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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

### BAFM PREMISES LEASING AGREEMENT

#### **BAFM PREMISES LEASING AGREEMENT**

The Board announces that, on 29 December 2022, the Company and BAFM entered into the BAFM Premises Leasing Agreement, pursuant to which the Company (as lessor) agreed to lease certain office and storage premises of Terminal 2 and Terminal 3 of Beijing Capital Airport to BAFM (as lessee) 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. BAFM is a wholly-owned subsidiary of the Parent Company. As such, BAFM is an associate of the Parent Company and therefore a connected person of the Company. Accordingly, the BAFM Premises Leasing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the BAFM Premises Leasing Agreement is more than 0.1% but less than 5%, the BAFM Premises Leasing Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board announces that, on 29 December 2022, the Company and BAFM entered into the BAFM Premises Leasing Agreement, pursuant to which the Company (as lessor) agreed to lease certain office and storage premises of Terminal 2 and Terminal 3 of Beijing Capital Airport to BAFM (as lessee) for a term of three years commencing from 1 January 2023 to 31 December 2025.

## **BAFM PREMISES LEASING AGREEMENT**

### **Material terms of the BAFM Premises Leasing Agreement**

The material terms of the BAFM Premises Leasing Agreement are set out as follows:

#### ***Date***

29 December 2022

#### ***Parties***

- (a) the Company (as lessor); and
- (b) BAFM (as lessee).

Pursuant to the BAFM Premises Leasing Agreement, the Company shall lease certain office and storage premises of Terminal 2 and Terminal 3 of Beijing Capital Airport to BAFM, with specific location and area of the premises and the scope of use set out in the BAFM Premises Leasing Agreement. The Company shall, at the same time, provide the necessary appertaining passageways, stairs and facilities to BAFM.

#### ***Term***

The BAFM Premises Leasing Agreement is for a term of three years commencing from 1 January 2023 to 31 December 2025.

#### ***Consideration***

BAFM shall pay to the Company the leasing fee for the lease of office and storage premises, which comprises (i) the rental for premises and (ii) the comprehensive management fees, in accordance with the terms of the BAFM Premises Leasing Agreement.

The rental for premises includes, among other things, the land use fees, the depreciation of the premises, regular maintenance fees of the premises and the maintenance fees of the public area. The unit prices of rental for each of the office and storage premises are set out in the BAFM Premises

Leasing Agreement, which are determined after arm's length negotiations in accordance with the finance management regulations of the Company and are not less favourable than the level of rental charged by the Company to independent third parties for similar premises.

The comprehensive management fees refers to the fees for the provision of basic services and facilities to BAFM, including the fees relating to the hygiene, environmental protection, greening, security, insurance and fire control for lavatories, handling of passageway garbage, cleaning of public area and interior security.

The Company will collect the energy usage fee for the consumption of electricity and other energy at the leased premises from BAFM and pay the same amount of energy usage fee collected to the relevant energy supplier, in line with the Company's arrangements with its tenants (including independent third parties) at the terminal premises. Such arrangement has been taken into account when the Company negotiated and determined the leasing fee payable by BAFM under the BAFM Premises Leasing Agreement.

### ***Payment***

The leasing fee for the lease of office and storage premises shall be paid by BAFM on a semi-annual basis by cheque or bank transfer to the Company.

### ***Security deposit***

Within 10 working days from the date of execution of the BAFM Premises Leasing Agreement, BAFM shall pay security deposit in the amount of RMB262,850.10 to the designated account of the Company as security for the timely payment of fees payable by BAFM, the penalties payable by BAFM due to its breach of the BAFM Premises Leasing Agreement, the repair expenses or losses of the Company resulted from damage to the leased premises, equipment and facilities in the public area or loss of personnel, property or other losses of the Company caused by BAFM, and the liabilities and penalties incurred by the Company due to the reasons related to BAFM. The Company shall return to BAFM the security deposit without interest (after deducting any outstanding amount payable by BAFM) within 30 days from the date on which the BAFM Premises Leasing Agreement has expired or completed, or has been discharged for reasons unrelated to BAFM's breach of the BAFM Premises Leasing Agreement, or has been terminated due to other circumstances as required by the laws.

### ***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 ensure that it has the right to lease the leased premises under the BAFM Premises Leasing Agreement without any violation of third party rights and that there is no actual or potential litigation, arbitration, dispute or other title defects which may affect the use of the premises by BAFM.

- (2) The Company shall provide BAFM with the leased premises in accordance with the BAFM Premises Leasing Agreement and shall have the right to conduct daily supervision and fire safety inspection work of the leased premises. The Company shall ensure the supply of electricity, water, heating, air conditioning and lighting, provide basic services such as public area cleaning, garbage disposal and interior greening and ensure that the leased premises is in safe and satisfactory condition, and BAFM may use the leased premises and relevant resources to conduct its 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 waive the corresponding leasing fee based on the actual area affected by the maintenance during the maintenance period. If the maintenance work is caused by factors due to BAFM, the corresponding expenses incurred shall be borne by BAFM.
- (4) The Company shall not interfere with the normal operations of BAFM except for performing airport management duties or conducting inspection in accordance with the laws and the BAFM Premises Leasing Agreement.

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

- (1) BAFM shall pay the leasing fee and energy usage fee in accordance with the BAFM Premises Leasing Agreement.
- (2) BAFM shall use the leased premises in accordance with the leasing purpose and business scope as stipulated in the BAFM Premises Leasing Agreement and properly take care of and maintain the structure, facilities, equipment, decoration and renovation of the leased premises. BAFM shall comply with all aspects under the BAFM Premises Leasing Agreement and the management of the Company. BAFM shall ensure the safety of the leased premises and their surrounding environment and shall not affect or prejudice the legal rights of the Company, the relevant units situated in Beijing Capital Airport, staff, passengers and other third parties.
- (3) Without the consent of the Company, BAFM shall not sublease, transfer or mortgage the leased premises or create any third party interests.
- (4) BAFM 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) and ensure the normal operations of the terminals. BAFM shall accept the supervision and inspection of the Company on aspects such as its safe production, fire protection, hygiene and service quality, etc.

- (5) BAFM shall be responsible for the daily sanitation and cleaning work at the leased premises in accordance with the requirements under the relevant laws and regulations of the national environmental protection authorities, and shall properly carry out the waste management work and maintain a clean and beautiful image in line with the expectations of the overall image of Beijing Capital Airport.

### Historical figures

Historically, the Company had entered into agreement(s) with BAFM pursuant to which the Company leased certain office and storage premises of Terminal 2 and Terminal 3 of Beijing Capital Airport and provided the necessary appertaining passageways, stairs and facilities to BAFM. The historical transaction amount of the leasing fee paid by BAFM to the Company in respect of such agreement(s) are set out as below:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Leasing fee paid by BAFM to the Company for the lease of the office and storage premises	3,534,000 <i>(Note 1)</i>	3,268,000 <i>(Note 1)</i>	3,154,000 <i>(Notes 1 and 2)</i>

#### Notes:

- As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the leasing fee paid or payable by the Company to BAFM under the above-mentioned previous agreement(s) was, and is expected to be, below the de minimis threshold under Rule 14A.76 of the Listing Rules, the transactions contemplated thereunder were, and are expected to be, fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.
- Since the figure for the leasing fee paid or payable by BAFM to the Company for the lease of office and storage premises for the year ending 31 December 2022 is not yet available, this figure is for the eleven months ended 30 November 2022. The Company expects that the relevant leasing fee payable by BAFM to the Company for the lease of office and storage premises for the year ending 31 December 2022 will be below the de minimis threshold under Rule 14A.76 of the Listing Rules.

## Annual caps

The Company expects that the annual caps for the transactions contemplated under the BAFM Premises Leasing Agreement are as follows:

	<b>For the year ending 31 December 2023</b> <i>(RMB)</i>	<b>For the year ending 31 December 2024</b> <i>(RMB)</i>	<b>For the year ending 31 December 2025</b> <i>(RMB)</i>
Annual caps	5,000,000	5,000,000	5,000,000

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

- (i) the historical figures of leasing fee paid or payable by BAFM to the Company for the lease of office and storage premises in the past three years;
- (ii) the expected increase in areas of premises to be leased by BAFM due to daily operational needs in the next three years; and
- (iii) the potential increase in the leasing fee for premises and comprehensive management fees.

## Pricing policy

In determining the leasing fees, the Company has designated 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 report the comparison results to their supervisors to ensure that the level of rent payable by BAFM to the Company 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 BAFM Premises Leasing Agreement to ensure that the terms are on normal commercial terms as follows:

1. Prior to entering into the BAFM Premises Leasing Agreement, the relevant department of the Company gathered information on the historical leasing fees paid or payable by BAFM under previous agreement(s) between the Company and BAFM for lease of office and storage premises and conducted cross-checks against the leasing fees offered to other independent third parties within the area of Beijing Capital Airport.

2. Prior to the implementation of the transactions contemplated under the BAFM Premises Leasing Agreement, the principal officer(s) in the relevant department lodged applications within the Company, which were subject to a preliminary review conducted by the managers of the relevant 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 has been completed, the relevant transactions contemplated under the BAFM Premises Leasing Agreement were considered and approved by the Board.
3. The independent non-executive Directors have reviewed and would continue to review the transactions under the BAFM Premises Leasing Agreement in accordance with the Listing Rules to ensure that such transactions are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to its contractual terms.
4. The auditors of the Company will conduct annual review of the transactions contemplated under the BAFM Premises Leasing Agreement in relation to the pricing policies 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 BAFM Premises Leasing 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 BAFM PREMISES LEASING AGREEMENT**

BAFM has maintained a long-term and stable relationship with the Company and is familiar with the operation of the Beijing Capital Airport. Leasing of the relevant terminal premises to BAFM for daily office or operation use will help increase the Company's non-aeronautical revenue, which is beneficial to the Company's development.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the BAFM Premises Leasing 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 BAFM Premises Leasing Agreement are in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

The Company is principally engaged in the operation of the 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 Civil Aviation Administration of China, which is a state bureau administered by the Ministry of Transport of the PRC.

BAFM is principally engaged in restaurant and other food and beverage businesses. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, it is a wholly-owned subsidiary of the Parent Company.

## **BOARD'S APPROVAL**

The BAFM Premises Leasing 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 BAFM. Moreover, while the executive Directors and the non-executive Directors concurrently serve as director or senior management of the Parent Company, none of the Directors personally has any material interest in the transactions contemplated under the BAFM Premises Leasing Agreement entered into by the Company and BAFM. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the BAFM Premises Leasing 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. BAFM is a wholly-owned subsidiary of the Parent Company. As such, BAFM is an associate of the Parent Company and therefore a connected person of the Company. Accordingly, the BAFM Premises Leasing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.



As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the BAFM Premises Leasing Agreement is more than 0.1% but less than 5%, the BAFM Premises Leasing Agreement is subject to the reporting, annual review and announcement requirements, but is 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
“BAFM”	Beijing Capital Airport Food Management Company Limited* (北京首都機場餐飲發展有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Parent Company
“BAFM Premises Leasing Agreement”	the premises leasing agreement dated 29 December 2022 entered into between the Company and BAFM, the details of which are set out in this announcement
“Beijing Capital Airport”	Beijing Capital International Airport
“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(s)”	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
“H Share(s)”	overseas listed foreign share(s) 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 who has a material interest in the transactions contemplated under the BAFM Premises Leasing Agreement, as the case may be

“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 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” and the website of the Company at <http://www.bcia.com.cn>.*

\* *For identification purpose only*