

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

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PURCHASE OF SERVICES FRAMEWORK AGREEMENT;
AND**

(2) TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FORMER PURCHASE OF SERVICES FRAMEWORK AGREEMENT

PURCHASE OF SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 29 January 2021 in respect of the Former Purchase of Services Framework Agreement, the term of which is from 1 February 2021 to 31 January 2024. As the Parties intend to carry out transactions of a similar nature from time to time, the Company and the Aviation Services Company entered into the Purchase of Services Framework Agreement.

The Board announces that on 22 December 2023, the Company entered into the Purchase of Services Framework Agreement with the Aviation Services Company, pursuant to which the Company may, according to actual demand, engage the Aviation Services Company to provide various services to the Company in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport, including (i) the provision of joint inspection services in the border control and customs areas of Terminal Two and Terminal Three of Beijing Capital Airport; (ii) the provision of business monitoring services; (iii) the provision of temporary storage and lost and found services; (iv) the deployment of other service staff for on-site daily operational services; and (v) other relevant services required by the Company for a term of three years commencing from 1 January 2024 to 31 December 2026.

TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FORMER PURCHASE OF SERVICES FRAMEWORK AGREEMENT

Pursuant to the Purchase of Services Framework Agreement, the Company and the Aviation Services Company also agreed to terminate the Former Purchase of Services Framework Agreement with effect from the date of the Purchase of Services Framework Agreement.

The Board confirms that (i) neither the Company nor the Aviation Services Company has to pay the other party any compensation as a result of the termination of the Former Purchase of Services Framework Agreement; and (ii) the termination of the Former Purchase of Services Framework 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 the Aviation Services Company is an indirect wholly-owned subsidiary of the Parent Company, the Aviation Services Company is therefore a connected person of the Company. Accordingly, the Purchase of Services Framework 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 Purchase of Services Framework Agreement and the transactions contemplated thereunder have been terminated with effect from the date of Purchase of Services Framework Agreement, the Company is required to make an announcement in respect of such termination.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase of Services Framework Agreement is more than 0.1% but less than 5%, the Purchase of Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) 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.

PURCHASE OF SERVICES FRAMEWORK AGREEMENT

Background

Reference is made to the announcement of the Company dated 29 January 2021 in respect of the Former Purchase of Services Framework Agreement, the term of which is from 1 February 2021 to 31 January 2024. As the Parties intend to carry out transactions of a similar nature from time to time, the Company and the Aviation Services Company entered into the Purchase of Services Framework Agreement in order to terminate the Former Purchase of Services Framework Agreement early, and set out the principles and terms regarding various similar services to be provided by the Aviation Services Company to the Company under the new term of agreement.

The Board announces that on 22 December 2023, the Company entered into the Purchase of Services Framework Agreement with the Aviation Services Company, the material terms of which are set out below.

Material terms of the Purchase of Services Framework Agreement

Date

22 December 2023

Parties

- (a) the Company; and
- (b) the Aviation Services Company

Services

Pursuant to the Purchase of Services Framework Agreement, the Company may, according to actual demand, engage the Aviation Services Company to provide the following services in Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport:

- (i) provision of joint inspection on-site services staff to the Company for a range of services in the border control and customs area of Terminal Two and Terminal Three at Beijing Capital Airport, including the maintenance of order for travellers, travellers' guidance, travellers' enquiries, external telephone enquiries at the duty command centre, inspection of resting areas, dining areas and operational resources, and meal delivery to dining areas within the border control areas in Terminal Two and Terminal Three;

- (ii) provision of business monitoring services at the terminal security centres, including but not limited to the monitoring of access control and charging of electrical vehicles, nighttime monitoring of construction works involving the use of fire, clearing of corridors, clearing of public area surveillance video data, tracking of suspicious persons and early warning of risks;
- (iii) provision of temporary storage and lost and found services at the terminals of Beijing Capital Airport, including the custody and return of passengers' temporarily stored belongings at the security inspection site, and the collection and return of lost and found items to passengers;
- (iv) deployment of other service staff for other daily operations according to actual needs, such as the inspection of leasing resources in the terminals; and
- (v) other relevant services required by the Company.

The Purchase of Services Framework Agreement is a framework agreement only. Subject to the applicable laws and regulations (including but not limited to the Listing Rules) and the Company's relevant procurement management regulations and requirements, the Company will subsequently enter into definitive service agreements with the Aviation Services Company for the provision of various types of services, subject to and in accordance with the terms of the Purchase of Services Framework Agreement.

Term

The Purchase of Services Framework Agreement is for a term of three years commencing from 1 January 2024 to 31 December 2026.

Consideration and payment

The service fees payable by the Company to the Aviation Services Company will be determined by negotiation between the Parties, taking into account, among others, (i) the historical service fees paid by the Company to the Aviation Services Company; (ii) the labour cost and management fee incurred by the Aviation Services Company for the provision of various services pursuant to the Purchase of Services Framework Agreement; (iii) the costs incurred for the provision, installation, transportation and management of relevant materials, work and consumables (if any); (iv) the relevant fees for other services requested by the Company; and (v) the relevant taxes.

The calculation and payment of the service fees charged by the Aviation Services Company in respect of the specific services will be set out in the relevant definitive service agreements and shall be settled by the Company on a monthly or quarterly basis as agreed under each definitive service agreement.

Other 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 provide the Aviation Services Company with the basic conditions such that the Aviation Services Company is able to properly perform its obligations under the Purchase of Services Framework Agreement; and
- (2) the Company shall have the right to perform appraisals in relation to the services provided by the Aviation Services Company pursuant to the Purchase of Services Framework Agreement in order to assess the competence of such services.

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

- (1) the Aviation Services Company shall design, implement and complete the required services in accordance with the terms of the Purchase of Services Framework Agreement, and remedy any defects of such services. The services shall fulfill their objectives as required in the Purchase of Services Framework Agreement;
- (2) the Aviation Services Company shall ensure that no damage will be caused to other equipment and facilities in the course of providing services to the Company, and if any such damage is caused by the Aviation Services Company, it shall be liable for compensating the Company in relation to any losses caused;
- (3) the Aviation Services Company shall ensure safety in the provision of services and avoid incidents of property damage or personal injury;
- (4) the Aviation Services Company shall ensure that its services do not contain any quality defects; and
- (5) in the event that any property damage or personal injury is caused to the Company, the relevant on-site units of Beijing Capital Airport and its staff, travellers or any other third parties as a result of the quality defects or is otherwise caused by the Aviation Services Company or its employees in the course of provision of services to the Company, the Aviation Services Company shall proactively take remedial measures to mitigate the loss, and it shall compensate for the actual losses caused to the Company or third parties. If the Company is subject to any demand for compensation or litigation from a third party as a result of the fault of the Aviation Services Company as set out above, the Aviation Services Company shall be responsible for handling the matter and the payment of compensation. If the Company has already handled the matter, the Company is entitled to demand reimbursement and compensation from the Aviation Services Company for all reasonable expenses incurred, including but not limited to compensation, fees for litigation or arbitration, legal fees, lost wages and transportation fees, etc.

Historical transaction amounts

The following table shows the historical transaction amounts in respect of the provision of services by the Aviation Services Company under the Former Purchase of Services Framework Agreement:

| | For the period from 1 February 2021 to 31 December 2021 (RMB '000) | For the year ended 31 December 2022 (RMB '000) | For the eleven months ended 30 November 2023 (RMB '000) |
|---|---|---|--|
| Service fees for the provision of services by the Aviation Services Company | 62,575 | 68,370 | 50,050 (Note) |
| Annual caps | 78,000 | 84,000 | 84,000 |

Note: Since the audited figure for the service fees paid by the Company to the Aviation Services Company for the year ending 31 December 2023 is not yet available, this figure refers to the unaudited figure of historical transaction amounts in respect of the services provided by the Aviation Services Company for the eleven months ended 30 November 2023. The Company expects that the actual transaction amounts for the year ending 31 December 2023 will not exceed its annual cap.

Annual caps

The Company expects that the annual caps for the transactions contemplated under the Purchase of Services Framework Agreement are as follows:

| | <i>(RMB '000)</i> |
|--------------------------------------|-------------------|
| For the year ending 31 December 2024 | 95,000 |
| For the year ending 31 December 2025 | 95,000 |
| For the year ending 31 December 2026 | 95,000 |

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

- (i) the increase in scope of services and number of employees within the next three years, due to national policy requirements, renovation of resources, optimisation of operation processes, enhancement of passenger services, security and fire safety as well as other objective requirements at the terminals of Beijing Capital Airport;
- (ii) the reasonable adjustments of labour costs and costs of materials within the next three years; and
- (iii) the reasonable adjustments of management fees and relevant taxes.

Pricing policy

The service fees to be charged by the Aviation Services Company under the definitive service agreements pursuant to the Purchase of Services Framework Agreement shall be determined by the Parties upon arm's length negotiations between the Parties based on (i) the labour costs incurred by the Aviation Services Company to complete the relevant services under the Purchase of Services Framework Agreement; (ii) the material and consumable costs incurred by the Aviation Services Company and the costs for their procurement, installation, transportation and management; (iii) the relevant fees of other services as required by the Company; (iv) the management fees for the provision of relevant services by the Aviation Services Company; and (v) the relevant taxes.

Through price consultation and negotiation, the Company shall ensure that the service fees to be paid to the Aviation Services Company by the Company for the provision of various services pursuant to the Purchase of Services Framework Agreement are not higher than the quotations for the provision of similar services offered by other independent third parties. Furthermore, the labour costs for the provision of travellers' services by the Aviation Services Company have remained stable since the date of entering into the Former Purchase of Services Framework Agreement.

The Company shall also compare the rate of management fees charged by the Aviation Services Company to the Company for the services under the Purchase of Services Framework Agreement with its rate of management fees charged to other independent third parties for the provision of similar services; and it shall ensure that the rate of management fees payable by the Company to the Aviation Services Company in respect of the provision of services under the Purchase of Services Framework Agreement shall not be higher than the rate of management fees payable by other independent third parties for the provision of similar services.

Internal control on pricing

The Company has implemented a management system to monitor the pricing standards for the transactions under the Purchase of Services Framework Agreement to ensure that such terms are on normal commercial terms. Such system is described as follows:

1. Prior to entering into the Purchase of Services Framework Agreement and signing the definitive service agreements thereunder, the relevant departments of the Company are responsible for gathering information on the historical transaction amounts of service fees paid by the Company to the Aviation Services Company and the rate of management fees under the Former Purchase of Services Framework Agreement and conducting cross-checks against the service fees and the rate of management fees charged by the other service providers in the area of Beijing Capital Airport for the provision of relevant services.

2. Prior to signing the definitive service agreements and the implementation of the transactions contemplated under the Purchase of Services Framework Agreement, the principal officers in the relevant departments of the Company shall lodge applications within the Company, which are subject to a preliminary review conducted by the managers of the relevant departments of the Company, followed by a final review at the general manager office meeting in accordance with the internal control policies of the Company. Upon completion of the above internal review procedures, the definitive agreements will be considered and approved by the Board.
3. The independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the Purchase of Services Framework 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 Purchase of Services Framework 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 Purchase of Services Framework Agreement will not be exceeded:

1. The finance department of the Company provides the secretariat to the Board with information in relation to the actual transaction amounts on a monthly basis.
2. The secretariat to the Board is responsible for monitoring such transactions to ensure that the total amount of transactions does not exceed the annual 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 to obtain the relevant approvals from the Board and the Independent Shareholders (as the case may be) in accordance with the requirements of the Listing Rules.

TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FORMER PURCHASE OF SERVICES FRAMEWORK AGREEMENT

Pursuant to the Purchase of Services Framework Agreement, the Company and the Aviation Services Company also agreed to terminate the Former Purchase of Services Framework Agreement with effect from the date of the Purchase of Services Framework Agreement.

The Board confirms that (i) neither the Company nor the Aviation Services Company has to pay the other party any compensation as a result of the termination of the Former Purchase of Services Framework Agreement; and (ii) the termination of the Former Purchase of Services Framework 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE OF SERVICES FRAMEWORK AGREEMENT

In recent years, as the monitoring of border control and customs inspection halls in Beijing continues to be refined, there is a pressing need to replenish service support staff to safeguard the normal daily operations of the terminals of Beijing Capital Airport, improve the service experience of travellers and enhance security protection. The Aviation Services Company is experienced in providing tourism information counter services in airport terminals such as those at Beijing Capital Airport and at Tianjin Binhai International Airport of the PRC. It also has extensive experience of on-site services in relation to the provision of hotel reservation, tour booking, terminal enquiries and travellers' shuttle bus services at Beijing Capital Airport.

In addition, the Aviation Services Company has demonstrated its capabilities in professional personnel training, business enhancement, security control and contingency planning. It is also familiar with the Company's management requirements, service standards and emergency response programs. Therefore, the Company is of the view that the Aviation Services Company has the ability to satisfy the service requirements under the Purchase of Services Framework Agreement.

Based on the above reasons, the Company considers that the provision of relevant services by the Aviation Services Company to the Company is conducive to enhancing the efficiency of arrival and departure inspection, the safety margin of Beijing Capital Airport's monitoring operations, the convenience of one-stop services provided by on-site units, and passenger satisfaction in relation to the lost and found temporary storage business.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Purchase of Services Framework Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Company, the terms of which are reached after arm's length negotiation and are fair and reasonable, and the transactions contemplated under the Purchase of Services Framework Agreement are in the interest of the Company and the Shareholders as a whole.

GENERAL

The Company is principally engaged in the operations 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 the Civil Aviation Administration of China, which is a state bureau administered by the Ministry of Transport of the PRC.

The Aviation Services Company is principally engaged in the provision of services to passengers at airport terminals, air transportation sales agency services, and travel consultation services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Aviation Services Company is an indirect wholly-owned subsidiary of the Parent Company.

BOARD'S APPROVAL

The Purchase of Services Framework 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 between the Company and the Aviation Services Company. 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 Purchase of Services Framework Agreement entered into by the Company and the Aviation Services Company. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Purchase of Services Framework 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 the Aviation Services Company is an indirect wholly-owned subsidiary of the Parent Company, the Aviation Services Company is therefore a connected person of the Company. Accordingly, the Purchase of Services Framework 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 Purchase of Services Framework Agreement and the transactions contemplated thereunder have been terminated with effect from the date of the Purchase of Services Framework Agreement, the Company is required to make an announcement in respect of such termination.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase of Services Framework Agreement is more than 0.1% but less than 5%, the Purchase of Services Framework Agreement and the

transactions contemplated thereunder (including the annual caps) 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.

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 |
| “Aviation Services Company” | Beijing Capital Airport Aviation Services Company Limited* (北京首都機場航空服務有限公司), a limited liability company established in the PRC which is an indirect wholly-owned subsidiary of the Parent Company |
| “Beijing Capital Airport” | Beijing Capital International Airport of the PRC |
| “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(s)” | 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 |
| “Former Purchase of Services Framework Agreement” | the agreement dated 29 January 2021 entered into between the Company and the Aviation Services Company in respect of, among other things, the provision of joint inspection on-site services staff by the Aviation Services Company to the Company for various services in the arrival and departure joint inspection halls of Terminal Two and Terminal Three of Beijing Capital Airport, details of which were disclosed in the announcement of the Company dated 29 January 2021 |
| “H Share(s)” | overseas listed foreign share(s) of nominal value of RMB1.00 each in the registered share 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 Purchase of Services Framework Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Parent Company” | Capital Airports Holdings Co., Ltd.* (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 the Aviation Services Company |
| “PRC” | the People’s Republic of China |
| “Purchase of Services Framework Agreement” | the purchase of services framework agreement dated 22 December 2023 entered into between the Company and the Aviation Services Company in respect of, among other things, (i) the provision of various services by the Aviation Services Company to the Company, such as joint inspections, business monitoring, temporary storage of lost items and lost and found services in the designated areas of Terminal One, Terminal Two and Terminal Three of Beijing Capital Airport; and (ii) the early termination of the Former Purchase of Services Framework Agreement with effect from the date of the Purchase of Services Framework Agreement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | share(s) of RMB1.00 each in the registered share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Terminal One” | the passenger terminal numbered one which forms part of Beijing Capital Airport |
| “Terminal Three” | the passenger terminal numbered three which forms part of Beijing Capital Airport |

“Terminal Two” the passenger terminal numbered two which forms part of Beijing Capital Airport

“%” per cent

By order of the Board
Li Bo
Secretary to the Board

Beijing, the PRC
22 December 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*