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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

ASSETS LEASING AGREEMENT IN RELATION TO D2 TAXIWAY

NORTH EXTENSION CONSTRUCTION (PHASE II) PROJECT

ASSETS LEASING AGREEMENT IN RELATION TO D2 TAXIWAY NORTH EXTENSION CONSTRUCTION (PHASE II) PROJECT

On 22 November 2024, the Company and the Parent Company entered into the Assets Leasing Agreement, pursuant to which, the Company (as lessee) agreed to lease the Leased Assets from the Parent Company (as lessor) for a term of three years commencing from 22 November 2024 to 21 November 2027.

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. As such, the Parent Company is a connected person of the Company. Therefore, in accordance with the guidance of the Stock Exchange regarding lease transactions adopting IFRS 16, the transaction contemplated under the Assets Leasing Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to IFRS 16, the Leased Assets will be recognised by the Company as right-of-use assets, and the transaction contemplated under the Assets Leasing Agreement will be classified as an acquisition of right-of-use assets by the Company pursuant to the Listing Rules. Accordingly, the transaction contemplated under the Assets Leasing Agreement will be treated as a one-off connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the total value of the right-of-use assets to be recognised by the Company in connection with the Assets Leasing Agreement pursuant to IFRS 16 is more than 0.1% but less than 5%, the transaction contemplated under the Assets Leasing Agreement is subject to the reporting and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 22 November 2024, the Company and the Parent Company entered into the Assets Leasing Agreement, pursuant to which, the Company (as lessee) agreed to lease the Leased Assets from the Parent Company (as lessor) for a term of three years commencing from 22 November 2024 to 21 November 2027.

MATERIAL TERMS OF THE ASSETS LEASING AGREEMENT

The material terms of the Assets Leasing Agreement are set out below:

Date

22 November 2024

Parties

- (a) the Company (as lessee); and
- (b) the Parent Company (as lessor).

Term

The Assets Leasing Agreement is for a term of three years commencing from 22 November 2024 to 21 November 2027, subject to renewal or termination in accordance with the terms of such agreement.

Scope of leased assets

The Leased Assets comprise the taxiway numbered D2, access taxiway numbered C8, airport patrol road, guidance signs, taxiway lights and other ancillary facilities in support of the operation of the D2 Taxiway North Extension Construction (Phase II) Project. The Leased Assets leased to the Company shall be used for the purpose of operation of Beijing Capital Airport. For further details of the Leased Assets, please refer to the section headed "Information on the Leased Assets" of this announcement.

Consideration

The Company shall, subject to final adjustment, pay leasing fee to the Parent Company in the total amount of RMB5,974,127.94 (inclusive of tax) for the three-year term of the Assets Leasing Agreement, which was determined after arm's length negotiations between the Parties with reference to the following formula:

$$\text{Leasing fee} = \text{depreciation of the Leased Assets} + \text{cost of capital for the construction of the Leased Assets} + \text{related taxes}$$

The annual leasing fee (i.e. RMB1,991,375.98) was calculated as follows:

- (i) the depreciation of the Leased Assets is estimated to be RMB860,729.88 for each year, based on a depreciation period of 35 years for taxiways in accordance with the accounting system of the Parent Company and the total estimated original value of the construction of such assets in the amount of RMB31,711,100.92, which was the total estimated net value, exclusive of tax, of the construction work approved by the relevant government authorities;
- (ii) the annual cost of capital for the construction of the Leased Assets is RMB964,545.99 based on the amount of investment of the Parent Company in the construction of the Leased Assets and the rate of capital cost of 3.00%, which is not higher than the interest rate of 3.06% that is available to the Company in relation to financing from independent third parties via the issuance of medium-term notes in the PRC in 2023; and
- (iii) the related taxes in connection with the leasing of the Leased Assets amount to approximately RMB166,100.11 for each year.

The Leased Assets were constructed by the Parent Company as assets formed by the D2 Taxiway North Extension Construction (Phase II) Project, but the construction accounting process of such project has not yet been completed. For further details, please refer to the section headed "Information on the Leased Assets" of this announcement.

Accordingly, the total amount of leasing fee shall be adjusted with reference to the amount of final accounts when the construction accounting process of the D2 Taxiway North Extension Construction (Phase II) Project is completed and there may be adjustments to the components of such formula including the original value of the Leased Assets.

In the event there is any such adjustment to the amount of leasing fee, subject to the re-compliance with the applicable requirements of the Listing Rules, the adjusted amount of leasing fee shall apply to the remaining term of the Assets Leasing Agreement, and the amount of difference between the actual amount of leasing fee paid by the Company by that time and the adjusted amount of leasing fee payable by the Company shall be settled as follows:

- (i) the amount of shortfall (if any) shall be paid by the Company to the Parent Company in a lump sum together with its next payment of leasing fee to the Parent Company; and
- (ii) the amount of excess (if any) shall be deducted in one lump sum from the next payment of leasing fee from the Company to the Parent Company.

Based on the information as set out above and in the section headed “Information on the Leased Assets” of this announcement, the Board considers that the basis of determining the leasing fee is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Payment of consideration

The Company shall pay the leasing fee to the Parent Company on an annual basis. Within 20 working days from the execution date of the Assets Leasing Agreement, the Company shall pay the annual leasing fee for the first year. Subsequently, the annual leasing fee for the next year shall be paid before 1 October each year.

For each year during the term of the Assets Leasing Agreement, in the event the actual lease period of the Leased Assets is less than a year in circumstances where, for example, the Assets Leasing Agreement has been early terminated, the leasing fee payable by the Company for the corresponding year shall be reduced in proportion with the actual lease period. If the Parent Company has transferred the Leased Assets to the Company during the leasing term, the leasing fee shall be calculated up to the day before the benchmark date of the valuation of the Leased Assets.

Renewal and termination

The Parties may separately discuss whether the leasing in connection with such Leased Assets will continue based on actual circumstances six months prior to the expiry of the Assets Leasing Agreement. Subject to the compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations, the Assets Leasing Agreement may be renewed by the Parties in writing.

The Assets Leasing Agreement shall be terminated if, among other things, the Leased Assets have been transferred from the Parent Company to the Company during the term of the Assets Leasing Agreement. In such circumstance, subject to the compliance with the relevant requirements of the

Listing Rules and all other applicable laws and regulations, the Assets Leasing Agreement shall be terminated on the effective date of the agreement between the Parties in relation to the transfer of the Leased Assets.

Other material terms and conditions

During the term of the Assets Leasing Agreement, the Parent Company shall bear any reconstruction costs, costs for major repair (where such costs reach more than 50% of the taxable basis at the time of acquiring the relevant fixed assets, and the service life of the fixed assets shall be extended by more than 2 years after repair), expenses for refurbishment of equipment (with the single unit value being RMB3,000 or more), real estate tax, land tax, property insurance and public liability insurance in relation to the Leased Assets, and fees for appraisal of housing safety in relation to structural safety. Subject to written consent and authorisation from the Parent Company, the reconstruction, major repair, and refurbishment of equipment shall be implemented by the Company.

During the term of the Assets Leasing Agreement, the Company shall bear all operating costs arising from the use of the Leased Assets, including but not limited to security protection, renovation, property management, repair and maintenance (other than major repair), energy expenses, labour costs, management fees, and fees for appraisal of housing safety that does not involve structural safety.

In the absence of written consent of the Parent Company, the Company shall not alter the existing usage of the Leased Assets. Furthermore, the Company shall not sublet the Leased Assets to any third parties. The Company shall not transfer, mortgage or otherwise dispose of the Leased Assets in any manner that may affect the Parent Company's ownership of the Leased Assets.

INFORMATION ON THE LEASED ASSETS

The D2 Taxiway North Extension Construction (Phase II) Project was funded and developed by the Parent Company to enhance the operating efficiency of the airfield area at Beijing Capital Airport, which had passed the industry inspection in December 2023, and the Leased Assets have currently been put into use, whereas the final accounting process of the construction of such project has not yet been completed. Given that the Leased Assets are currently owned by the Parent Company, and the Company needs to use such assets for the operations of Beijing Capital Airport, the Parties have entered into the Assets Leasing Agreement. For components of the Leased Assets, please refer to the sub-section headed "Scope of leased assets" under the section headed "Material terms of the Assets Leasing Agreement" of this announcement.

Pursuant to IFRS 16, the Leased Assets leased from the Parent Company under the Assets Leasing Agreement will be recognised by the Company as right-of-use assets, of which the total value is estimated to be not more than RMB5,200,000, which was calculated with reference to the present value of the aggregate lease payments for the entire lease term and discounted using the Company's incremental borrowing rate of approximately 3.06%.

Shareholders should note that the above estimated value of right-of-use assets is unaudited and may be subject to adjustment in the future.

There had been no identifiable income stream from the Leased Assets, which are not revenue-generating assets.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Leased Assets were constructed by the Parent Company, and the total estimated original value of the construction of such assets is RMB31,711,100.92. The construction cost of the Leased Assets will be finalised after their construction accounting process has been completed.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE ASSETS LEASING AGREEMENT

The Leased Assets mainly include the north extension of the D2 taxiway and other ancillary facilities that are able to enhance the operational capacity of the airfield area and ensure aircraft operation safety, which will in turn improve the utilisation efficiency and enhance the value of resources of Beijing Capital Airport.

As the Leased Assets are owned by the Parent Company as disclosed in the section headed "Information on the Leased Assets" of this announcement, the Parties have agreed to enter into the Assets Leasing Agreement to facilitate the Company's management of daily operations of Beijing Capital Airport and ensure the stability of aircraft operations as a whole. Such leasing arrangement is also conducive to the Company's evaluation of potential acquisition of the Leased Assets as and when appropriate.

If the Company proceeds with acquisition of the Leased Assets in the future, the Company will comply with the relevant requirements under Chapters 14 and 14A of the Listing Rules as and when necessary.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Assets Leasing Agreement is entered into on normal commercial terms that are fair and reasonable and in the ordinary and usual course of business of the Company, and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Company is principally engaged in the operations of Beijing Capital Airport and the provision of related services.

The Parent Company is principally engaged in the provision of ground support 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.

BOARD'S APPROVAL

The Assets Leasing Agreement and the transaction contemplated thereunder were approved by the Board.

As at the date of this announcement, Mr. Wang Changyi (executive Director and the chairman of the Board), Mr. Han Zhiliang (executive Director), Mr. Jia Jianqing (non-executive Director), Mr. Song Kun (non-executive Director) and Mr. Du Qiang (non-executive Director) concurrently serve as director or senior management of the Parent Company. Therefore, the above Directors are deemed or may be perceived to have a material interest in the transaction contemplated under the Assets Leasing Agreement and have abstained from voting on the Board resolutions to approve the Assets Leasing Agreement and the transaction contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is the controlling shareholder of the Company, holding approximately 58.96% of the issued share capital of the Company. As such, the Parent Company is a connected person of the Company. Therefore, in accordance with the guidance of the Stock Exchange regarding lease transactions adopting IFRS 16, the transaction contemplated under the Assets Leasing Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to IFRS 16, the Leased Assets will be recognised by the Company as right-of-use assets, and the transaction contemplated under the Assets Leasing Agreement will be classified as an acquisition of right-of-use assets by the Company pursuant to the Listing Rules. Accordingly, the transaction contemplated under the Assets Leasing Agreement will be treated as a one-off connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the total value of the right-of-use assets to be recognised by the Company in connection with the Assets Leasing Agreement pursuant to IFRS 16 is more than 0.1% but less than 5%, the transaction contemplated under the Assets Leasing Agreement is therefore subject to the reporting 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:

“Assets Leasing Agreement”	the assets leasing agreement dated 22 November 2024 entered into between the Company and the Parent Company in relation to the lease from the Parent Company to the Company in respect of the Leased Assets in relation to the D2 Taxiway North Extension Construction (Phase II) Project for a term of three years commencing from 22 November 2024 to 21 November 2027
“associates”	has the same meaning ascribed to it under the Listing Rules
“Beijing Capital Airport”	Beijing Capital International Airport
“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
“D2 Taxiway North Extension Construction (Phase II) Project”	the north extension construction (Phase II) project of taxiway numbered D2 of Beijing Capital Airport, the construction site of which is located at the east side of taxiway numbered C in the airfield area, with its south end connecting to the newly-built taxiway numbered Z20 and its north end connecting to the existing taxiway numbered Z23. The newly-built extension of taxiway numbered D2 (smooth) and access taxiway numbered C8 are in compliance with the relevant requirements of the “Technical Standards for Airfield Area of Civil Airports” promulgated by the Civil Aviation Administration of China
“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
“IFRS”	International Financial Reporting Standard
“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 Assets Leasing Agreement

“Leased Assets”	the assets contemplated under the D2 Taxiway North Extension Construction (Phase II) Project and to be leased from the Parent Company to the Company under the Assets Leasing Agreement, details of which are disclosed in the sub-section headed “Scope of leased assets” under the section headed “Material terms of the Assets Leasing Agreement” and the section headed “Information on the Leased Assets” of this announcement
“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 parties to the Assets Leasing Agreement, namely the Company and the Parent Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of RMB1.00 each in the 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
22 November 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*