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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 CONNECTED TRANSACTION PASSENGER SECURITY SCREENING SYSTEM PROCUREMENT AGREEMENT

PASSENGER SECURITY SCREENING SYSTEM PROCUREMENT AGREEMENT

The Board announces that on 5 January 2024, the Company entered into the Passenger Security Screening System Procurement Agreement with Sairui Company for the procurement and installation of the Security Equipment at a consideration of RMB29,099,900 for use at Terminal Two of Beijing Capital Airport.

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. Sairui Company is a wholly-owned subsidiary of Aviation Security Company, which is in turn a wholly-owned subsidiary of the Parent Company. Therefore, Sairui Company is a connected person of the Company. Accordingly, the transaction contemplated under the Passenger Security Screening System Procurement Agreement constitutes a connected transaction 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 Passenger Security Screening System Procurement Agreement is more than 0.1% but less than 5%, the Passenger Security Screening System Procurement Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that on 5 January 2024, the Company entered into the Passenger Security Screening System Procurement Agreement with Sairui Company for the procurement and installation of the Security Equipment at a consideration of RMB29,099,900 for use at Terminal Two of Beijing Capital Airport.

Material terms of the Passenger Security Screening System Procurement Agreement

Date

5 January 2024

Parties

- (a) the Company (as purchaser); and
- (b) Sairui Company (as supplier)

Subject matter

Pursuant to the Passenger Security Screening System Procurement Agreement, the Company agreed to purchase, and Sairui Company agreed to sell and install, the Security Equipment for use at Terminal Two of Beijing Capital Airport.

Pursuant to the relevant requirements under the relevant PRC laws and regulations in relation to the procurement of part of the Security Equipment (including the equipment and software relating to the revamp and updates to the existing security information system of Beijing Capital Airport, the details of which are set out in the section headed “Information of the Security Equipment” below), the procurement of such part of the Security Equipment is subject to approval by the relevant authorities of the PRC.

Information of the Security Equipment

The Security Equipment to be purchased by the Company from Sairui Company shall include but is not limited to the following:

- (i) 10 sets of smart passenger security screening lanes, each lane configured with 1 set of self-serviced verification gate;
- (ii) 1 set of self-serviced verification gate for installation at the transit passenger screening lane;
- (iii) 1 set of self-serviced verification gate for installation at the barrier-free screening lane;

- (iv) ancillary equipment and facilities and relevant software equipment necessary for the operations of the smart passenger security screening lanes; and
- (v) revamp and updates to Beijing Capital Airport's existing security information system, with the addition of back-end servers for the dynamic comparison of facial features and facial recognition, database servers, and the configuration of relevant software, system interfaces and networks.

Condition precedent

For the provisions of the Passenger Security Screening System Procurement Agreement in relation to the procurement of part of the Security Equipment that is subject to approval by the relevant authorities of the PRC (i.e. the equipment and software relating to the revamp and updates to the existing security information system of Beijing Capital Airport), such provisions shall take effect upon the receipt of such approval. The other provisions of the Passenger Security Screening System Procurement Agreement shall take effect upon execution of such agreement.

Consideration and payment terms

The total consideration for procurement of the Security Equipment shall be RMB29,099,900, which includes the base price of the Security Equipment and all costs incurred in relation to (i) delivery of the Security Equipment to Beijing Capital Airport; (ii) completion of installation and system commissioning of the Security Equipment; and (iii) related taxes.

Such consideration was determined after arm's length negotiation between the Company and Sairui Company based on the appraisal results of the market value (being RMB29,099,900) of the Security Equipment as at the benchmark date (i.e. 30 November 2023) as set out in the asset valuation report prepared by an independent qualified asset valuer of the PRC by adopting the replacement cost approach. According to the asset valuation report, the appraisal of market value of the Security Equipment based on the replacement cost approach took into account (i) equipment purchase price of RMB24,423,700; (ii) installation and commissioning fees of RMB2,678,200; and (iii) other fees (i.e. RMB1,998,000) relating to, among other things, the development of interface software for X-ray machines and interfaces with security screening system. The Security Equipment is designed, developed and assembled by Sairui Company to specifically cater for the security screening requirements of Beijing Capital Airport. The Security Equipment is not revenue-generating asset with an identifiable income stream.

The Company confirms that the consideration is fair and reasonable, and not less favourable than the prevailing market price for the procurement of similar equipment. The Company has compared the quotation offered by Sairui Company against the quotations from at least two other suppliers (being independent third parties of the Company) of comparable qualifications and expertise. The consideration will be funded by the internal resources of the Company.

The consideration shall be paid by way of cheque or transfer in four instalments, subject to the terms set out in item (5) below:

- (1) After execution of the Passenger Security Screening System Procurement Agreement, Sairui Company may present an invoice and make a payment request to the Company for a sum equal to 30% of the consideration.
- (2) Upon delivery of the Security Equipment to the location designated by the Company and the acknowledgement of receipt by the Company, Sairui Company may present an invoice and make a payment request to the Company for a sum equal to 20% of the consideration.
- (3) After (i) the installation and system commissioning of the Security Equipment have been completed; (ii) the Security Equipment has passed the final inspection; and (iii) relevant trainings have been provided to the Company by Sairui Company, Sairui Company may issue an invoice and an inspection and acceptance report of the Security Equipment, and make a payment request to the Company for an amount equal to 45% of the consideration.
- (4) Upon the expiration of the two-year warranty period and provided that there are no issues relating to the quality of the Security Equipment, Sairui Company may issue an invoice and make a payment request to the Company in respect of the remaining 5% of the consideration.
- (5) Prior to the effectiveness of certain provisions of the Passenger Security Screening System Procurement Agreement in relation to the procurement of part of the Security Equipment (involving consideration in the amount of RMB2,221,100) which is pending approval by the relevant authorities of the PRC, the Parties shall complete payment of the corresponding portion of each of the above-mentioned amounts which has become effective based on the effective provisions of the Passenger Security Screening System Procurement Agreement.

Delivery, installation and commissioning of the Security Equipment

The Parties agreed that, within 2 months after the execution of the Passenger Security Screening System Procurement Agreement, Sairui Company shall deliver the Security Equipment to the international departure area at Terminal Two, install at the designated areas, complete commissioning of the Security Equipment and commence trial operation.

Other material rights and obligations of the Parties

The material rights and obligations of the Company under the Passenger Security Screening System Procurement Agreement include the following:

- (i) the Company shall provide Sairui Company with the necessary conditions to carry out installation and system commissioning of the Security Equipment, and it shall cooperate with Sairui Company's commissioning and training work; and

- (ii) upon Sairui Company's delivery and installation of the Security Equipment, the Company shall promptly arrange inspection of the Security Equipment, and issue inspection acceptance report(s) if the quality of the Security Equipment is satisfactory.

The material rights and obligations of Sairui Company under the Passenger Security Screening System Procurement Agreement include the following:

- (i) prior to the delivery of the Security Equipment, Sairui Company shall conduct an accurate and comprehensive inspection of the quality, specifications, performance and quantity of the Security Equipment to ensure that they are free from any defects, and Sairui Company shall be responsible for packing, transportation, loading and unloading, storage, insurance and other related matters at its own costs and expenses;
- (ii) Sairui Company shall deliver the Security Equipment to the Company in accordance with the time and location agreed pursuant to the Passenger Security Screening System Procurement Agreement, and shall ensure that (a) the quantity and quality of the Security Equipment comply with the requirements under the Passenger Security Screening System Procurement Agreement; and (b) the quality of the Security Equipment conforms with national and industry standards, product specifications and the standard of customary usage;
- (iii) subsequent to the delivery of the Security Equipment, Sairui Company shall provide free trainings to the Company's staff in relation to the operation, use and maintenance of the Security Equipment; and
- (iv) in the event that (a) there is any issue relating to the quality of the Security Equipment; (b) any issues arise in the normal course of use of the Security Equipment; or (c) any Security Equipment is unable to meet the usage requirements, at any time within 2 years from the date of delivery and completion of inspection after installation of the Security Equipment, the Company may request Sairui Company to take remedial measures within 24 hours and carry out repairs or returns free of charge, and any direct expenses incurred in relation to the above shall be fully borne by Sairui Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PASSENGER SECURITY SCREENING SYSTEM PROCUREMENT AGREEMENT

After 20 years of operations and use, the actual operating load of security screening facilities at the international departure area in Terminal Two has exceeded its original designed guaranteed capacity. The procurement of the Security Equipment for, among other things, replacement of the existing traditional security screening lanes with a smart passenger security screening system, would enable the Company to fulfil the policies and usage requirements relating to civil aviation, enhance the operational efficiency of Beijing Capital Airport, and reduce the pressure on safety management, thereby promoting the advancement of equipment technology and enhancing the integrity of security screenings at Beijing Capital Airport.

Sairui Company has abundant experience in smart security system projects at other airports in the PRC, including Beijing Daxing International Airport, Shijiazhuang Zhengding International Airport and Nanchang Changbei International Airport. At the same time, as a subsidiary of Aviation Security Company, Sairui Company is familiar with the security screening process at Beijing Capital Airport, and is able to offer on-site support and efficient emergency response.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Passenger Security Screening System Procurement Agreement is entered into on normal commercial terms and in the ordinary course of business of the Company, the terms of which are reached after arm's length negotiations and are fair and reasonable, and the transaction contemplated under the Passenger Security Screening System Procurement Agreement is 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.

Sairui Company is principally engaged in technology development, technical consulting, technical services and training, sale of screening equipment, sale of security technology equipment, production of smart security systems and software development. Sairui Company is an indirect wholly-owned subsidiary of the Parent Company.

BOARD'S APPROVAL

The Passenger Security Screening System Procurement Agreement and the transaction contemplated thereunder were approved by the Board.

As at the date of this announcement, there are no overlapping directors between the Company and Sairui 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 transaction contemplated under the Passenger Security Screening System Procurement Agreement entered into by the Company and Sairui Company. Therefore, none of the Directors has abstained from voting at the Board meeting to approve the Passenger Security Screening System Procurement Agreement and the transaction contemplated thereunder.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Aviation Security Company”	Beijing Capital Airport Aviation Security Co., Ltd.* (北京首都機場航空保安有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Parent Company
“Beijing Capital Airport”	Beijing Capital International Airport 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

“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 transaction contemplated under the Passenger Security Screening System Procurement Agreement, as the case may be
“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 Sairui Company
“Passenger Security Screening System Procurement Agreement”	the agreement dated 5 January 2024 entered into between the Company (as purchaser) and Sairui Company (as supplier) in respect of the procurement and installation of the Security Equipment for use at Terminal Two of Beijing Capital Airport
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sairui Company”	Beijing Airport Sairui Security Technology Co., Ltd.* (北京空港賽瑞安防科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Aviation Security Company
“Security Equipment”	the equipment to be procured by the Company from Sairui Company in relation to the passenger security screening system for use at Terminal Two of Beijing Capital Airport, including but not limited to smart passenger security screening system and its ancillary equipment, as well as software updates and configurations to Beijing Capital Airport’s existing security screening system, in accordance with the terms and conditions of the Passenger Security Screening System Procurement Agreement
“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 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
5 January 2024

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*