAINTENANCE SERVICES

FRAMEWORK AGREEMENT

OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 23 December 2019 in respect of the Former Operation and Maintenance Services Framework Agreement. The Former Operation and Maintenance Services Framework Agreement will expire on 31 December 2022. As the Parties intend to continue to carry out transactions of a similar nature from time to time after 31 December 2022, on 20 October 2022, the Company and Beijing Bowei entered into the Operation and Maintenance Services Framework Agreement, pursuant to which Beijing Bowei agreed to provide the Company with the Operation and Maintenance Services at Beijing Capital Airport for a term of three years commencing from 1 January 2023 to 31 December 2025.

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. Since Beijing Bowei is wholly-owned by the Parent Company, Beijing Bowei is therefore a connected person of the Company. Accordingly, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Operation and Maintenance Services Framework Agreement is more than 5%, such transactions are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be held to consider, among others, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps.

DESPATCH OF CIRCULAR

The Circular will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the Circular, it is expected that the Circular will be despatched to the Shareholders on or before 6 December 2022. If it is expected that there will be a delay to the despatch of the Circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the Circular.

BACKGROUND

Reference is made to the announcement of the Company dated 23 December 2019 in respect of the Former Operation and Maintenance Services Framework Agreement. The Former Operation and Maintenance Services Framework Agreement will expire on 31 December 2022. As the Parties intend to continue to carry out transactions of a similar nature from time to time after 31 December 2022, on 20 October 2022, the Company and Beijing Bowei entered into the Operation and Maintenance Services Framework Agreement, pursuant to which Beijing Bowei agreed to provide the Company with the Operation and Maintenance Services at Beijing Capital Airport for a term of three years commencing from 1 January 2023 to 31 December 2025.

OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

Material terms of the Operation and Maintenance Services Framework Agreement

The material terms of the Operation and Maintenance Services Framework Agreement are set out as follows:

Date

20 October 2022

Parties

- (a) the Company; and
- (b) Beijing Bowei.

Services

Pursuant to the Operation and Maintenance Services Framework Agreement, Beijing Bowei agreed to provide the Company with the Operation and Maintenance Services at T1, T2, T3, airfield, public area and other designated areas of Beijing Capital Airport.

Where the Company engages Beijing Bowei to provide such Operation and Maintenance Services, the Parties shall enter into separate definitive service agreement(s) in respect of specific service(s) to set out each Party's rights and obligations, subject to the relevant procurement management regulations and requirements of the Company and the terms of the Operation and Maintenance Services Framework Agreement. In case of any inconsistencies between the definitive service agreement(s) and the Operation and Maintenance Services Framework Agreement, the Operation and Maintenance Services Framework Agreement shall prevail.

Term

The Operation and Maintenance Services Framework Agreement is for a term of three years, commencing from 1 January 2023 to 31 December 2025.

Condition precedent

The transactions contemplated under the Operation and Maintenance Services Framework Agreement shall be subject to the approval by the Independent Shareholders at the EGM.

Consideration and payment terms

The service fees charged by Beijing Bowei in respect of each specific service shall be set out in the relevant definitive service agreement(s) and settled by the Company on a monthly, quarterly, half-yearly or annual basis in accordance with the terms thereunder.

For the basis of determining the amount of service fees, please refer to the section headed "Operation and Maintenance Services Framework Agreement - Pricing policy" below in this announcement.

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 shall provide Beijing Bowei with necessary conditions and assistance to render services; and
- (2) the Company is entitled to conduct appraisal on services provided by Beijing Bowei to assess suitability of its services.

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

- (1) Beijing Bowei shall render services in the agreed format, content, standards and requirements and shall be subject to the management, supervision and inspection of its work by the Company; and
- (2) Beijing Bowei shall make improvements to its work on its own initiative or as requested by the Company.

Historical figures

The historical transaction amounts of the service fees paid or payable by the Company to Beijing Bowei under the Former Operation and Maintenance Services Framework Agreement are as follows:

	For the year ended 31 December 2020 (RMB'000)	For the year ended 31 December 2021 (RMB'000)	For the year ending 31 December 2022 (RMB'000)
Service fees paid or payable by the Company to Beijing Bowei	410,366	379,647	405,405 <i>(Note)</i>
Annual caps	459,000	504,000	555,000

Note: Since the audited figure of the service fees payable by the Company to Beijing Bowei under the Former Operation and Maintenance Services Framework Agreement for the year ending 31 December 2022 is not available yet, it is only an estimated figure based on the information currently available to the Company as at the date of this announcement. The unaudited figure of the service fees paid by the Company to Beijing Bowei under the Former Operation and Maintenance Services Framework Agreement for the nine months ended 30 September 2022 is approximately RMB248,547,000. The Company expects that the service fees payable by the Company to Beijing Bowei for the year ending 31 December 2022 will not exceed its annual cap.

Annual caps

The Company expects that the annual caps for the transactions contemplated under the Operation and Maintenance Services Framework Agreement are as follows:

	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)	For the year ending 31 December 2025 (RMB'000)
Annual caps	446,000	455,000	468,000

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

- (i) the historical transaction amounts of the service fees paid or payable by the Company in the past three years under the Former Operation and Maintenance Services Framework Agreement;
- (ii) the change in business volume of the Company as a result of COVID-19;
- (iii) the change in demand for the relevant services required in the daily operation of the Company;
- (iv) the potential increase in labour costs and costs of spare products, spare parts, materials and consumables in the next three years; and
- (v) relevant taxes and management fees.

Pricing policy

The fees for the Operation and Maintenance Services provided by Beijing Bowei under the Operation and Maintenance Services Framework Agreement will be determined by the Parties upon arm's length negotiation, and such fees will be determined based on the following factors:

1. the relevant labour costs incurred for completion of various Operation and Maintenance Services;
2. all costs, including procurement, installation, transportation and management costs, incurred for completion of various Operation and Maintenance Services;
3. the costs of spare products, spare parts, materials and consumables for the operation, maintenance and repair of various systems; and
4. the profits in respect of the relevant services provided by Beijing Bowei to the Company and taxes.

The service fees and terms of the Operation and Maintenance Services to be provided by Beijing Bowei to the Company under the definitive service agreements shall be determined in the ordinary course of business on normal commercial terms upon negotiation on an arm's length basis, and shall be no less favourable than the fees and terms offered by independent third parties to the Company for the provision of same types of services.

Internal control on pricing

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

1. Prior to the entering into of the Operation and Maintenance Services Framework Agreement, the techniques and procurement department of the Company is responsible for gathering information on the historical transaction amounts of service fees paid by the Company for the relevant Operation and Maintenance Services and the related transaction information, and conducting assessment on the fairness of the transaction terms and pricing terms. Thereafter, the techniques and procurement department is responsible for the monitoring, assessment and ratings of the transactions contemplated under the Operation and Maintenance Services 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 Operation and Maintenance Services Framework Agreement, the principal officers in the techniques and procurement department who handle the relevant matters shall lodge applications with the techniques and procurement department, the finance department and the legal department of the Company 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 procedures 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 will continue to review the transactions contemplated under the Operation and Maintenance Services 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.
4. The auditors of the Company will conduct annual review on the transactions contemplated under the Operation and Maintenance Services Framework 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 Operation and Maintenance Services 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.
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 OPERATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

Beijing Bowei has been cooperating with the Company for many years and is very familiar with the operation of relevant equipment and facilities of Beijing Capital Airport with ample experience in the development, installation, operation, repair and maintenance services of terminal, station and airport equipment. Since the operation of Beijing Capital Airport is highly dependent on the steady and continuous operation of various types of equipment and facilities around the clock, which requires high stability of operation, safety of management and extremely quick emergency responses to repair and maintenance services in respect of equipment and facilities, as such, the relevant operation, repair and maintenance services provided by Beijing Bowei are conducive to ensuring the stability of the daily operation and service quality of Beijing Capital Airport, which helps to maintain the continuity of operation, repair and maintenance business while ensuring the rapid responsiveness and the specialty and high efficiency required for the operation of the isolated area of Beijing Capital Airport.

In light of the above, the Directors (excluding the independent non-executive Directors whose views will be contained in the Circular after considering the advice of the Independent Financial Adviser) are of the view that the Operation and Maintenance Services Framework Agreement was entered into in the ordinary course of business of the Company, on normal commercial terms that are fair and reasonable and is in the interest of 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 handling 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 CAAC, which is a state bureau administered by the Ministry of Transport of the PRC.

Beijing Bowei is an enterprise established in the PRC and it is wholly-owned by the Parent Company. It is principally engaged in development, installation, maintenance and manufacture of airport equipment, airport equipment, spare parts supply and technical advisory services; operation and maintenance of terminal, station and freight equipment; professional contractor; and elevator maintenance.

BOARD'S APPROVAL

The Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps, were approved by the Board.

As at the date of this announcement, there are no overlapping directors and senior management between the Company and Beijing Bowei. Moreover, while the executive Directors and the non-executive Directors concurrently serve as director, senior management or hold other senior position(s) of the Parent Company, none of the Directors personally has any material interest in the transactions contemplated under the Operation and Maintenance Services Framework Agreement entered into by the Company and Beijing Bowei. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps.

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. Since Beijing Bowei is wholly-owned by the Parent Company, Beijing Bowei is therefore a connected person of the Company. Accordingly, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Operation and Maintenance Services Framework Agreement is more than 5%, such transactions are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be held to consider, among others, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps.

APPOINTMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been formed to advise the Independent Shareholders and Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) whether the terms of the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps, are fair and reasonable; (ii) whether the transactions contemplated under the Operation and Maintenance Services Framework Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and whether they are in the interests of the Company and the Shareholders as a whole; and (iii) how to vote on the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps.

DESPATCH OF CIRCULAR

The Circular will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the Circular, it is expected that the Circular will be despatched to the Shareholders on or before 6 December 2022. If it is expected that there will be a delay to the despatch of the Circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the Circular.

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), an enterprise established in the PRC, which is wholly-owned by the Parent Company
“Beijing Capital Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CAAC”	Civil Aviation Administration of China

“Circular”	the circular of the Company containing, among other matters, details of the Operation and Maintenance Services Framework Agreement, the letters of advice from the Independent Board Committee and the Independent Financial Adviser
“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	novel coronavirus
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, among others, the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps
“Former Operation and Maintenance Services Framework Agreement”	the framework agreement dated 23 December 2019 entered into between the Company and Beijing Bowei in relation to the provision of certain operation and maintenance services by Beijing Bowei to the Company, details of which were disclosed in the relevant announcement of the Company dated 23 December 2019
“H Share(s)”	overseas listed foreign share(s) of nominal value of RMB1.00 each in the registered capital of the Company
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Jiang Ruiming, Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung and Mr. Wang Huacheng, established to advise the Independent Shareholders in respect of the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps

“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Operation and Maintenance Services Framework Agreement and the transactions contemplated thereunder, including the annual caps
“Independent Shareholder(s)”	the Shareholder(s) other than the Parent Company, its associates and any other Shareholder who has a material interest in the transactions contemplated under the Operation and Maintenance Services Framework Agreement, as the case may be
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation and Maintenance Services”	collectively, (i) operation, maintenance and preservation services of mechanical and electric equipment system (including the lifts, escalators and automated ramps and etc.) in the terminals; (ii) operation, inspection, maintenance and preservation services of light-current system and infrastructure (broadcasting system, intercom system and light-current communication room); (iii) system security, operation, repair, maintenance and sanitary cleaning services within the baggage system area; (iv) operation and maintenance of the passenger boarding bridge and ancillary equipment; (v) operation and maintenance of automated people mover system for passengers; and (vi) other related services as requested by the Company
“Operation and Maintenance Services Framework Agreement”	the framework agreement dated 20 October 2022 entered into between the Company and Beijing Bowei in relation to the provision of the Operation and Maintenance Services by Beijing Bowei to the Company
“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
“Parties”	the Company and Beijing Bowei
“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
“T1”	the passenger terminal numbered one which forms part of Beijing Capital Airport
“T2”	the passenger terminal numbered two which forms part of Beijing Capital Airport
“T3”	the passenger terminal numbered three which forms part of Beijing Capital Airport
“%”	per cent

By order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC
20 October 2022

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. Zhang Jiali, Mr. Stanley Hui Hon-chung and Mr. Wang Huacheng

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*