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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

### TERMINALS DRINKING WATER FACILITY MANAGEMENT

### SERVICES AGREEMENT

#### **TERMINALS DRINKING WATER FACILITY MANAGEMENT SERVICES AGREEMENT**

The Board announces that, on 30 December 2022, the Company and Beijing Zhongpeng entered into the Terminals Drinking Water Facility Management Services Agreement, pursuant to which Beijing Zhongpeng agreed to provide the Company with services of surveillance and maintenance, sanitisation and disinfection, supply of bottled water for emergency, and water quality assessment to the drinking water facility in the Terminals 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 Zhongpeng is a wholly-owned subsidiary of the Power and Energy Company, which is in turn a wholly-owned subsidiary of the Parent Company, Beijing Zhongpeng is therefore a connected person of the Company. Accordingly, the Terminals Drinking Water Facility Management 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 transactions contemplated under the Terminals Drinking Water Facility Management Services Agreement is more than 0.1% but less than 5%, the Terminals Drinking Water Facility Management 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 Zhongpeng entered into the Terminals Drinking Water Facility Management Services Agreement, pursuant to which Beijing Zhongpeng agreed to provide the Company with services of surveillance and maintenance, sanitisation and disinfection, supply of bottled water for emergency, and water quality assessment to the drinking water facility in the Terminals for a term of three years commencing from 1 January 2023 to 31 December 2025.

## **TERMINALS DRINKING WATER FACILITY MANAGEMENT SERVICES AGREEMENT**

### **Material Terms of the Terminals Drinking Water Facility Management Services Agreement**

The material terms of the Terminals Drinking Water Facility Management Services Agreement are set out as follows:

#### ***Date***

30 December 2022

#### ***Parties***

- (1) the Company; and
- (2) Beijing Zhongpeng.

#### ***Term***

The Terminals Drinking Water Facility Management Services Agreement is for a term of three years commencing from 1 January 2023 to 31 December 2025.

#### ***Services***

Pursuant to the Terminals Drinking Water Facility Management Services Agreement, Beijing Zhongpeng agreed to provide the Company with services of surveillance and maintenance, sanitisation and disinfection, supply of bottled water for emergency, and water quality assessment for the drinking water facility in the Terminals.

### ***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 necessary office space and area for storage of materials to ensure the smooth operations of services contemplated under the Terminals Drinking Water Facility Management Services Agreement, and shall have the right to conduct supervision and inspection on the usage of buildings and facilities provided by the Company to Beijing Zhongpeng;
2. the Company shall have the right to conduct assessment of the service quality and work effectiveness of the services provided by Beijing Zhongpeng during the term of the Terminals Drinking Water Facility Management Services Agreement, including but not limited to inspecting spot check records and complaint records;
3. the Company shall have the right to conduct supervision and inspection on the use, operations and maintenance of the drinking water facility and drinking water supply services; and
4. the Company shall have the right to oversee the quality assessment of the water supplied by Beijing Zhongpeng in accordance with all the assessment requirements and standards proposed by the regulatory authorities on hygiene.

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

1. Beijing Zhongpeng shall conduct services relating to drinking water facility, such as daily surveillance and maintenance, water sanitisation, disinfection and quality assessment, and supply of bottled water and paper cups in compliance with the requirements under the Terminals Drinking Water Facility Management Services Agreement, and shall ensure that the services provided are stable, safe, sustainable and efficient;
2. Beijing Zhongpeng shall strictly abide by the Company's various rules, regulations and management requirements, and shall proactively accept the inspection and supervision by the regulatory authorities on hygiene in accordance with the relevant regulations;
3. Beijing Zhongpeng shall be prohibited from carrying out illegal activities or activities that have not been permitted by the Company in the Terminals, and shall not disrupt the normal operations of the Terminals or affect and prejudice the rights and interests of the Company, the relevant airport-stationed units and staff of Beijing Capital Airport, passengers or other third parties; and
4. Beijing Zhongpeng shall cooperate with the Company's overall work deployment as well as operational needs during emergency situations, and shall accept and cooperate with the relevant urgent business adjustments and commands of the Company.

### *Consideration and payment*

Pursuant to the Terminals Drinking Water Facility Management Services Agreement, the total service fee payable by the Company to Beijing Zhongpeng shall comprise the following components:

- (i) annual labour service fee of not more than RMB1,119,763, which is the labour costs incurred for the provision of services by Beijing Zhongpeng and subject to adjustment depending on the commencement of operations of T1. If T1 has not fully commenced operations during the term of the Terminals Drinking Water Facility Management Services Agreement, the labour service fee will be reduced accordingly; if T1 has commenced operations during the term of the Terminals Drinking Water Facility Management Services Agreement, the Company shall settle the actual amount of labour service fee based on the period and area for actual commencement of operations;
- (ii) other fees incurred on an as-needed basis, including:
  - a. water quality inspection fee, which is calculated according to the number of testing on facility and the test reports;
  - b. facility sanitisation and disinfection service fee, which is calculated according to the type and number of facility required to be sanitised and disinfected;
  - c. fee for the supply of materials such as facility accessories and bottled water, which is calculated according to actual amount of such materials used on site; and
  - d. fees for the supply of paper cups, which are calculated with reference to (i) the actual passenger throughput of Beijing Capital Airport; (ii) the average consumption of paper cups per passenger; and (iii) the unit price of paper cups. During the term of the Terminals Drinking Water Facility Management Services Agreement, in the event that the estimated annual passenger throughput of Beijing Capital Airport subsequently exceeds 50 million, the Parties will separately negotiate and determine the fees for the supply of paper cups by way of supplemental agreement.

Furthermore, the actual amount of service fee is subject to adjustment(s) based on the (i) quarterly performance appraisal and (ii) penalties for water quality assessment. The Company will conduct performance appraisals of Beijing Zhongpeng on a quarterly basis and determine the amount of penalties according to the actual performance of Beijing Zhongpeng in respect of the transactions contemplated under the Terminals Drinking Water Facility Management Services Agreement. In addition, the Company has the right to oversee the quality assessment on the water supplied by Beijing Zhongpeng in accordance with all the assessment requirements and standards promulgated by the regulatory authorities on hygiene. Should Beijing Zhongpeng fails in any of the items under its water quality assessment(s), the Company has the right to penalise Beijing Zhongpeng by deducting the corresponding amount of service fee in accordance with the Terminals Drinking Water Facility Management Services Agreement.

In terms of the payment arrangement, the Company shall pay the service fee to Beijing Zhongpeng on a quarterly basis, by cheque or bank transfer. The Company shall make payment of service fee (after deducting the corresponding amounts based on the appraisal results) within 60 days from its receipt of payment application from Beijing Zhongpeng.

## Historical Figures

Historically, the Company had entered into agreement(s) with Beijing Zhongpeng pursuant to which similar transactions were conducted by Beijing Zhongpeng for the Company, namely the provision of services of surveillance and maintenance, sanitisation and disinfection, supply of barrelled water, supply of bottled water for emergency, and water quality assessment of the drinking water facility in the Terminals. The historical transaction amounts of the service fee paid by the Company to Beijing Zhongpeng in respect of such agreement(s) are set out below:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the period from 1 January 2022 to 30 November 2022</b>
	<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 Zhongpeng	5,157,000	4,368,000	2,978,000
	<i>(Note 1)</i>	<i>(Note 1)</i>	<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) in respect of the above-mentioned previous agreement(s) for the similar transactions 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 service fee paid or payable by the Company to Beijing Zhongpeng 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 Zhongpeng 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 Terminals Drinking Water Facility Management Services 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	5,800,000	5,800,000	5,800,000

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

- (i) the historical figures of service fee paid by the Company to Beijing Zhongpeng for similar transactions in the past three years; and
- (ii) the expected changes in the passenger throughput and the demand for drinking water by the passengers in the next three years.

## Pricing Policy

The service fee payable by the Company to Beijing Zhongpeng under the Terminals Drinking Water Facility Management Services Agreement comprises (i) the labour service fees; (ii) the fees incurred on an as-needed basis which are calculated based on the actual usage of the relevant services. In determining such fees, the Company has designated staff to obtain quotations from independent third parties (including at least two counterparties within the area of Beijing Capital Airport) and compare the level of (i) labour costs and (ii) other fees charged by Beijing Zhongpeng with the respective amount offered by independent third parties under other similar agreements, and report the comparison results to their supervisors to ensure that the level of the relevant fee and unit price payable by the Company 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 Terminals Drinking Water Facility Management Services Agreement to ensure that the terms are on normal commercial terms as follows:

1. Prior to the entering into of the Terminals Drinking Water Facility Management Services Agreement, the relevant department of the Company gathered information on the historical amount of service fee paid to Beijing Zhongpeng under previous agreement(s) for similar transactions and conducted cross-checks against the fees charged by Beijing Zhongpeng to other independent third parties for similar services.
2. Prior to the implementation of the transactions contemplated under the Terminals Drinking Water Facility Management Services Agreement, the principal officer(s) in the relevant department 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 Terminals Drinking Water Facility Management 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 Terminals Drinking Water Facility Management Services Agreement in accordance with the Listing Rules to ensure that such transactions are entered into on normal commercial terms that are fair and reasonable and carried out pursuant to its contractual terms.
4. The auditors of the Company will conduct annual review on the transactions under the Terminals Drinking Water Facility Management Services 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 Terminals Drinking Water Facility Management 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 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 TERMINALS DRINKING WATER FACILITY MANAGEMENT SERVICES AGREEMENT**

The Company has been engaged in long-term cooperation with Beijing Zhongpeng for more than 20 years. Beijing Zhongpeng first undertook the provision of drinking water services to passengers in T1 and T2 in 2001. Beijing Zhongpeng possesses extensive experience in the operation and maintenance of drinking water facility as well as in water supply management. It has satisfactorily performed its contractual duties and obligations during the terms of the previous agreement(s) entered into between the Company and Beijing Zhongpeng. In addition, Beijing Zhongpeng smoothly and effectively satisfied the requirements of safeguarding water supply for various emergency situations and major special occasions, and has comprehensive plans and extensive experience in handling emergency, thereby improving the Terminals' overall capability of responding to emergency, and contributing to the promotion and development of the Company's service brand.

In light of the above reasons, the provision of drinking water facility management services by Beijing Zhongpeng will be conducive to supporting the daily operations of Beijing Capital Airport and improving the service quality and efficiency to passengers.

The Directors (including the independent non-executive Directors) are of the view that the Terminals Drinking Water Facility Management 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 Zhongpeng is an indirect wholly-owned subsidiary of the Parent Company and is principally engaged in manufacturing and sale of distilled water for consumption, various beverage products and their packaging materials, and drinking water facilities and equipment.



## **BOARD'S APPROVAL**

The Terminals Drinking Water Facility Management Services 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 Zhongpeng. 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 Terminals Drinking Water Facility Management Services Agreement entered into by the Company and Beijing Zhongpeng. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Terminals Drinking Water Facility Management Services 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 Zhongpeng is a wholly-owned subsidiary of the Power and Energy Company, which is in turn a wholly-owned subsidiary of the Parent Company, Beijing Zhongpeng is therefore a connected person of the Company. Accordingly, the Terminals Drinking Water Facility Management 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 transactions contemplated under the Terminals Drinking Water Facility Management Services Agreement is more than 0.1% but less than 5%, the Terminals Drinking Water Facility Management Services Agreement is subject to the reporting, announcement and annual review 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 Capital Airport”	Beijing Capital International Airport
“Beijing Zhongpeng”	Beijing Zhongpeng Drinking Water Co., Ltd.* (北京中鵬飲料水有限公司), a limited liability company established in the PRC which is a wholly-owned subsidiary of the Power and Energy Company

“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 Terminals Drinking Water Facility Management 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
“Parties”	the Company and Beijing Zhongpeng
“Power and Energy Company”	Capital Airports Power and Energy Co., Ltd* (北京首都機場動力能源有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Parent 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
“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
“Terminals”	collectively, T1, T2 and T3
“Terminals Drinking Water Facility Management Services Agreement”	the agreement dated 30 December 2022 entered into between the Company and Beijing Zhongpeng, pursuant to which Beijing Zhongpeng agreed to provide the Company with services of surveillance and maintenance, sanitisation and disinfection, supply of bottled water for emergency, and water quality assessment for the drinking water facility in the Terminals
“%”	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*