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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 BGS PREMISES LEASING AGREEMENT

BGS PREMISES LEASING AGREEMENT

Reference is made to the announcement of the Company dated 28 December 2021 in respect of the Former Terminal Premises Leasing Framework Agreement. The Former Terminal Premises Leasing Framework Agreement will expire on 31 December 2022. Given that the parties intend to carry out transactions of a similar nature from time to time, and in order to consolidate the premises resources of the Company and optimise its assets management, the Company and BGS entered into the BGS Premises Leasing Agreement.

The Board announces that on 29 December 2022, the Company entered into the BGS Premises Leasing Agreement with BGS, pursuant to which the Company (as lessor) agreed to lease certain premises (including office and storage premises, lounges and check-in counters) of Terminal 2 and Terminal 3 of Beijing Capital Airport to BGS (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. 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 BGS 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 applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the BGS Premises Leasing Agreement is more than 0.1% but less than 5%, the BGS Premises Leasing 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.

BACKGROUND

Reference is made to the announcement of the Company dated 28 December 2021 in respect of the Former Terminal Premises Leasing Framework Agreement. The Former Terminal Premises Leasing Framework Agreement will expire on 31 December 2022. Given that the parties intend to carry out transactions of a similar nature from time to time, and in order to consolidate the premises resources of the Company and optimise its assets management, the Company and BGS entered into the BGS Premises Leasing Agreement.

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BGS PREMISES LEASING AGREEMENT

Material terms of the BGS Premises Leasing Agreement

Date

29 December 2022

Parties

- (a) The Company (as lessor); and
- (b) BGS (as lessee).

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

Term

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

Consideration

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

The rental for premises includes, among other things, the land usage fee, the depreciation and amortisation of premises, the regular maintenance fee of premises and the maintenance fee of public area. The unit prices of rental for each of the premises are set out in the BGS 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 service and facilities to BGS, 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 BGS 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 BGS under the BGS Premises Leasing Agreement.

Payment

The leasing fee payable by BGS for the lease of terminal premises shall be made on an annual basis by cheque or bank transfer to the Company.

Security deposit

Within 10 working days from the date of execution of the BGS Premises Leasing Agreement, BGS shall pay security deposit in the amount of RMB5,091,115.26 to the designated account of the Company as security for the timely payment of fees payable by BGS, the maintenance of equipment and facilities at the premises in satisfactory condition, and the compensation for losses incurred by the Company as a result of any breach of the BGS Premises Leasing Agreement by BGS. The Company shall return to BGS the security deposit without interest (after deducting any outstanding amount payable by BGS) within 30 days from the date on which the BGS Premises Leasing

Agreement has expired, or has been discharged for reasons unrelated to BGS's breach of the BGS 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 BGS Premises Leasing Agreement without any violation of third party rights and that there is no actual or potential litigation, arbitration, dispute or other defects in title which may affect the use of premises by BGS.
- (2) The Company shall provide BGS with the leased premises in accordance with the BGS 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 BGS 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 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 laws and the BGS Premises Leasing Agreement.

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

- (1) BGS shall pay the leasing fee and energy usage fee in accordance with the BGS Premises Leasing Agreement.
- (2) BGS shall use the leased premises in accordance with the leasing purpose and business scope as stipulated in the BGS Premises Leasing Agreement and 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 BGS Premises Leasing 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 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, BGS shall not sublease, transfer or mortgage the leased premises or create any third party interests in any form.
- (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) and 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 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

The following table shows the historical figures of leasing fee paid by BGS to the Company for the lease of terminal premises:

	For the year ended 31 December 2020 (RMB) (Audited)	For the year ended 31 December 2021 (RMB) (Audited)	For the year ending 31 December 2022 (RMB) (Unaudited)
Leasing fee paid by BGS to the Company for the lease of terminal premises	52,722,000	53,439,000	56,039,000 <i>(Note)</i>
Annual caps	110,000,000	120,000,000	65,000,000

Note: Since the audited figure for the leasing fee payable by BGS to the Company for the lease of terminal 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 BGS to the Company for the lease of terminal premises 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 BGS Premises Leasing Agreement are as follows:

	For the year ending 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)
Annual caps	70,000,000	70,000,000	70,000,000

The above annual caps are determined with reference to the following factors:

- (1) the historical figures of leasing fee paid or payable by BGS to the Company for the lease of terminal premises in the past three years;
- (2) the expected increase in areas of premises to be leased by BGS due to daily operational needs for the three years ending 31 December 2025; and
- (3) 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 BGS 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 BGS Premises Leasing Agreement to ensure that the terms are on normal commercial terms as follows:

1. Prior to entering into the Premises Framework Agreement, the relevant department of the Company gathered information on the historical leasing fees paid or payable by BGS under the Former Terminal Premises Leasing Framework Agreement 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 BGS 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 BGS 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 contemplated under the BGS Premises Leasing 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 reviews of the transactions contemplated under the BGS 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 fees payable by the Company under the BGS 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 fees does not exceed the annual caps.
3. If such amount of fees 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/or the Independent Shareholders in accordance with the requirements of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BGS PREMISES LEASING 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, the leasing of the relevant terminal premises to BGS for daily office work or operations is conducive to increasing the non-aeronautical revenues of the Company and is 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 BGS 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 BGS 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 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 and advertising agency services and other businesses to its subsidiaries.

BGS is principally engaged in the provision of passenger and cargo transportation ground services, aircraft stopover parking apron services, passenger and cargo sales agency services, and other services in relation to aviation transportation.

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 are 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 Exchange Securities Trading Limited (Stock Code: S58). 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 BGS 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 BGS. 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 BGS Premises Leasing Agreement entered into by the Company and BGS. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the BGS 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. 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 BGS 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 applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the BGS Premises Leasing Agreement is more than 0.1% but less than 5%, the BGS Premises Leasing 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 a non-wholly-owned subsidiary of the Parent Company
“BGS Premises Leasing Agreement”	the premises leasing agreement dated 29 December 2022 entered into between the Company and BGS, the details of which are set out in this announcement
“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
“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 28 December 2021 entered into between the Company and BGS
“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 BGS Premises Leasing 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 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*