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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

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE DE-ICING SERVICES COOPERATION AGREEMENT;**

**AND**

**(2) TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
THE FORMER DE-ICING SERVICES COOPERATION AGREEMENT**

#### **DE-ICING SERVICES COOPERATION AGREEMENT**

On 17 November 2023, the Company and BGS entered into the De-icing Services Cooperation Agreement, pursuant to which the Company agreed to lease part of the de-icing vehicles and protection vehicles to BGS and entrust BGS to operate the station de-icing business within specific working areas agreed by the Parties in the western area of Beijing Capital Airport, for a term commencing from 17 November 2023 to 16 November 2026.

#### **TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FORMER DE-ICING SERVICES COOPERATION AGREEMENT**

Pursuant to the De-icing Services Cooperation Agreement, in order to align the term of such agreement with the duration of de-icing cycle of Beijing Capital Airport each year, the Company and BGS also agreed to terminate the Former De-icing Services Cooperation Agreement with effect from the commencement date of the term of the De-icing Services Cooperation Agreement. As disclosed in the announcement of the Company dated 19 January 2023 in relation to the Former De-icing Services Cooperation Agreement, the Company entered into the Former De-icing Services Cooperation Agreement with BGS in respect of the lease of part of the de-icing vehicles and protection vehicles to BGS and entrusted BGS to operate the station de-icing business within specific working areas agreed by the Parties in the western area of Beijing Capital Airport for a term commencing from 19 January 2023 to 31 December 2023.

The Directors confirm that (i) neither the Company nor BGS has to pay the other party any compensation as a result of the termination of the Former De-icing Services Cooperation Agreement; and (ii) the termination of the Former De-icing Services Cooperation Agreement is fair and reasonable and on normal commercial terms and will not cause any material adverse impact on the business, operations or financial conditions of the Company.

### **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 BGS is a subsidiary of the Parent Company, BGS is therefore a connected person of the Company. Accordingly, the De-icing Services Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.35 of the Listing Rules, if a previously announced connected transaction is subsequently terminated, this fact must be announced as soon as practicable. As the Former De-icing Services Cooperation Agreement and the transactions contemplated thereunder have been terminated with effect from the commencement date of the term of the De-icing Services Cooperation Agreement, the Company is required to make an announcement in respect of such termination.

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 De-icing Services Cooperation Agreement, when aggregated with the Previous Transactions, is more than 0.1% but less than 5%, the De-icing Services Cooperation 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.

### **DE-ICING SERVICES COOPERATION AGREEMENT**

On 17 November 2023, the Company and BGS entered into the De-icing Services Cooperation Agreement, pursuant to which, among other things, the Company agreed to lease part of the de-icing vehicles and protection vehicles to BGS and entrust BGS to operate the station de-icing business within specific working areas agreed by the Parties in Beijing Capital Airport, for a term commencing from 17 November 2023 to 16 November 2026.

#### **Material terms of the De-icing Services Cooperation Agreement**

The material terms of the De-icing Services Cooperation Agreement are set out as follows:

***Date***

17 November 2023

***Parties***

- (a) the Company; and
- (b) BGS

***Term***

From 17 November 2023 to 16 November 2026

***Subject matter***

Pursuant to the De-icing Services Cooperation Agreement, the Company agreed to lease the de-icing vehicles and protection vehicles to BGS and entrust BGS to operate the station de-icing business within specific working areas agreed by the Parties in the western area of Beijing Capital Airport. BGS may use the de-icing vehicles of the Company to carry out daily aircraft defrosting and aircraft stand and station de-icing operations.

BGS shall not sub-let the vehicles of the Company or operate the aircraft de-icing business with the de-icing vehicles of the Company at other airports or areas outside Beijing Capital Airport. Outside the de-icing period, BGS shall obtain written consent from the Company in order to change the use of the de-icing equipment and facilities, provided that such change of use would not damage the original function of the de-icing equipment and facilities.

***Consideration and payment***

Pursuant to the De-icing Services Cooperation Agreement, the amount of the leasing fee payable by BGS to the Company shall be determined in the following manner:

Leasing fee = Total revenue of BGS during the de-icing season x 70%

whereas,

Total revenue of BGS during the de-icing season = Total number of trips of the de-icing vehicles <sup>(Note 1)</sup>  
x fee per trip

whereas,

Fee per trip = Revenue from de-icing services per trip <sup>(Note 2)</sup> – RMB1,653 per trip <sup>(Note 3)</sup>

*Note 1:* The total number of trips of the de-icing vehicles will be determined based on the data in the Company's de-icing dispatch command system.

*Note 2:* Such amount will be determined in accordance with the fee standards of the de-icing services as agreed between BGS and the relevant airline companies.

*Note 3:* RMB1,653 is BGS's protection staff cost for the de-icing vehicle per trip.

The pricing terms of the De-icing Services Cooperation Agreement are no less favorable than those agreed between the Company and independent third party for the same nature of transactions during the same period. For details of the pricing terms, please refer to the section headed "Pricing policy" below in this announcement.

At the end of the de-icing season each year, the Parties will confirm the amount of the relevant de-icing income split during the de-icing season in writing.

### ***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 have the right to request information from BGS relating to the fee standards, service standards and safety operation standards of the de-icing services it provides;
- (2) the Company shall have the right to review the de-icing service agreements entered into by BGS and the airline companies;
- (3) the Company shall be responsible for formulating and continuously improving the "Aircraft Ground De-icing Operation Manual of Beijing Capital Airport";
- (4) the Company shall have the right, during the de-icing operation, to deploy the de-icing vehicles and de-icing liquid refill vehicles;
- (5) the Company shall have the ownership of or the right to sublet the de-icing equipment and facilities, and be obliged to ensure the equipment and facilities are in good condition and in the agreed quantity at handover; and
- (6) the Company shall have the right to supervise and appraise the de-icing preparation work for equipment, facilities and personnel, safety work and safety standards of BGS according to the agreement and the relevant standards of civil aircraft de-icing operations in the PRC.

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

- (1) BGS shall possess the necessary credentials and operation qualifications required under relevant laws and regulations in order to operate various businesses pursuant to the De-icing Services Cooperation Agreement;

- (2) BGS shall be responsible for formulating and continuously raising the service standards of de-icing operations and such service standards shall be announced upon approval by the Company; during the term of the De-icing Services Cooperation Agreement, providing de-icing services at least up to the services standards as stipulated;
- (3) BGS shall be responsible for formulating the fee standards of the de-icing services;
- (4) BGS shall be responsible for negotiating and entering into agreements relating to the de-icing and anti-icing services with the airline companies and bearing all taxes arising therefrom;
- (5) BGS shall be responsible for assisting the Company to formulate and improve the “Aircraft Ground De-icing Operation Manual of Beijing Capital Airport” and formulating the de-icing procedures and emergency response plans in accordance with such operation manual; and
- (6) BGS shall have the right to manage and use the de-icing equipment and facilities and shall take charge of and assume responsibilities for the on-site command and coordination.

### Historical transaction amounts

The historical transaction amounts in respect of the Former De-icing Services Cooperation Agreement and the Previous Transactions are as follows:

	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>
Historical transaction amounts of services provided by BGS	1,745	3,040	2,344 (Note 5)
Annual caps	40,500	– (Note 4)	10,000

*Note 4:* As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the leasing fee payable by BGS to the Company in respect of the Previous Transactions was expected to be below the de minimis threshold under Rule 14A.76 of the Listing Rules, the transactions contemplated thereunder were fully exempt from the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

*Note 5:* This figure is the historical amount of leasing fee under the Former De-icing Services Cooperation Agreement for the ten months ended 31 October 2023. Given that the Former De-icing Services Cooperation Agreement will be terminated from the commencement date of the De-icing Services Cooperation Agreement, its annual cap for the year ending 31 December 2023 has not been exceeded by the actual transaction amount.

## Annual caps

The Company expects that the annual caps for the transactions contemplated under the De-icing Services Cooperation Agreement are as follows:

	<b>For the period from 17 November 2023 to 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>	<b>For the year ending 31 December 2025 (RMB'000)</b>	<b>For the period from 1 January 2026 to 16 November 2026 (RMB'000)</b>
Annual caps	3,000	10,000	10,000	8,000

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

- (1) the estimated aircraft de-icing sorties and trips of the de-icing vehicles after considering the number of daily flights at Beijing Capital Airport and the number of days with rainy and snowy weather in winter;
- (2) the potential adjustment in the fee standards of the de-icing services as agreed between BGS and the airline companies; and
- (3) the related taxes.

## Pricing policy

The fees under the De-icing Services Cooperation Agreement are charged based on an income split model in order to encourage onsite de-icing efficiency and to safeguard the stable and safe operation of Beijing Capital Airport.

The income split model and ratio under the De-icing Services Cooperation Agreement are in line with those under the aircraft de-icing cooperation agreement(s) entered into between the independent third party service provider and the Company, i.e. aircraft de-icing vehicles usage fees payable to the Company represent 70% of the total de-icing revenue of the de-icing service provider.

## **Internal Control on Pricing**

The Company has implemented a management system to monitor the pricing standards for the transactions under the De-icing Services Cooperation Agreement to ensure that the terms are on normal commercial terms. Such system is described as below:

1. Prior to execution of the De-icing Services Cooperation Agreement, the relevant department gathered information on the historical transaction amounts of leasing fees under the Former De-icing Services Cooperation Agreement and the Previous Transactions, as well as the income split between the Company and other independent service provider(s) at Beijing Capital Airport.
2. Prior to the implementation of the transactions contemplated under the De-icing Services Cooperation Agreement, the principal officer(s) in the relevant department shall lodge applications within the Company, which are subject to a preliminary review conducted by the managers of the above respective departments of the Company, followed by a final review at the general manager office meeting in accordance with the internal control policies of the Company. Upon completion of the above internal review procedures, the transactions contemplated under the De-icing Services Cooperation Agreement were considered and approved by the Board.
3. The independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the De-icing Services Cooperation Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.
4. The auditors of the Company will conduct annual review on the transactions contemplated under the De-icing Services Cooperation 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 De-icing Services Cooperation 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 caps, 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.

## **TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FORMER DE-ICING SERVICES COOPERATION AGREEMENT**

Pursuant to the De-icing Services Cooperation Agreement, in order to align the term of such agreement with the duration of de-icing cycle of Beijing Capital Airport each year, the Company and BGS also agreed to terminate the Former De-icing Services Cooperation Agreement with effect from the commencement date of the term of the De-icing Services Cooperation Agreement. As disclosed in the announcement of the Company dated 19 January 2023 in relation to the Former De-icing Services Cooperation Agreement, the Company entered into the Former De-icing Services Cooperation Agreement with BGS in respect of the lease of part of the de-icing vehicles and protection vehicles to BGS and entrusted BGS to operate the station de-icing business within specific working areas agreed by the Parties in the western area of Beijing Capital Airport, for a term commencing from 19 January 2023 to 31 December 2023.

The Directors confirm that (i) neither the Company nor the Parent Company has to pay the other party any compensation as a result of the termination of the Former De-icing Services Cooperation Agreement; and (ii) the termination of the Former De-icing Services Cooperation Agreement is fair and reasonable and on normal commercial terms and will not cause any material adverse impact on the business, operations or financial conditions of the Company.

The Directors also confirm that the historical transaction amount under the Former De-icing Services Cooperation Agreement has not exceeded the relevant annual cap contemplated thereunder as disclosed in the announcement of the Company dated 19 January 2023 in relation to the Former De-icing Services Cooperation Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE DE-ICING SERVICES COOPERATION AGREEMENT**

The daily aircraft defrosting and aircraft stand and station de-icing operation are directly related to the operational efficiency and safety of Beijing Capital Airport. After a comprehensive assessment of the existing airlines, aircraft mechanics and supporting ground service providers, BGS is one of the only two service providers which have the capability and willingness to undertake the de-icing services at Beijing Capital Airport. Accordingly, pursuant to the deployment plan of Beijing Capital Airport for the 2023 de-icing season and after considering the capability of the relevant parties, BGS shall be responsible for the aircraft de-icing work in the western area of Beijing Capital Airport while the

other independent service provider is to be responsible for the aircraft de-icing work in the eastern area of Beijing Capital Airport. As an aircraft operation supporting service provider at Beijing Capital Airport, BGS is familiar with the airport operating environment and it possesses the capability and extensive experience in providing de-icing services to the airline companies. BGS is able to successfully complete the tasks for the winter de-icing support work and ensure the stable operation of Beijing Capital Airport.

Furthermore, as the commencement date of the term of the De-icing Services Cooperation Agreement is at or around the same time as the commencement date of the de-icing cycle of Beijing Capital Airport, it is expected that, result of the entry into such agreement and the corresponding termination of the Former De-icing Services Cooperation Agreement, the term of cooperation between the Company and BGS under the De-icing Services Cooperation Agreement will be aligned with the de-icing cycle of Beijing Capital Airport each year.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the De-icing Services Cooperation Agreement are on normal commercial terms and the transactions contemplated thereunder are fair and reasonable, and are in the interest of the Company and its 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.

BGS is principally engaged in the business of passenger and cargo transportation ground services, aircraft stopover parking apron services, passenger and cargo sales agency businesses, and other services in relation to aviation transportation.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, BGS is a non-wholly owned subsidiary of the Parent Company. The equity interests of BGS are held by the Parent Company, SATS Ltd. (新翔集團有限公司), China Southern Airlines Company Limited (中國南方航空股份有限公司) and China Eastern Airlines Corporation Limited (中國東方航空股份有限公司) as to 51%, 29%, 10% and 10%, respectively. 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. SATS Ltd. is a company listed on the Singapore Exchange Securities Trading Limited (Stock Code: S58). China Southern Airlines Company Limited is a company listed on the Main Board of the Stock Exchange (Stock Code: 01055) and the Shanghai Stock Exchange (Stock Code: 600029). China Eastern Airlines Corporation Limited is a company listed on the Main Board of the Stock Exchange (Stock Code: 00670) and the Shanghai Stock Exchange (Stock Code: 600115).

## **BOARD'S APPROVAL**

The De-icing Services Cooperation 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 BGS. Moreover, while the executive Directors and the non-executive Directors concurrently serve as directors or senior management of the Parent Company, none of the Directors personally has any material interest in the transactions contemplated under the De-icing Services Cooperation Agreement entered into by the Company and BGS. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the De-icing Services Cooperation 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 BGS is a subsidiary of the Parent Company, BGS is therefore a connected person of the Company. Accordingly, the De-icing Services Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.35 of the Listing Rules, if a previously announced connected transaction is subsequently terminated, this fact must be announced as soon as practicable. As the Former De-icing Services Cooperation Agreement and the transactions contemplated thereunder have been terminated with effect from the commencement date of the term of the De-icing Services Cooperation Agreement, the Company is required to make an announcement in respect of such termination.

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 De-icing Services Cooperation Agreement, when aggregated with the Previous Transactions, is more than 0.1% but less than 5%, the De-icing Services Cooperation 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:

“2018 De-icing Services Cooperation Framework Agreement”	the framework agreement dated 25 October 2018 entered into between the Company and BGS in respect of the cooperation arrangements of Company and BGS for a term of three years commencing from 1 November 2018 to 31 October 2021, including but not limited to (i) the leasing of the Company’s de-icing vehicles and protection vehicles to BGS; and (ii) the provision of station de-icing services by BGS to the Company for aircrafts at Beijing Capital Airport, details of which were disclosed in the relevant announcement of the Company dated 25 October 2018
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Capital Airport”	Beijing Capital International Airport
“BGS”	Beijing Aviation Ground Services Co., Ltd* (北京空港航空地面服務有限公司), a sino-foreign joint venture company established in the PRC and a non-wholly-owned subsidiary of the Parent Company
“Board”	the board of Directors
“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
“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
“De-icing Services Cooperation Agreement”	the agreement dated 17 November 2023 entered into between the Company and BGS, pursuant to which the Company agreed to lease part of the de-icing vehicles and protection vehicles to BGS and entrust BGS to operate the station de-icing business within specific working areas agreed by the Parties in the western area of Beijing Capital Airport
“Director(s)”	the director(s) of the Company

“Former De-icing Services Cooperation Agreement”	the agreement dated 19 January 2023 entered into between the Company and BGS in respect of the cooperation arrangements of the Company and BGS including but not limited to (i) the leasing of the Company’s de-icing vehicles and protection vehicles to BGS; and (ii) the provision of station de-icing services by BGS to the Company for aircrafts at Beijing Capital Airport, details of which were disclosed in the relevant announcement of the Company dated 19 January 2023
“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 De-icing Services Cooperation 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 BGS
“PRC”	the People’s Republic of China
“Previous Transactions”	the previous transactions between the Company and BGS whereby the Company leased part of the de-icing vehicles and protection vehicles to BGS and entrusted BGS to operate the station de-icing business within specific working areas agreed by the Parties in the western areas of Beijing Capital Airport after expiry of the 2018 De-icing Services Cooperation Framework Agreement in 2021 and 2022
“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  
17 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*