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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 PURCHASE OF SERVICES FOR TRAVELLERS AGREEMENT

PURCHASE OF SERVICES FOR TRAVELLERS AGREEMENT

Reference is made to the announcement of the Company dated 31 December 2020 in respect of the Former Purchase of Services for Travellers Agreement, which will expire on 31 December 2023.

The Board announces that on 29 December 2023, the Company entered into the Purchase of Services for Travellers Agreement with CAVIP, pursuant to which the Company shall engage CAVIP to provide travellers' services in the terminals and other designated areas of Beijing Capital Airport 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. Since CAVIP is a wholly-owned subsidiary of the Parent Company, it is therefore a connected person of the Company. Accordingly, the Purchase of Services for Travellers 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 in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase of Services for Travellers Agreement is more than 0.1% but less than 5%, the Purchase of Services for Travellers 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 FOR TRAVELLERS AGREEMENT

Background

Reference is made to the announcement of the Company dated 31 December 2020 in respect of the Former Purchase of Services for Travellers Agreement, which will expire on 31 December 2023.

The Board announces that on 29 December 2023, the Company entered into the Purchase of Services for Travellers Agreement with CAVIP, the material terms of which are set out below.

Material terms of the Purchase of Services for Travellers Agreement

Date

29 December 2023

Parties

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

Services

Pursuant to the Purchase of Services for Travellers Agreement, the Company agreed to engage CAVIP to provide travellers' services for ordinary arriving and departing travellers in the terminals and other designated areas of Beijing Capital Airport. The scope of services includes but is not limited to:

- (i) procedural guidance service, facilities guidance service and other necessary assistance to the travellers and other persons in need of help in the terminals in a proactive manner;
- (ii) informational enquiry counter services for travellers;
- (iii) services concerning answering the airport enquiry hotline, and handling complaint calls;
- (iv) services to special travellers including the elderly, the disabled, pregnant and important passengers (including companionship and wheelchair services);
- (v) routine patrolling of service facilities in the terminals (e.g., children activity area);
- (vi) distribution of airport brochures to travellers, including the management and distribution of brochures in the fixed brochure counters in the terminals;

- (vii) collection of travellers' comment cards;
- (viii) broadcasting services in the terminals;
- (ix) first-aid auxiliary services for travellers in the terminals;
- (x) contingency services on emergency matters, flight delays and other matters; and
- (xi) other services relating to travellers in the terminals.

The Purchase of Services for Travellers 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 requirements, the Company will subsequently enter into definitive service agreements with CAVIP for the provision of various types of services, respectively, provided that the terms of such definitive service agreements shall be subject to and in accordance with the terms of the Purchase of Services for Travellers Agreement.

Term

The Purchase of Services for Travellers Agreement is for a term of two years commencing from 1 January 2024 to 31 December 2025.

Consideration and payment

The service fees payable by the Company to CAVIP will be determined by negotiation between the Parties, taking into account, among others, (i) the historical service fees paid by the Company to CAVIP for relevant services under the Purchase of Services for Travellers Agreement; (ii) the labour costs and management fees incurred by CAVIP for the provision of travellers' services in the terminals of Beijing Capital Airport and other designated areas therein; (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 service fees charged by CAVIP in respect of the specific services will be agreed and set out in the relevant definitive service agreements, and shall be settled by the Company on a monthly, quarterly, half-yearly or yearly basis pursuant to 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 CAVIP with the basic conditions such that CAVIP is able to properly perform its obligations under the Purchase of Services for Travellers Agreement; and

- (2) the Company shall have the right to perform appraisals in relation to the services provided by CAVIP pursuant to the Purchase of Services for Travellers Agreement in order to assess the standard of such services.

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

- (1) CAVIP shall design, implement and complete each of the required services in accordance with the definitive service agreements, and remedy any defects in the services required. The services provided shall fulfill their intended purposes as stipulated in the definitive service agreements;
- (2) CAVIP shall ensure that no damage will be caused to other equipment and facilities in the course of providing travellers' services, and if any such damage is caused by CAVIP, it shall be liable for compensating the Company in relation to any damages caused;
- (3) CAVIP shall ensure safety in the provision of services and avoid incidents of property or personal injury; and
- (4) In the event that CAVIP or its employees cause any property damage or personal injury in the course of their provision of services under the Purchase of Services for Travellers Agreement to the Company, the relevant on-site units of Beijing Capital Airport and its staff, travellers or any other third parties, CAVIP shall proactively take remedial measures to reduce the occurrence of loss, and 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 CAVIP as set out above, CAVIP 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 CAVIP 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 travellers' services by CAVIP under the Former Purchase of Services for Travellers Agreement:

	For the year ended 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 CAVIP	40,135	33,603	34,547 (Note)
Annual caps	49,500	49,500	49,500

Note: Since the audited figure of the service fees paid by the Company to CAVIP for the year ending 31 December 2023 is not yet available, this figure refers to the unaudited figure of historical transaction amount in respect of the services provided by CAVIP for the eleven months ended 30 November 2023. The Company expects that the actual transaction amount 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 for Travellers Agreement are as follows:

	(RMB'000)
For the year ending 31 December 2024	46,000
For the year ending 31 December 2025	46,000

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 two years, due to national policy requirements, renovation of resources, optimisation of operation processes, enhancement of travellers' 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 two years; and
- (iii) the reasonable adjustments of management fees and relevant taxes.

Pricing policy

The service fees to be charged by CAVIP under the definitive service agreements entered into pursuant to the Purchase of Services for Travellers Agreement shall be determined by the Parties upon arm's length negotiations based on the factors stated in the section headed "Consideration and payment".

To the best knowledge, information and belief of the Company having made all reasonable enquiries, in respect of the provision of travellers' services in the terminals (such as enquiry and guidance services), except Beijing Capital Airport, only Daxing Airport currently carries out similar business in the same mode as that of the Purchase of Services for Travellers Agreement, and such travellers' services at both airports mentioned above are provided by CAVIP. The consideration of specific travellers' services under each definitive service agreement to be entered into pursuant to the Purchase of Services for Travellers Agreement shall be determined on the basis of labour costs, which are the main costs for the provision of such services by CAVIP, and taking into account the management fees in relation to the provision of services (which is approximately 5%) and other necessary fees and expenses, such as training costs, costs of airport enquiry hotline numbers, and rental fees for office premises, etc. Through price consultation, comparison and negotiation, the Company understands that the service fees to be charged by CAVIP to the Company for the provision of travellers' services at Beijing Capital Airport are not higher than the service fees charged by CAVIP to Daxing Airport for the provision of the same types of services. Furthermore, the labour costs for the provision of travellers' services by CAVIP have been stable since the date of entering into the Former Purchase of Services for Travellers Agreement.

The Company has also considered the rate of management fees to be charged by CAVIP to the Company for the provision of travellers' services under the Purchase of Services for Travellers Agreement. In comparison, the rate of management fees to be charged by CAVIP for the provision of travellers' services under the Purchase of Services for Travellers Agreement shall not be higher than the rate of management fees charged by other service providers under similar service agreements.

Internal control on pricing

The Company has implemented a management system to monitor the pricing standards for the transactions under the Purchase of Services for Travellers 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 for Travellers Agreement, the relevant departments of the Company are responsible for gathering information on the historical service fees and the rate of management fees under the Former Purchase of Services for Travellers Agreement and conducting cross-checks against the service fees and the rate of management fees to be charged by various service providers in the areas of Beijing Capital Airport for the provision of identical or similar services. The relevant departments of the Company are responsible for selecting service providers based on a comprehensive assessment on their quotations.

2. Prior to the implementation of the transactions contemplated under the Purchase of Services for Travellers 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 Purchase of Services for Travellers Agreement and the transactions contemplated thereunder 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 for Travellers 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 for Travellers 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 for Travellers Agreement will not be exceeded:

1. The finance department of the Company provides the secretariat to the Board with information in relation to the actual transaction amounts on a monthly basis.
2. The secretariat to the Board is responsible for monitoring such transactions to ensure that the total amount of transactions does not exceed the annual caps.
3. If such amount of transactions is estimated to exceed the relevant annual cap, the person-in-charge of the relevant department of the Company will be notified so that the scale of transactions in the future may be re-estimated and arrangements may be made to issue announcements and/or to obtain the relevant approvals from the Board and the Independent Shareholders (as the case may be) in accordance with the requirements of the Listing Rules.

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

As the service provider engaged by the Company for the provision of traveller services in the terminals of Beijing Capital Airport, CAVIP has been providing high quality on-site information services, passenger guidance and telephone enquiry services with efficiency, and has met the service quality requirements of the Company. The Company has received a number of commendations for CAVIP's services from passengers and external organisations, and CAVIP has maintained excellent

year-round results for the Airport Council International's evaluations. The provision of traveller services by CAVIP has contributed to enhancing passenger satisfaction levels, and is able to satisfy the Company's actual business needs in relation to passenger information services at the terminals of Beijing Capital Airport. Based on the above, the Company is of the view that the continuous purchase of traveller services from CAVIP can have a positive effect on improving service satisfaction levels at Beijing Capital Airport, as well as enhancing the Company's brand image.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Purchase of Services for Travellers 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 for Travellers 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.

CAVIP is principally engaged in the provision of professional customer services to VIP clients and other travellers in the terminals of Beijing Capital Airport and some other domestic airports. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, CAVIP is a wholly-owned subsidiary of the Parent Company.

BOARD'S APPROVAL

The Purchase of Services for Travellers 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 CAVIP. 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 for Travellers Agreement entered into by the Company and CAVIP. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Purchase of Services for Travellers 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 CAVIP is a wholly-owned subsidiary of the Parent Company, it is therefore a connected person of the Company. Accordingly, the Purchase of Services for Travellers 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 in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase of Services for Travellers Agreement is more than 0.1% but less than 5%, the Purchase of Services for Travellers 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
“Beijing Capital Airport”	Beijing Capital International Airport of the PRC
“Board”	the board of Directors
“CAVIP”	Capital Airport VIP Services Management Co., Ltd.* (首都空港貴賓服務管理有限公司), a limited liability company established in the PRC which is a wholly-owned subsidiary of the Parent Company
“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
“Daxing Airport”	Beijing Daxing International Airport of the PRC
“Director(s)”	the director(s) of the Company

“Former Purchase of Services for Travellers Agreement”	the agreement dated 31 December 2020 entered into between the Company and CAVIP in relation to the provision of travellers’ services in the terminals of Beijing Capital Airport by CAVIP to the Company, details of which were disclosed in the announcement of the Company dated 31 December 2020
“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 for Travellers 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 with limited liability and the controlling shareholder of the Company
“Parties”	the Company and CAVIP
“PRC”	the People’s Republic of China
“Purchase of Services for Travellers Agreement”	the agreement dated 29 December 2023 entered into between the Company and CAVIP in relation to the provision of travellers’ services in the terminals and other designated areas of Beijing Capital Airport by CAVIP to the Company
“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
“%”	per cent

By order of the Board
Li Bo
Secretary to the Board

Beijing, the PRC
29 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*