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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

PURCHASE OF TEMPORARY STORAGE AND

LOST AND FOUND SERVICES AGREEMENT

PURCHASE OF TEMPORARY STORAGE AND LOST AND FOUND SERVICES AGREEMENT

The Board announces that, on 30 December 2022, the Company and Beijing Airport Tourism Business entered into the Purchase of Temporary Storage and Lost and Found Services Agreement, pursuant to which Beijing Airport Tourism Business agreed to provide passengers at T1, T2 and T3 with temporary storage of belongings for security inspection (excluding collection of passengers' temporarily stored belongings at the security inspection site) and lost and found services, for a term of one year commencing from 1 January 2023 to 31 December 2023.

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 Airport Tourism Business is a wholly-owned subsidiary of the Parent Company, Beijing Airport Tourism Business is therefore a connected person of the Company. Accordingly, the Purchase of Temporary Storage and Lost and Found Services 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 Purchase of Temporary Storage and Lost and Found Services Agreement is more than 0.1% but less than 5%, the Purchase of Temporary Storage and Lost and Found Services 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 30 December 2022, the Company and Beijing Airport Tourism Business entered into the Purchase of Temporary Storage and Lost and Found Services Agreement, pursuant to which Beijing Airport Tourism Business agreed to provide passengers at T1, T2 and T3 with temporary storage of belongings for security inspection (excluding collection of passengers' temporarily stored belongings at the security inspection site) and lost and found services, for a term of one year commencing from 1 January 2023 to 31 December 2023.

PURCHASE OF TEMPORARY STORAGE AND LOST AND FOUND SERVICES AGREEMENT

Material terms of the Purchase of Temporary Storage and Lost and Found Services Agreement

The material terms of the Purchase of Temporary Storage and Lost and Found Services Agreement are set out as follows:

Date

30 December 2022

Parties

- (a) the Company; and
- (b) Beijing Airport Tourism Business.

Term

The Purchase of Temporary Storage and Lost and Found Services Agreement is for a term of one year commencing from 1 January 2023 to 31 December 2023.

Services

Pursuant to the Purchase of Temporary Storage and Lost and Found Services Agreement, Beijing Airport Tourism Business agreed to provide passengers at T1, T2 and T3 with temporary storage of belongings for security inspection (excluding collection of passengers' temporarily stored belongings at the security inspection site) and lost and found services, including:

- (i) the custody, return and expiration reminder to passengers in respect of their temporarily stored belongings for security inspection at T1, T2 and T3 (excluding collection of passengers' temporarily stored belongings at the security inspection site);

- (ii) collection, registration, custody and return of lost and found items, and information publication of lost items at T1, T2 and T3; and
- (iii) handling of temporarily stored belongings and lost and found items not collected within the specified timeframe agreed or prescribed by applicable laws.

In the event that any of the above-mentioned belongings or items involve dangerous goods, Beijing Airport Tourism Business shall relocate such belongings or items to the warehouse outside the terminal buildings and provide relevant round trip transportation services. Valuable and other belongings or items shall be kept in the warehouse inside the terminal buildings provided by the Company. The warehouse shall comply with the applicable regulations and requirements of the relevant authorities in respect of security surveillance, fire safety and explosion proof.

The above-mentioned services shall be made available by Beijing Airport Tourism Business on a 24-hour basis and all the service staff should receive training and refresher training in respect of the handling of dangerous goods and obtain the relevant qualifications.

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 Airport Tourism Business with office premises, resting areas, tools and materials storage premises and relevant utilities and resources, mobile network and radio necessary for the smooth implementation of the temporary storage of belongings and the lost and found services;
2. The Company shall have the right to supervise the quality of services provided by Beijing Airport Tourism Business, and the communication skills and service attitude of their operating personnel, and to impose penalties on Beijing Airport Tourism Business for any complaints of passengers due to its poor management; and
3. The Company shall provide certain tools and materials upon request by Beijing Airport Tourism Business or otherwise authorise Beijing Airport Tourism Business to procure the same from the original supplier(s) or other designated suppliers based on the Company's procurement management requirements and the Company shall have the right to supervise and check such procurement process.

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

1. Beijing Airport Tourism Business shall accept the Company's management, supervision and inspection of its work and improve its work on its own initiatives or in accordance with the Company's requirements. Beijing Airport Tourism Business shall maintain proper record of its services and work for the Company's review and inspection;

2. Beijing Airport Tourism Business shall carefully use and take proper care of the premises, rooms, equipment, facilities, tools and materials provided by the Company, and shall not change the use, structure, design and decoration of the premises and rooms and intentionally damage or waste the equipment, facilities, tools, materials, energy, resources and etc.; and
3. Beijing Airport Tourism Business shall not assign or sub-contract services agreed to be provided by it under the Purchase of Temporary Storage and Lost and Found Services Agreement to any third party in any form.

Consideration and payment

Pursuant to the Purchase of Temporary Storage and Lost and Found Services Agreement, the service fee payable by the Company to Beijing Airport Tourism Business shall comprise the costs for (i) labour; (ii) transportation; (iii) warehouse; (iv) maintenance of the management system of security inspection database; (v) maintenance of the front desk system; (vi) operating consumables; and (vii) management fee.

The final amount of service fee payable by the Company is subject to adjustment based on the results of the quarterly appraisal on Beijing Airport Tourism Business's performance, covering, among other things, the quality of services, workload and safety management of Beijing Airport Tourism Business. Penalties calculated based on certain percentage of the management fee in an escalating scale or at a prescribed amount will be imposed depending on the circumstances and severity of the passengers' complaints or adverse effect on the work of Beijing Airport Tourism Business or other departments of the Company. Such appraisals could be carried out by the Company or any third parties engaged by the Company.

The service fee is payable by the Company to Beijing Airport Tourism Business on a quarterly basis. The Company shall make payment in respect of the final amount of service fee within 20 working days upon receiving the payment request from Beijing Airport Tourism Business and after deducting any penalty imposed according to the results of the appraisal.

Other material terms

As mentioned in the section headed "Purchase of Temporary Storage and Lost and Found Services Agreement – Material terms of the Purchase of Temporary Storage and Lost and Found Services Agreement – Services" above, the Company agreed to grant the right to use the warehouse at T2 and necessary appertaining passageways, stairs and facilities to Beijing Airport Tourism Business free of charge in order to facilitate the provision of relevant services by Beijing Airport Tourism Business under the Purchase of Temporary Storage and Lost and Found Services Agreement. Beijing Airport Tourism Business agreed to use and maintain such warehouse, subject to the management of and constraints imposed by the Company.

Historical figures

Historically, the Company had entered into agreement(s) with Beijing Airport Tourism Business pursuant to which similar transactions were conducted by Beijing Airport Tourism Business, namely the provision of temporary storage of belongings for security inspection (excluding collection of passengers' belongings at the security inspection site) and lost and found services to passengers at T1, T2 and T3. The historical transaction amount of the service fee paid by the Company to Beijing Airport Tourism Business in respect of such agreement(s) are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Service fee paid by the Company to Beijing Airport Tourism Business	9,839,000 <i>(Note 1)</i>	9,360,000 <i>(Note 1)</i>	8,038,000 <i>(Notes 1 and 2)</i>

Notes:

1. As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the service fee in respect of 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.
2. Since the figure for the service fee payable by the Company to Beijing Airport Tourism Business 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 service fee payable by the Company to Beijing Airport Tourism Business for the year ending 31 December 2022 will be below the de minimis threshold under Rule 14A.76 of the Listing Rules.

Annual cap

The Company expects the annual cap for the transactions contemplated under the Purchase of Temporary Storage and Lost and Found Services Agreement for the year ending 31 December 2023 to be RMB9,000,000, which is determined after taking into account the following factors:

- (i) the historical figures of service fee paid or payable by the Company to Beijing Airport Tourism Business for similar transactions in the past three years; and
- (ii) the expected change in demand of the relevant services and the number of passengers in the coming year.

Pricing policy

In determining the service fee under the Purchase of Temporary Storage and Lost and Found Services Agreement, the Company has designated staff to negotiate with Beijing Airport Tourism Business on pricing, and to obtain quotations from independent third parties (including at least two counterparties within the area of Beijing Capital Airport) and compare the level of service fee with the respective amount offered by independent third parties, and report the comparison results to their supervisors to ensure that the level of the service fee payable by the Company to Beijing Airport Tourism Business does not exceed the quotations offered by other independent third parties for the same period.

Internal control on pricing

The Company has implemented a management system to monitor the pricing standards for the transactions under the Purchase of Temporary Storage and Lost and Found Service Agreement to ensure that the terms are on normal commercial terms as follows:

1. Prior to the entering into of the Purchase of Temporary Storage and Lost and Found Services Agreement, the relevant division of the Company gathered information on the historical service fee paid or payable to Beijing Airport Tourism Business under previous agreement(s) between the Company and Beijing Airport Tourism Business for similar transactions and conducted cross-checks against the fees quoted by other independent third parties for similar services).
2. Prior to the implementation of the transactions contemplated under the Purchase of Temporary Storage and Lost and Found Services Agreement, the principal officer(s) in the relevant division of the Company 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 relevant internal control policies of the Company. Upon completion of the above internal review procedures, the relevant transactions contemplated under the Purchase of Temporary Storage and Lost and Found Services 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 Purchase of Temporary Storage and Lost and Found Services 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.

Internal control on review of annual cap

The Company has implemented the following internal control measures to ensure that the annual cap for the transactions contemplated under the Purchase of Temporary Storage and Lost and Found 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 transactions does not exceed the annual cap.
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.
4. The auditors of the Company will conduct annual review of the transactions contemplated under the Purchase of Temporary Storage and Lost and Found Services Agreement in relation to the pricing policies and annual cap contemplated thereunder in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE OF TEMPORARY STORAGE AND LOST AND FOUND SERVICES AGREEMENT

Beijing Airport Tourism Business possesses ample experience in operation and management in the areas of temporary storage of belongings and lost and found services, and it has satisfactorily performed its contractual obligations to the Company during the terms of the previous agreement(s) entered into between the Company and Beijing Airport Tourism Business. With well-established management systems in place, Beijing Airport Tourism Business is able to fulfil the various management requirements of the Company in respect of operations, services and safety. The provision of temporary storage of belongings and lost and found services by Beijing Airport Tourism Business will be conducive to ensuring the continuity of the existing services and the higher operational efficiency in execution of projects, as well as ensuring that the implementation of projects will better meet the actual needs of the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Purchase of Temporary Storage and Lost and Found Services Agreement is entered into on normal commercial terms that are fair and reasonable and the transactions contemplated thereunder 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, 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.

Beijing Airport Tourism Business is principally engaged in the development of tourist resources, hospitality management, tourist information services and import and export of merchandise and technology. To the best knowledge, information and belief of the Directors having made all reasonable enquires, Beijing Airport Tourism Business is a wholly-owned subsidiary of the Parent Company.

BOARD'S APPROVAL

The Purchase of Temporary Storage and Lost and Found Services Agreement and the transactions contemplated thereunder, including the annual cap, 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 Airport Tourism Business. 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 Purchase of Temporary Storage and Lost and Found Services Agreement entered into by the Company and Beijing Airport Tourism Business. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Purchase of Temporary Storage and Lost and Found Services Agreement and the transactions contemplated thereunder, including the annual cap.

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 Airport Tourism Business is a wholly-owned subsidiary of the Parent Company, Beijing Airport Tourism Business is therefore a connected person of the Company. Accordingly, the Purchase of Temporary Storage and Lost and Found Services 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 Purchase of Temporary Storage and Lost and Found Services Agreement is more than 0.1% but less than 5%, the Purchase of Temporary Storage and Lost and Found Services 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

“Beijing Airport Tourism Business”	Beijing Capital Airport Tourism Business Co., Ltd.* (北京首都機場旅業有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Parent Company
“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(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	novel coronavirus
“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 Purchase of Temporary Storage and Lost and Found Services 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

“Purchase of Temporary Storage and Lost and Found Services Agreement”	the agreement dated 30 December 2022 entered into between the Company and Beijing Airport Tourism Business, pursuant to which Beijing Airport Tourism Business agreed to provide passengers at T1, T2 and T3 temporary storage of belongings for security inspection (excluding collection of passengers’ belongings at the security inspection site) and lost and found services
“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
30 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*