

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 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 ASSETS MANAGEMENT AGREEMENT

#### **ENTRUSTED ASSETS MANAGEMENT AGREEMENT**

On 27 September 2023, the Company and the Parent Company entered into the Entrusted Assets Management Agreement, pursuant to which the Parent Company agreed to entrust the Company to provide management services in respect of the Assets for a term of three years commencing from 1 October 2023 to 30 September 2026. Such services include (i) daily repair and maintenance, security and property management of the Assets; (ii) operation of the Assets and the related property management and maintenance work; (iii) establishment and implementation of entrusted assets management system based on the conditions of the Assets; and (iv) regular inspection and preservation of security of the Assets.

#### **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 transactions contemplated under the Entrusted Assets Management Agreement 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 Entrusted Assets Management Agreement is more than 0.1% but less than 5%, the Entrusted Assets Management Agreement is therefore 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**

On 27 September 2023, the Company and the Parent Company entered into the Entrusted Assets Management Agreement, pursuant to which the Parent Company agreed to entrust the Company to provide management services to the Parent Company in respect of the Assets for a term of three years commencing from 1 October 2023 to 30 September 2026. Such services include (i) daily repair and maintenance, security and property management of the Assets; (ii) operation of the Assets and the related property management and maintenance work; (iii) establishment and implementation of entrusted assets management system based on the conditions of the Assets; and (iv) regular inspection and preservation of security of the Assets.

## **ENTRUSTED ASSETS MANAGEMENT AGREEMENT**

### **Material terms of the Entrusted Assets Management Agreement**

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

#### ***Date***

27 September 2023

#### ***Parties***

- (a) the Company (as the entrusted party); and
- (b) the Parent Company (as the entrusting party)

#### ***Scope of services***

Pursuant to the Entrusted Assets Management Agreement, the Parent Company agreed to entrust the Company to manage the Assets, in respect of which the Company is responsible for the security and safekeeping, fire safety, internal safety and operation and management, including the following:

- (i) daily repair and maintenance, security and property management of the Assets (including the execution of related agreements);
- (ii) operation of the Assets and the related property management and maintenance work, including but not limited to civil engineering, cleaning, greening, fire safety monitoring, maintenance of high and low voltage system, and the daily maintenance of facilities relating to housing, water supply, heat supply, electrical and natural gas supply (including the execution of related agreements);
- (iii) establishment and implementation of entrusted assets management system based on the conditions of the Assets; and

(iv) regular inspection and preservation of security of the Assets.

The Company does not have any right to transfer, pledge or otherwise cause any changes in the ownership of the Assets. Any addition of other management business of the Company shall be subject to prior written consent from the Parent Company.

### ***Information of the Assets***

The Assets comprise two buildings located at Beijing Capital Airport (with a gross floor area of approximately 8,500 square metres in total) which are used for the security of operations for large-scale conferences and events and the emergency transportation of Beijing Capital Airport.

### ***Term***

The Entrusted Assets Management Agreement is for a term of three years commencing from 1 October 2023 to 30 September 2026.

### ***Effective date***

The Entrusted Assets Management Agreement shall become effective upon its execution by the legal representative or authorised representative of the Parties and the affixation of company seal thereof.

### ***Consideration and payment***

The total amount of entrusted management fees (inclusive of value-added tax of 6%) during the term of the Entrusted Assets Management Agreement shall be RMB98,579,820, with the annual amount of entrusted management fee being RMB32,859,940. The Parent Company shall make the payment of RMB16,429,970 on a half-yearly basis on 31 March and 30 September each year during the term of the Entrusted Assets Management Agreement. Such management fees, including all costs borne by the Company in relation to the management of the Assets, are determined based on cost method. For details of the basis of determining the entrusted management fees, please refer to the section headed "Pricing policy" below.

### ***Delivery and return of the Assets***

The Parent Company shall deliver the Assets to the Company on 30 September 2023. At the time of delivery, the Parties shall hand over and inspect the Assets according to a list of Assets and sign a handover form in respect of the Assets.

The Company shall return the Assets to the Parent Company on the earlier of (i) the expiration of the term of the Entrusted Assets Management Agreement; (ii) the date of termination of the Entrusted Assets Management Agreement; and (iii) the date on which the non-defaulting Party notifies the defaulting Party in writing of the termination of the Entrusted Assets Management Agreement due to breach of contract.

The Company shall ensure that all equipment and facilities within the scope of the Assets will be returned without damage (save for normal depreciation) and shall be responsible for repair or compensation if it has caused damage to the Assets.

### ***Costs and expenses in relation to the Assets***

During the term of the Entrusted Assets Management Agreement, the Parent Company shall bear the reconstruction costs, costs for major repair (where such costs reach more than 50% of the taxable basis at the time of delivery of the fixed assets, and the service life of the fixed assets is extended by more than 2 years after repair), expenses for refurbishment of equipment (with the single unit value being RMB3,000 or more), real estate tax, land tax, property insurance and public liability insurance in relation to the Assets, and fees for appraisal of housing safety in relation to structural safety. The reconstruction, major repair, and refurbishment of equipment shall be implemented by the Company and shall be subject to written consent and authorisation from the Parent Company.

During the term of the Entrusted Assets Management Agreement, the Company shall bear all relevant costs for the management of the Assets, including but not limited to the assurance of security, renovation, repair and maintenance (other than major repair), labour costs, property fee, energy fee, and fees for appraisal of housing safety that does not involve structural safety.

### ***Other material terms***

The Parent Company shall provide a complete list of Assets to the Company as the basis for the Company to establish a record of the Assets under management. The Parent Company has the right to formulate the management system and process for the Assets according to its own needs and supervise and instruct the Company's and its contractual counterparties' performance of contract, breach of contract and handling of litigation.

The Parent Company has the right to conduct regular inspections on the safety and reasonable use of the Assets. If any irregularities are discovered during the inspection, the Parent Company also has the right to request the Company to rectify forthwith and make a written report within 10 days after making the rectification.

The Company shall use the Assets properly and maintain the existing use and integrity of the Assets. Without written consent of the Parent Company, the Company shall not change the existing use of the Assets.

### **Historical transaction amounts**

As no similar entrusted assets management services were provided by the Company to the Parent Company in the past, there is no historical figure available for disclosure in respect of the fees for such services.

## Annual caps

It is expected that the annual caps for the transactions contemplated under the Entrusted Assets Management Agreement are as follows:

	<b>For the three months ending 31 December 2023 (RMB)</b>	<b>For the year ending 31 December 2024 (RMB)</b>	<b>For the year ending 31 December 2025 (RMB)</b>	<b>For the nine months ending 30 September 2026 (RMB)</b>
Annual caps	8,500,000	38,000,000	44,000,000	38,000,000

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

- (i) relevant costs borne by the Company in relation to the management of the Assets;
- (ii) the possible increase in the scope of management services; and
- (iii) the potential increase in the costs for operation, repair and maintenance of the Assets.

## Pricing policy

The management fees under the Entrusted Assets Management Agreement are determined with reference to the cost and expenses to be borne by the Company, including but not limited to the assurance of security, renovation, repair and maintenance (other than major repair), labour costs, property fees, energy fee and fee for appraisal of housing safety that does not involve structural safety. The Company has completed an enquiry procedure in relation to the costs and expenses for the services to be provided by the Company under the Entrusted Assets Management Agreement. It is currently estimated by the Company that such costs and expenses will be covered by the management fees payable by the Parent Company under the Entrusted Assets Management Agreement, and therefore the Company considers that the management fees are reasonable.

## Internal control on pricing

The Company has implemented a management system to monitor the pricing standards for the transactions under the Entrusted Assets Management Agreement to ensure that such terms are on normal commercial terms. Such system is described as below:

1. Prior to the execution of the agreement, the principal officer(s) in the relevant department shall lodge applications within the Company, which will be 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. After the above internal review process has been completed, the transactions contemplated under the Entrusted Assets Management Agreement shall be considered and approved by the Board.

2. The independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the Entrusted Assets Management Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.
3. The auditors of the Company will conduct annual review on the transactions contemplated under the Entrusted Assets Management Agreement in relation to the pricing policy 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 Entrusted Assets Management 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 ENTRUSTED ASSETS MANAGEMENT AGREEMENT**

As the Assets are supplementary resources which support the daily operation of Beijing Capital Airport, the direct management of such Assets by the Company under the Entrusted Assets Management Agreement will better facilitate the Company's use of such Assets and enhance the benefits and values of its resources. Through the Company's management of the Assets, it will be able to coordinate and optimise resources allocation of Beijing Capital Airport and enhance its overall security capability and coordinated operation efficiency, thereby maximising the value of its resources. As a result, the Company will be able to give full play to its role as an airport management entity which is responsible for operation safety and unified coordination. The Company will also be able to better organise its operation support resources and coordinated management mechanisms in the area of Beijing Capital Airport by continuously optimising and improving travellers' arrival and

departure procedures and constantly providing support to various types of air transportation. The provision of safe, smooth and high-quality traveller services will continue to enhance the brand value of Beijing Capital Airport, as well as increase the recognition, favorability and confidence of travellers and the society in the Company and Beijing Capital Airport.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Entrusted Assets Management Agreement is entered into on normal commercial terms that are fair and reasonable, and the transactions contemplated under the Entrusted Assets Management 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, 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 Assets Management Agreement and the transactions contemplated thereunder, including the annual caps, 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), Mr. Song Kun (non-executive Director) and Mr. Du Qiang (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 transactions contemplated under the Entrusted Assets Management Agreement and have abstained from voting on the Board resolutions to approve the Entrusted Assets Management 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. The Parent Company is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Entrusted Assets Management Agreement 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 Entrusted Assets Management Agreement is more than 0.1% but less than 5%, the Entrusted Assets Management Agreement is therefore 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

“Assets”	collectively, the buildings numbered 6 and 9 at Beijing Capital Airport (with a gross floor area of approximately 8,500 square metres in total) which are used for the security of operations for large-scale conferences and events and the emergency transportation of Beijing Capital Airport
“associate(s)”	has the same meaning ascribed to it in 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”	has the same meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Assets Management Agreement”	the entrusted assets management agreement dated 27 September 2023 entered into between the Company (as the entrusted party) and the Parent Company (as the entrusting party) for the provision of management services in respect of the Assets by the Company to the Parent Company
“H Share(s)”	overseas listed foreign share(s) of nominal value of RMB1.00 each in the registered capital of the Company
“Independent Shareholders”	the Shareholders other than the Parent Company, its associates and any other Shareholder with a material interest in the transactions contemplated under the Entrusted Assets Management 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
“Party(ies)”	collectively, 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 the order of the Board  
**Li Bo**  
*Secretary to the Board*

Beijing, the PRC  
27 September 2023

*As at the date of this announcement, the Directors of the Company are:*

*Executive Directors: Mr. Wang Changyi and Mr. Han Zhiliang*

*Non-executive Directors: Mr. Jia Jianqing, Mr. Song Kun and Mr. Du Qiang*

*Independent Non-executive Directors: Mr. Zhang Jiali, Mr. Stanley Hui Hon-chung, Mr. Wang Huacheng and Ms. Duan Donghui*

*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.com.hk> under “Latest Listed Company Information” and the website of the Company at <http://www.bcia.com.cn>.*

\* *For identification purpose only*