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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

ENTRUSTED PROJECT MANAGEMENT FRAMEWORK AGREEMENT

ENTRUSTED PROJECT MANAGEMENT FRAMEWORK AGREEMENT

The Board announces that, on 23 February 2023, the Company and the Parent Company entered into the Entrusted Project Management Framework Agreement, pursuant to which the Company agreed to entrust the Parent Company (as the project manager) to manage the construction projects of the Company with an investment amount of RMB5,000,000 or above, for a term commencing from 23 February 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. The Parent Company is therefore a connected person of the Company. Accordingly, the Entrusted Project Management Framework 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 Entrusted Project Management Framework Agreement is more than 0.1% but less than 5%, the Entrusted Project Management Framework 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 23 February 2023, the Company and the Parent Company entered into the Entrusted Project Management Framework Agreement, pursuant to which the Company agreed to entrust the Parent Company (as the project manager) to manage construction projects of the Company with an investment amount of RMB5,000,000 or above, for a term commencing from 23 February 2023 to 31 December 2023.

ENTRUSTED PROJECT MANAGEMENT FRAMEWORK AGREEMENT

Material terms of the Entrusted Project Management Framework Agreement

The material terms of the Entrusted Project Management Framework Agreement are set out as follows:

Date

23 February 2023

Parties

- (1) the Company; and
- (2) the Parent Company (as the project manager).

Term

The Entrusted Project Management Framework Agreement is for a term commencing from 23 February 2023 to 31 December 2023.

Services

Pursuant to the Entrusted Project Management Framework Agreement, the Company agreed to entrust the Parent Company (as the project manager) to manage the construction projects of the Company with an investment amount of RMB5,000,000 or above. The Parent Company shall:

- (i) carry out project management work based on the approval documents for project establishment or the requirements of the approved project proposal, in order to ensure that the construction management process and the quality of the construction comply with the laws and regulations of the PRC as well as the procedures and requirements of the Company, the funding approval body and the Parent Company;

- (ii) implement project management work of the construction projects to be entrusted by the Company and efficiently perform the various duties of the Company (as the legal person of the projects) throughout the entire process, including but not limited to the preparation of the project establishment (in lieu of feasibility report), the planning of the construction design and the handling of the relevant procedures, the procurement of relevant contractors and the execution of various contracts, and the performance of its duties in management, construction, inspection and acceptance on completion, settlement of project fees, and transfer of the projects; and
- (iii) assist the Company in preparing financial budgets and obtaining necessary approvals in order to ensure the safety, quality and timely completion of the construction projects.

In respect of any relevant construction projects to be managed by the Parent Company for the Company, the Parties shall enter into separate definitive agreement(s) in respect of the entrusted management of such project(s) in order to set out each Party's rights and obligations, subject to the relevant procurement management regulations and requirements of the Company and the terms of the Entrusted Project Management Framework Agreement. In case of any inconsistencies between the definitive agreement(s) and the Entrusted Project Management Framework Agreement, the Entrusted Project Management Framework Agreement shall prevail.

Consideration and payment

Pursuant to the Entrusted Project Management Framework Agreement, the entrusted management fee payable by the Company to the Parent Company shall be calculated based on the actual costs incurred by the Parent Company for the management of the relevant construction projects, which comprise the costs for (i) labour; (ii) transportation; (iii) travelling; (iv) management; (v) consultation; and (vi) printing. Apart from the entrusted management fee, the Parent Company shall not require the Company to pay any other fees in relation to its work. For further details of the entrusted management fee rate, please refer to the section headed "Pricing policy" of this announcement.

The payment of entrusted management fee will be made in a lump sum or periodically (e.g. monthly, quarterly or annually) as agreed in the definitive agreement(s), depending on the specific conditions of the construction projects.

Material rights and obligations of the Parties

The material rights and obligations of the Company are set out as follows:

1. the Company shall be responsible for the submission of project establishment documents and for obtaining approval from the superior competent departments;
2. the Company shall ensure the timely payment of funds for their intended purposes relating to the projects, and has the right to adopt relevant measures to supervise the usage of the funds;

3. the Company shall assist the Parent Company in coordinating with major external parties (including but not limited to the relevant governmental bodies), and shall prepare the relevant documents for obtaining the necessary approval;
4. the Company shall have the right to supervise, inspect and examine the implementation process of the projects, including but not limited to the progress, quality, safety, tender and procurement process and costs of the projects;
5. the Company shall have the right to supervise the production safety of the projects in accordance with the safety management regulations of the relevant administrative authorities of the airport in which the projects are situated; and
6. the Company shall have the right to increase the frequency and the scope of the supervision and sampling inspection depending on the actual situation of the projects in accordance with the relevant requirements set out in laws, regulations, rules and technical specifications.

The material rights and obligations of the Parent Company are set out as follows:

1. the Parent Company shall prepare the preliminary design documents in accordance with the approval documents for project establishment (in lieu of feasibility report) and the users' requirements. Upon the approval of the preliminary design documents by the Company, the Parent Company shall commence the application and approval procedures;
2. the Parent Company shall carry out the tender process and the procurement of facilities in accordance with the relevant requirements of the Company, and shall negotiate and enter into contracts with the successful bidders, and shall implement the project in accordance with the terms of the contracts;
3. the Parent Company shall formulate a construction timetable for each of the projects and report the same to the Company, and shall carry out the construction in accordance with the timetable;
4. the Parent Company shall ensure that the funds of the projects are used for their intended purposes, and propose a plan for the use of funds according to the progress of the projects;
5. the Parent Company shall be responsible for the comprehensive management of the progress, quality and safety of the projects, and the cost control of the projects;
6. the Parent Company shall organise completion acceptance and industry acceptance of the projects on behalf of the Company; and
7. the Parent Company shall formulate a plan for the maintenance and repair of facilities according to the requirements of the projects, and shall enter into contracts in respect of the same.

Historical figures

The Company did not conduct any similar transaction with the Parent Company in relation to entrusted project management services in the past.

Annual cap

The Company expects the annual cap for the transactions contemplated under the Entrusted Project Management Framework Agreement for the year ending 31 December 2023 to be RMB8,500,000, which is determined after taking into account the following factors:

- (i) the expected number of construction projects and the investment amount of construction projects to be undertaken by the Company in 2023; and
- (ii) the charging standard for entrusted management fee in accordance with the “Contractor Management Fee Rate Table” (建設單位管理費費率表) as set out in the “Measures for the Budget Estimation of Civil Aviation Construction Projects” (民航建設工程概算編製辦法) published by the Airport Department of the CAAC on 21 April 2008.

Pricing policy

The entrusted management fee rate shall be determined with reference to the pricing standard prescribed by the relevant government authorities and on the basis of labour costs and other costs and expenses.

According to the “Measures for the Budget Estimation of Civil Aviation Construction Projects” (民航建設工程概算編製辦法), the entrusted management fee of a project shall be included in the approved preliminary design budget of such project. The entrusted management fee rate under the definitive agreement(s) to be entered into in respect of the Entrusted Project Management Framework Agreement shall comply with the “Contractor Management Fee Rate Table” (建設單位管理費費率表) published by CAAC, pursuant to which the fee rate will be calculated on a degressive scale in proportion to the project scale and based on the total construction costs. Details of the calculation of entrusted management fee rates are as follows: (i) 1.5% in respect of the total construction costs below RMB10,000,000; (ii) 1.2% in respect of the total construction costs between RMB10,010,000 and RMB50,000,000; (iii) 1.0% in respect of the total construction costs between RMB50,010,000 and RMB100,000,000; (iv) 0.8% in respect of the total construction costs between RMB100,010,000 and RMB500,000,000; (v) 0.5% in respect of the total construction costs between RMB500,010,000 and RMB1,000,000,000; (vi) 0.4% in respect of the total construction costs between RMB1,000,010,000 and RMB2,000,000,000; (vii) 0.3% in respect of the total construction costs between RMB2,000,010,000 and RMB5,000,000,000; (viii) 0.2% in respect of the total construction costs between RMB5,000,010,000 and RMB10,000,000,000; and (ix) 0.1% in respect of the total construction costs of more than RMB10,000,000,000.

In respect of the amount of entrusted management fee under the Entrusted Project Management Framework Agreement, the Company currently estimates that such entrusted management fee payable by the Company to the Parent Company will not exceed the labour costs and the related fees that would be incurred by the Company if the Company independently implements each of the relevant projects. Furthermore, the Company has gathered information to compare the level of entrusted management fee rate charged by the Parent Company with the respective fee rate offered by independent third parties in at least 2 similar arrangements of entrusted management services for construction projects in domestic airports, and considers that the level of the entrusted management fee rate charged by the Parent Company to the Company is not less favourable than that offered by other independent third parties for similar arrangements.

Internal control on pricing

The Company has implemented a management system which is able to monitor the pricing standards for the transactions under the Entrusted Project Management Framework Agreement to ensure that the terms are on normal commercial terms as follows:

1. Prior to the entering into of the Entrusted Project Management Framework Agreement, the relevant department of the Company conducted cross-checks against the fees charged by other independent third parties for similar services.
2. Prior to the signing of the definitive agreement(s) and the implementation of the transactions contemplated under the Entrusted Project Management Framework Agreement, the principal officer(s) in the relevant department of the Company is required to lodge applications within the Company, which are 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 definitive agreement(s) and the implementation of the transactions contemplated under the Entrusted Project Management Framework Agreement will be considered and approved by the Board.
3. The independent non-executive Directors will review and will continue to review the transactions contemplated under the Entrusted Project Management Framework 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 on the transactions contemplated under the Entrusted Project Management Framework Agreement in relation to the pricing policy and annual cap contemplated thereunder in accordance with the Listing Rules.

Internal control on review of annual cap

The Company has implemented the following internal control measures which are able to ensure that the annual cap for the transactions contemplated under the Entrusted Project Management Framework Agreement will not be exceeded:

1. The finance department of the Company provides the secretariat to the Board with information in relation to the actual transaction amounts on a monthly basis.
2. The secretariat to the Board is responsible for monitoring such transactions to ensure that the total amount of transactions does not exceed the annual 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED PROJECT MANAGEMENT FRAMEWORK AGREEMENT

The Board considers that the entering into of the Entrusted Project Management Framework Agreement with the Parent Company will be conducive to further strengthening the control of the entire process of construction project management and ensuring that the various construction projects of the Beijing Capital Airport and the management thereof will meet the professional technical requirements and the construction management standards of the airport industry. Further, the adoption of the entrusted project management mechanism will facilitate the uniform planning and construction of the infrastructure development projects situated within the area of the Beijing Capital Airport, increase the Company's efficiency of construction management of its infrastructure projects, and reduce the cost of project management, thereby enhancing the cost effectiveness of the Company and improving its control of investment efficiency.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Entrusted Project Management Framework 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 CAAC, which is a state bureau administered by the Ministry of Transport of the PRC.

BOARD'S APPROVAL

The Entrusted Project Management Framework Agreement and the transactions contemplated thereunder, including the annual cap, were approved by the Board.

As at the date of this announcement, Mr. Wang Changyi (executive Director and the chairman of the Board), Mr. Han Zhiliang (executive Director), Mr. Jia Jianqing (non-executive Director) and Mr. Song Kun (non-executive Director) concurrently serve as director or senior management of the Parent Company. Therefore, the above Directors are deemed or may be perceived to have a material interest in the Entrusted Project Management Framework Agreement and have abstained from voting on the Board resolutions approving the Entrusted Project Management Framework Agreement and the transactions contemplated thereunder, including the annual cap. Save as disclosed above, no other Directors have a material interest in the Entrusted Project Management Framework Agreement and the transactions contemplated thereunder and have abstained from voting on the Board resolutions approving the same, 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. The Parent Company is therefore a connected person of the Company. Accordingly, the Entrusted Project Management Framework 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 Entrusted Project Management Framework Agreement is more than 0.1% but less than 5%, the Entrusted Project Management Framework 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 Capital Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CAAC”	Civil Aviation Administration of China
“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
“Director(s)”	the director(s) of the Company
“Entrusted Project Management Framework Agreement”	the framework agreement dated 23 February 2023 entered into between the Company and the Parent Company, pursuant to which the Company agreed to entrust the Parent Company (as the project manager) to manage the Company’s construction projects with an investment amount of RMB5,000,000 or above
“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 Entrusted Project Management Framework 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 parties to the Entrusted Project Management Framework Agreement, namely the Company and 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
“%”	per cent

By order of the Board
Meng Xianwei
Secretary to the Board

Beijing, the PRC
23 February 2023

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*