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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

BACT PREMISES LEASING AGREEMENT

BACT PREMISES LEASING AGREEMENT

The Board announces that on 3 November 2023, the Company entered into the BACT Premises Leasing Agreement with BACT, pursuant to which the Company (as lessor) agreed to lease certain office and storage premises of Terminals 2 and 3 of Beijing Capital Airport to BACT (as lessee) for a term of two years, commencing from 1 January 2024 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. BACT is a wholly-owned subsidiary of the Parent Company and is therefore a connected person of the Company. Accordingly, the BACT 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 BACT Premises Leasing Agreement is more than 0.1% but less than 5%, the BACT 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

The Board announces that on 3 November 2023, the Company entered into the BACT Premises Leasing Agreement with BACT, pursuant to which the Company (as lessor) agreed to lease certain office and storage premises of Terminal 2 and Terminal 3 of Beijing Capital Airport to BACT (as lessee) for a term of two years, commencing from 1 January 2024 to 31 December 2025.

BACT PREMISES LEASING AGREEMENT

Material terms of the BACT Premises Leasing Agreement

Date

3 November 2023

Parties

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

Subject matter

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

Term

The BACT Premises Leasing Agreement is for a term of two years, commencing from 1 January 2024 to 31 December 2025.

Consideration

BACT shall pay leasing fee and energy usage fee to the Company in relation to the lease of terminal premises in accordance with the terms of the BACT Premises Leasing Agreement.

The leasing fee comprises (i) the rental for premises and (ii) the comprehensive management fees. The rental for premises includes, among other things, the land usage fee, the apportionment of depreciation of the premises, the regular maintenance fee of the premises and the maintenance fee of the public area. The unit prices of rental for the premises are set out in the BACT 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 refer to the fees for the provision of basic service and facilities to BACT, including fees relating to hygiene, environmental protection, greening, security, insurance and fire control, which includes fees for lavatories, handling of passageway waste, cleaning of public area, and interior security.

In line with the Company's arrangements with its tenants (including independent third parties of the Company) at the terminal premises of Beijing Capital Airport, energy usage fee for the consumption of electricity and other energy of the leased premises will be collected by the Company from BACT and remitted to the relevant energy supplier.

Payment

The leasing fee of terminal premises shall be paid by BACT on a half-yearly basis by bank transfer to the Company, on or before 10 January and 10 July of each year. The energy usage fee shall be transferred on a monthly basis by cheque or remittance to the designated bank account of the Company.

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 BACT 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 BACT.
- (2) The Company shall provide BACT with the leased premises in accordance with the BACT 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, waste disposal and interior greening and ensure that the leased premises is in safe and satisfactory condition, and BACT 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 BACT, the corresponding expenses incurred shall be borne by BACT.

- (4) The Company shall not interfere with the normal operations of BACT except for performing airport management duties or conducting inspection in accordance with the laws and the BACT Premises Leasing Agreement.
- (5) During the term of the BACT Premises Leasing Agreement, the Company shall not take back the leased premises except for reasons agreed under the BACT Premises Leasing Agreement.

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

- (1) BACT shall pay the leasing fee and energy usage fee in accordance with the BACT Premises Leasing Agreement.
- (2) BACT shall use the leased premises in accordance with the leasing purpose and business scope as stipulated in the BACT Premises Leasing Agreement and properly take care of and maintain the structure, facilities, equipment, decoration and renovation of the leased premises. BACT 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, BACT shall not sublease, transfer or mortgage the leased premises or create any third party interests in any form.
- (4) BACT and their staff shall abide by and implement the management systems of the Company and ensure the normal operations of the terminals. BACT shall accept the supervision and inspection of the Company on aspects such as safe production, fire protection, hygiene and service quality, etc.
- (5) BACT 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.
- (6) BACT and their staff shall not engage in any activities in the name of the Company within the leased premises, or engage in any illegal activities in the terminal of Beijing Capital Airport. Furthermore, BACT shall not engage in any economic activities or loans in the name of the Company. BACT shall pay all taxes and fees to the relevant tax, industry and commerce departments in a timely manner, and all debts and liabilities of BACT shall not affect the Company in any manner.
- (7) Upon termination or rescission of the BACT Premises Leasing Agreement, BACT shall return the leased premises on time and ensure that the leased premises, related facilities and equipment are in good condition and shall not be dismantled, misappropriated or damaged.

Historical transaction amounts

Historically, the Company had entered into agreement(s) with BACT pursuant to which the Company leased certain office and storage premises of Terminal 2 and Terminal 3 of Beijing Capital Airport and provided the necessary appertaining passageways, stairs and facilities to BACT. The historical transaction amounts for the lease of office and storage premises from the Company to BACT in respect of such agreement(s) are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Historical transaction amounts for the lease of office and storage premises from the Company to BACT	6,805,000 <i>(Note 1)</i>	6,805,000 <i>(Note 1)</i>	5,103,489 <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 leasing fee paid or payable by BACT to the Company under the above-mentioned previous agreement(s) was, or is expected to be, below the de minimis threshold under Rule 14A.76 of the Listing Rules, the transactions contemplated thereunder were, or 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 of the historical transaction amount for the leasing of terminal premises from the Company to BACT for the year ending 31 December 2023 is not yet available, this figure is for the nine months ended 30 September 2023. The Company expects that the leasing fee payable by BACT to the Company for the lease of office and storage premises for the year ending 31 December 2023 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 BACT Premises Leasing Agreement for the two years ending 31 December 2025 are as follows:

	For the year ending 31 December 2024	For the year ending 31 December 2025
	<i>(RMB)</i>	<i>(RMB)</i>
Annual caps	7,000,000	7,000,000

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

- (i) the historical transaction amounts for the lease of office and storage premises from the Company to BACT in the past three years;
- (ii) the anticipated potential increase in the area of premises to be leased by BACT due to daily operational needs for the two years ending 31 December 2025; and
- (iii) the potential increase in the leasing fee for premises to be leased to BACT.

Pricing policy

In determining the leasing fee, the Company has designated staff to cross-check the level of rent set out under other leasing agreements or offered by independent third parties (including at least three lease counterparties within the area of Beijing Capital Airport), and report the comparison results to their supervisors to ensure that the level of rent payable by BACT to the Company will not be less than that offered by 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 BACT Premises Leasing Agreement to ensure that the terms are on normal commercial terms. Such system is described as below:

1. Prior to entering into the BACT Premises Leasing Agreement, the relevant department of the Company gathered information on the historical transaction amount under the previous agreement(s) for lease of office and storage premises and conducted cross-checks against the leasing fee charged to other independent third parties within the area of Beijing Capital Airport. 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 relevant internal control policies of the Company. After the above internal review process has been completed, the transactions contemplated under the BACT Premises Leasing Agreement have been considered and approved by the Board.
2. The independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the BACT 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.
3. The auditors of the Company will conduct annual review on the transactions contemplated under the BACT Premises Leasing 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 BACT 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 BACT PREMISES LEASING AGREEMENT

BACT has maintained a long-term and stable cooperative relationship with the Company, and is very familiar with the operational situations of the Beijing Capital Airport. Leasing the relevant terminal premises to the BACT for its daily office operation is conducive to increasing the Company's non-aeronautical revenues of the Company and is beneficial to the Company's development.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the BACT 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 BACT 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. 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.

BACT is principally engaged in conducting trading and retail business and is a wholly-owned subsidiary of the Parent Company.

BOARD'S APPROVAL

The BACT 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 BACT. 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 BACT Premises Leasing Agreement entered into by the Company and BACT. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the BACT 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. BACT is a wholly-owned subsidiary of the Parent Company and is therefore a connected person of the Company. Accordingly, the BACT Premises Leasing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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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
“BACT”	Beijing Capital Airport Commercial & Trading Co., Ltd.* (北京首都機場商貿有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Parent Company
“BACT Premises Leasing Agreement”	the premises leasing agreement dated 3 November 2023 entered into between the Company and BACT, 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”	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 BACT 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
Li Bo
Secretary to the Board

Beijing, the PRC
3 November 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.hk> under “Latest Listed Company Information” and the website of the Company at <http://www.bcia.com.cn>.

** For identification purpose only*