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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 FINANCIAL SERVICES AGREEMENT

#### **FINANCIAL SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 25 October 2017 and the circular of the Company dated 15 November 2017 in respect of, among other things, the Former Financial Services Agreement. The Former Financial Services Agreement will expire on 31 December 2020. As the parties intend to carry out transactions of a similar nature from time to time, the Company and Finance Company entered into the Financial Services Agreement as a renewal agreement.

The Board announces that on 23 November 2020, the Company entered into the Financial Services Agreement with Finance Company, pursuant to which Finance Company agreed to provide a range of financial services to the Company, including but not limited to deposit services, loan and guarantee services, settlement services, bill acceptance and discounting services, and financial and financing advisory services, for a term of three years commencing from 1 January 2021 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 Finance Company is a subsidiary of the Parent Company, Finance Company is therefore a connected person of the Company. Accordingly, the Financial Services 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 maximum daily balance of deposits under the Financial Services Agreement (including the interest accrued thereon) is more than 0.1% but less than 5%, the provision of

deposit services by Finance Company to the Company under the Financial Services Agreement is subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The loan and guarantee services to be provided by Finance Company to the Company under the Financial Services Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Company. Given that such financial assistance is on normal commercial terms or on terms similar to or more favourable than those offered by independent third parties for comparable services in the PRC, which is not secured by the assets of the Company, it is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the service fees payable by the Company to Finance Company for the provision of other financial services by Finance Company to the Company under the Financial Services Agreement is less than 0.1% and falls within the de minimis threshold stipulated under Rule 14A.76 of the Listing Rules, and the terms are on normal commercial terms or better, the provision of other financial services by Finance Company to the Company under the Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **FINANCIAL SERVICES AGREEMENT**

### **Background**

Reference is made to the announcement of the Company dated 25 October 2017 and the circular of the Company dated 15 November 2017 in respect of, among other things, the Former Financial Services Agreement. The Former Financial Services Agreement will expire on 31 December 2020. As the parties intend to carry out transactions of a similar nature from time to time, the Company and Finance Company entered into the Financial Services Agreement as a renewal agreement.

The Board announces that on 23 November 2020, the Company entered into the Financial Services Agreement with Finance Company, pursuant to which Finance Company agreed to provide a range of financial services to the Company, including but not limited to deposit services, loan and guarantee services, settlement services, bill acceptance and discounting services, and financial and financing advisory services, for a term of three years commencing from 1 January 2021 to 31 December 2023.

### **Material terms of the Financial Services Agreement**

#### ***Date***

23 November 2020

### ***Parties***

- (a) the Company; and
- (b) Finance Company.

### ***Services***

Pursuant to the Financial Services Agreement, the Company agreed to engage Finance Company to provide a range of financial services to the Company, including but not limited to deposit services, loan and guarantee services, settlement services, bill acceptance and discounting services, and financial and financing advisory services.

### ***Term***

The Financial Services Agreement is for a term of three years commencing from 1 January 2021 to 31 December 2023.

### ***Major terms***

1. The interest rate to be paid by Finance Company for the Company's deposits shall not be lower than the benchmark interest rate of the PBOC for comparable deposits for the same period.
2. The interest rate to be charged by Finance Company for the loans from Finance Company to the Company shall not be higher than that charged for comparable loans of other commercial banks in the PRC.
3. The service fees to be charged by Finance Company for the provision of settlement services, bill acceptance and discounting services, and financial and financing advisory services shall not be higher than that charged by ordinary commercial banks in the PRC for comparable services. The amount of service fees shall be determined by arm's length negotiations between the parties.

### **Capital risk management measures**

Finance Company shall implement the following capital risk management measures to safeguard the Company from the potential risks involved in the provision of financial services under the Financial Services Agreement:

1. Finance Company shall strengthen its scientific management and strict compliance with the risk control indicators stipulated by the CBIRC and other regulatory authorities.
2. Finance Company shall implement periodic evaluation system and establish internal control system as well as risk control indicators to ensure the safe and stable operation of fund management.

The Directors (including the independent non-executive Directors) consider that the above capital risk management measures are adequate to cover the risks involved in the provision of financial services by Finance Company to the Company.

### **Internal control on pricing**

There are stringent internal control policies with regard to financial service transactions. The finance department of the Company would compare the deposit rates and service fees as quoted from the counterparties with the terms obtained from other independent third parties to ensure that the most favourable terms are obtained. In addition, the transactions will be reported to and approved by the head of the finance department of the Company.

The internal control policies will also be applied to the transactions with Finance Company to ensure the interest rate payable for the Company's deposits with Finance Company shall not be lower than the interest rate payable by the PBOC for comparable deposits and such interest shall be payable by Finance Company on a quarterly basis by way of crediting cash into the deposit account of the Company.

The independent non-executive Directors and auditors of the Company will conduct annual review of the transactions contemplated under the Financial Services Agreement.

### **Annual caps**

#### *Deposit services*

Enterprises in the aviation industry have been severely hit by the impact brought by the outbreak of COVID-19. In view of the COVID-19 pandemic, the recovery of the aviation industry is not optimistic, and the Company's business is expected to be continuously affected. It is anticipated that the cash flow of the Company will continue to be under pressure for the remainder of this year and the three years ending 31 December 2023. In light of the current and future conditions of operation, the Company intends to lower the maximum daily balance of deposits (including the interest accrued thereon) with Finance Company from RMB1,000,000,000 to RMB500,000,000.

In light of the above, it is expected that the maximum daily balance of deposits (including the interest accrued thereon) to be placed by the Company with Finance Company from time to time during the term of the Financial Services Agreement for each of the three years ending 31 December 2021, 2022 and 2023 will not exceed RMB500,000,000, after taking into account the expected cash flow requirements of the Company and considering the operation and development plan of the Company.

The Directors (including the independent non-executive Directors) are of the view that the caps in respect of the maximum daily balance of deposits (including the interest accrued thereon) to be placed by the Company with Finance Company are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### ***Loan and guarantee services***

In view of the loan and guarantee services to be provided by Finance Company to the Company, which are to be on normal commercial terms or on terms that are similar to or more favourable than those offered by independent third parties for comparable services in the PRC, given that no security over the assets of the Company will be granted in respect of the loan and guarantee, the provision of loan and guarantee services by Finance Company to the Company under the Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to the requirements under Rule 14A.90 of the Listing Rules, and no annual cap has been set for the service fees to be charged by Finance Company for the provision of such services to the Company.

The Directors (including the independent non-executive Directors) consider that the provision of loan and guarantee services by Finance Company to the Company pursuant to the Financial Services Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Other financial services***

The Company expects that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps in respect of the service fees payable by the Company to Finance Company for the provision of other financial services under the Financial Services Agreement is less than 0.1% and falls within the de minimis threshold stipulated under Rule 14A.76 of the Listing Rules. The other financial services to be provided by Finance Company to the Company shall be on normal commercial terms or on terms that are no less favourable than those offered by other independent third parties for comparable services in the PRC. Accordingly, the provision of other financial services by Finance Company to the Company under the Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the applicable reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the amount of service fees for the other financial services to be provided by Finance Company to the Company under the Financial Services Agreement exceeds the de minimis threshold stipulated under Rule 14A.76 of the Listing Rules.

### **Historical figures**

The following table shows the historical transaction figures in respect of the provision of the deposit services by Finance Company to the Company:

	<b>For the year ended 31 December 2018 (RMB)</b>	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the ten months ended 31 October 2020 (RMB)</b>
Maximum daily balance of deposits (including the interest accrued thereon)	911,635,000	903,730,000	806,027,000 <i>(Note)</i>
Caps for the maximum daily balance of deposits (including the interest accrued thereon)	1,000,000,000	1,000,000,000	1,000,000,000

*Note:* This represents the maximum daily balance of deposits (including the interest accrued thereon) placed by the Company with Finance Company for the ten months ended 31 October 2020. The Company confirms that the maximum daily balance of deposits (including the interest accrued thereon) for the year ending 31 December 2020 has not been exceeded as at the date of this announcement and is not expected to be exceeded on or before 31 December 2020.

#### **Reasons for and benefits of entering into the Financial Services Agreement**

1. The rates on loans, guarantee and deposits to be offered by Finance Company to the Company will be similar to or more favourable than those offered by commercial banks in the PRC.
2. Finance Company is regulated by the PBOC and the CBIRC, and provides its services in accordance with the rules and operational requirements of these regulatory authorities. In addition, capital risks can be reduced through the implementation of the risk control measures stipulated under the Financial Services Agreement.
3. The Company is expected to benefit from Finance Company's better understanding of the operation of the Company, which will facilitate more expedient and efficient services than those rendered by other commercial banks in the PRC. In the event that the Company considers that it is necessary to obtain loan and guarantee from Finance Company in view of its business development and financial needs, it is expected that the time required for the examination and approval of the loans and guarantee to be provided by Finance Company will be shorter than that required by other commercial banks in the PRC.
4. Pursuant to the relevant regulations of the PBOC and the CBIRC, the customers of Finance Company are limited to the Parent Company and its subsidiaries and associated companies (including the Company), thereby reducing the risks that Finance Company may otherwise be exposed to if its customers include other entities unrelated to the Parent Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Financial Services Agreement is entered into on normal commercial terms that are fair and reasonable, and the transactions contemplated under the Financial Services Agreement are on terms no less favourable than those available from independent third parties under the prevailing local market conditions, in the ordinary and usual course of business of the Company, and in the interests 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, including supply of water, electricity, steam and energy, airport management services and counter services.

Finance Company, which was incorporated on 8 October 2008, is a non-bank financial institution approved by the CBIRC. It is principally engaged in the provision of financial services to the Parent Company as well as its subsidiaries and associated companies (including the Company). As at the date of this announcement, Finance Company serves more than 200 customers.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the equity interest of Finance Company is directly owned as to 90% by the Parent Company, as to 5% by Beijing Airport Commercial and Trading, and as to 5% by Beijing Airport Advertising; and each of Beijing Airport Commercial and Trading and Beijing Airport Advertising is a wholly-owned subsidiary of the Parent Company. The ultimate beneficial owner of the Parent Company is the Civil Aviation Administration of China, which is a state bureau administered by the Ministry of Transport of the PRC.

## **BOARD'S APPROVAL**

The Financial Services Agreement was approved by the Board.

As at the date of this announcement, there is no overlapping directors between the Company and the Parent Company or Finance Company. Certain executive and non-executive Directors concurrently serve as the general manager and deputy general managers of the Parent Company only, and there is no overlapping senior management between the Company and Finance Company. Moreover, none of the Directors personally has any material interest in the transactions contemplated under the Financial Services Agreement. Therefore, none of the Directors abstained from voting at the Board meeting to approve the Financial Services Agreement and the transactions contemplated thereunder.

## 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 Finance Company is a subsidiary of the Parent Company, Finance Company is therefore a connected person of the Company. Accordingly, the Financial Services 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 maximum daily balance of deposits (including the interest accrued thereon) under the Financial Services Agreement is more than 0.1% but less than 5%, the provision of the deposit services by Finance Company to the Company under the Financial Services Agreement is subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The loan and guarantee services to be provided by Finance Company to the Company under the Financial Services Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Company. Given that such financial assistance is on normal commercial terms or on terms that are similar to or more favourable than those offered by independent third parties for comparable services in the PRC, which is not secured by the assets of the Company, it is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the service fees payable by the Company to Finance Company for the provision of other financial services by Finance Company to the Company under the Financial Services Agreement is less than 0.1% and falls within the de minimis threshold stipulated under Rule 14A.76 of the Listing Rules, and the terms are on normal commercial terms or better, the provision of other financial services by Finance Company to the Company under the Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“associates”	has the meaning ascribed to it in the Listing Rules
“Beijing Airport Advertising”	Beijing Capital Airport Advertising Company Limited* (北京首都機場廣告有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Parent Company



“Beijing Airport Commercial and Trading”	Beijing Capital Airport Commercial and Trading Company Limited* (北京首都機場商貿有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Parent Company
“Beijing Capital Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“Company”	Beijing Capital International Airport Co., Ltd, 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 in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“COVID-19”	novel coronavirus
“Director(s)”	the director(s) of the Company
“Finance Company”	Beijing Capital Airport Group Finance Company Limited* (北京首都機場集團財務有限公司), an indirect wholly-owned subsidiary of the Parent Company
“Financial Services Agreement”	the financial services agreement dated 23 November 2020 entered into between Finance Company and the Company in respect of the provision of various financial services by Finance Company to the Company
“Former Financial Services Agreement”	the financial services agreement dated 25 October 2017 entered into between the Company and Finance Company in respect of the provision of various financial services by Finance Company to the Company, details of which were disclosed in the announcement of the Company dated 25 October 2017 and the circular of the Company dated 15 November 2017
“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 Shareholder with a material interest in the transactions contemplated under the Financial Services Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parent Company”	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
“PBOC”	People’s Bank of China (中國人民銀行)
“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 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 November 2020

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

*Executive Directors:* Mr. Liu Xuesong, 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. Liu Guibin, Mr. Zhang Jiali and Mr. Stanley Hui Hon-chung

*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”, the website of the Company at <http://www.bcia.com.cn> and the website of Irasia.com at <http://www.irasia.com/listco/hk/bcia>.*

*\* For identification purpose only*