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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: 0694)

**ANNOUNCEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

**SUPPLY OF ACCESSORIAL POWER AND ENERGY SERVICES AGREEMENT**

The Board announces that on 31 December 2009, the Company entered into the Supply of Accessorial Power and Energy Services Agreement with Power and Energy Company, pursuant to which, Power and Energy Company agreed to provide accessorial power and energy services to the Company for the Beijing Airport.

**SUPPLY OF GREENING AND ENVIRONMENTAL MAINTENANCE SERVICES AGREEMENT**

The Board announces that on 31 December 2009, the Company entered into the Supply of Greening and Environmental Maintenance Services Agreement with Property Management Company, pursuant to which, Property Management Company agreed to provide greening and environmental maintenance services in Beijing Airport.

**LEASE OF OFFICE BUILDING**

The Board announces that on 31 December 2009, the Company entered into the Lease of Office Building with Property Management Centre, pursuant to which the Company agreed to lease the Office Building from Property Management Centre.

## **LEASE OF COMMERCIAL AREAS AND OTHER PREMISES**

The Board announces that on 31 December 2009, the Company entered into the Lease of Commercial Areas and Other Premises with CAVIP, pursuant to which the Company agreed to lease commercial areas and other premises of the Beijing Airport to CAVIP.

## **IT SYSTEM MANAGEMENT AND MAINTENANCE AGREEMENT**

The Board announces that on 31 December 2009, the Company entered into the IT system Management and Maintenance Agreement with the Parent Company, pursuant to which the Company agreed to provide information technology system management and maintenance services and information technology system project implementation services to the Parent Company and its Subsidiaries.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Parent Company is the controlling Shareholder of the Company, holding approximately 56.61% of the registered capital of the Company. Since Power and Energy Company, Property Management Centre and CAVIP are Subsidiaries of the Parent Company and Property Management Company is an associate of the Parent Company, each of the Parent Company, Power and Energy Company, Property Management Centre, CAVIP and Property Management Company is a connected persons of the Company. Therefore, the transactions under the Supply of Accessorial Power and Energy Services Agreement, the Supply of Greening and Environmental Maintenance Services Agreement, the Lease of Office Building, the Lease of Commercial Areas and Other Premises and the IT System Management and Maintenance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) thereunder is more than 0.1% but less than 2.5%, they are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

# **(1) SUPPLY OF ACCESSORIAL POWER AND ENERGY SERVICES AGREEMENT**

## **Date**

31 December 2009

## **Parties**

- (a) The Company; and
- (b) Power and Energy Company.

## **Services**

Pursuant to the Supply of Accessorial Power and Energy Services Agreement, Power and Energy Company agreed to provide accessorial power and energy services to the Company, including the operation and maintenance of power and water supply facilities, as well as sewage disposal and garbage incineration, etc, in the areas, facilities and office building(s) of the Beijing Airport.

## **Term**

The Supply of Accessorial Power and Energy Services Agreement is effective for one year, commencing from 1 January 2010 to 31 December 2010.

## **Consideration and payment**

The fees for the provision of the accessorial power and energy services payable by the Company to Power and Energy Company will be determined by the parties in accordance with (i) the historical service fees payable by the Company to Power and Energy Company; (ii) the increase in the relevant costs of the raw materials; (iii) the rise in labour costs; and (iv) the relevant taxes.

The actual fees for purchasing accessorial power and energy services will be payable by the Company on a quarterly basis. The Company is required to pay on the fifth day of each quarter the fee for the previous quarter in accordance with the invoices issued by the Power and Energy Company and the services record recognized by the Company for the previous quarter and by taking into account the actual charges incurred during the period as set out above.

## Historical figures

The following table shows the historical fees paid by the Company to Power and Energy Company for the supply of accessorial power and energy services:

	<b>For the year ended 31 December 2007</b>	<b>For the year ended 31 December 2008</b>	<b>For the year ending 31 December 2009</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Fees paid by the Company to Power and Energy Company for the supply of accessorial power and energy services	66,027,000	102,369,000	94,840,000 <i>(Note)</i>

*Note:*

Since the audited figures for the fees paid by the Company to Power and Energy Company for the supply of accessorial power and energy services for the year ended 31 December 2009 is not yet available, it is only an estimate figure. The Company confirms that the fees payable for the supply of accessorial power and energy services by the Company for the year ended 31 December 2009 have not exceeded its annual cap.

## Annual cap

The Company expects that the maximum aggregate annual fee payable by the Company to Power and Energy Company under the Supply of Accessorial Power and Energy Services Agreement for the year ending 31 December 2010 shall not exceed RMB110,000,000 after taking into account (i) the historical fees paid by the Company to Power and Energy Company for the supply of accessorial power and energy services; and (ii) the anticipated rise in labour costs and costs for raw materials in 2010 considering the inflation level in the PRC.

## **Reasons for and benefits of the Supply of Accessorial Power and Energy Services Agreement**

Power and Energy Company has ample experience in providing accessorial power and energy services to the Company. As the operation of Beijing Airport is highly dependent on a steady supply of water, electricity, steam, natural gas, air-conditioning and heating, the services provided by Power and Energy Company is crucial to the daily operation of the Company.

In light of the above, the Directors are of the view that the terms of the Supply of Accessorial Power and Energy Services Agreement are normal commercial terms and are fair and reasonable and the transactions under the Supply of Accessorial Power and Energy Services Agreement are in the interest of the Shareholders.

## **(2) SUPPLY OF GREENING AND ENVIRONMENTAL MAINTENANCE SERVICES AGREEMENT**

### **Date**

31 December 2009

### **Parties**

- (a) The Company; and
- (b) Property Management Company.

### **Services**

Property Management Company agreed to provide to the Company the greening and environmental maintenance services, which include green space maintenance within the working areas of Beijing Airport; greening design for important festivals; plants placement and maintenance in terminal areas; leasing of plants or sales of fresh or cut flowers to other entities stationed in Beijing Airport; floor cleaning in the working areas of Beijing Airport; rubbish cleaning and delivery in working areas in the Beijing Airport; assisting local sanitation committee in sanitary inspection and insects elimination; supervising the organization of sanitation work for special aircrafts performing tasks; ice and snow cleaning on major routes in working areas of Beijing Airport in winter; and inspection, maintenance and repairs of the sewage systems in the working areas of Beijing Airport.

## Term

The Supply of Greening and Environmental Maintenance Services Agreement is effective for two years, commencing from 1 January 2010 to 31 December 2011.

## Consideration and payment

The fees for the provision of the greening and environmental maintenance services payable by the Company to Property Management Company for the two years ending 31 December 2011 will be determined by the parties in accordance with (i) the historical service fees payable by the Company to Property Management Company; (ii) the increase in the relevant costs of the raw materials; (iii) the rise in labour costs; and (iv) the relevant taxes.

## Historical figures

The following table shows the historical fees paid by the Company to Property Management Company for the provision of the greening and environmental maintenance services:

	<b>For the year ended 31 December 2007 (RMB)</b>	<b>For the year ended 31 December 2008 (RMB)</b>	<b>For the year ending 31 December 2009 (RMB)</b>
Fees paid by the Company to Property Management Company for the provision of the greening and environmental maintenance services	12,511,000	37,181,000	41,000,000 (Note)

### Note:

Since the audited figures for the fees paid by the Company to Property Management Company for the provision of the greening and environmental maintenance services for the year ended 31 December 2009 is not yet available it is only an estimate figure. The Company confirms that the fees payable for the provision of the greening and environmental maintenance services by the Company for the year ended 31 December 2009 have not exceeded its annual cap.

## **Annual cap**

The Company expects that the maximum aggregate annual fee payable by the Company to Property Management Company under the Supply of Greening and Environmental Maintenance Services Agreement for the two years ending 31 December 2011 shall not exceed RMB48,400,000 and RMB53,800,000, respectively after taking into account (i) the historical fees paid by the Company to Property Management Company for the provision of the greening and environmental maintenance services; and (ii) the anticipated rise in labour costs and costs for raw materials in 2010 and 2011 considering the inflation level in the PRC.

## **Reasons for and benefits of the Supply of Greening and Environmental Maintenance Services Agreement**

The greening and environmental maintenance services are regarded as accessorial aeronautical business of the Company. This would allow the management of the Company to focus on the aeronautical business of the Company and control the related costs effectively.

In light of the above, the Directors are of the view that the terms of the Supply of Greening and Environmental Maintenance Services Agreement are normal commercial terms and are fair and reasonable and the transactions under the Supply of Greening and Environmental Maintenance Services Agreement are in the interest of the Shareholders as a whole.

### **(3) LEASE OF OFFICE BUILDING**

#### **Date**

31 December 2009

#### **Parties**

- (a) The Company; and
- (b) Property Management Centre.

## **Services**

Pursuant to the Lease of Office Building, the Company has agreed to lease the Office Building (including office area of approximately 35,496.26 square metres, report area of approximately 2,619.57square metres and 44 car-parking spaces on ground and 343 car-parking space underground) from Property Management Centre.

## **Term**

The Lease of Office Building is effective for three years, commencing from 1 January 2010 to 31 December 2012.

## **Consideration and payment**

The annual rental under the Lease of Office Building for each of the three years ending 31 December 2012 is RMB52,540,847.33, which is the same as the annual market rental payable by other independent third parties.

The rental is payable by the Company on a half-yearly basis by way of cheque.

## **Historical figures**

The Company did not rent the Office Building in the past and therefore there is no historical transaction figures.

## **Annual cap**

The Company expects that the maximum aggregate annual rental payable by the Company to Property Management Centre under the Lease of Office Building for each of the three years ending 31 December 2012 shall not exceed RMB52,540,847.33, which is the annual rental payable by the Company under the Lease of Office Building.

## **Reasons for and benefits of the Lease of Office Building**

Since the Company shall formally move to the Office Building in 2010, it had to enter into the Lease of Office Building to codify the terms of the leasing arrangements with Property Management Centre.

In light of the above, the Directors are of the view that the terms of the Lease of Office Building are normal commercial terms and are fair and reasonable and the transactions under the Lease of Office Building are in the interest of the Shareholders as a whole.

## **(4) LEASE OF COMMERCIAL AREAS AND OTHER PREMISES**

### **Date**

31 December 2009

### **Parties**

(a) The Company; and

(b) CAVIP

### **Services**

Pursuant to the Lease of Commercial Areas and Other Premises, the Company agreed to lease commercial areas and other premises (mainly including the service counters, the common room and the exhibition areas) at the Beijing Airport to CAVIP.

### **Term**

The Lease of Commercial areas and Other Premises is effective for two years, commencing from 1 January 2010 to 31 December 2011.

## Consideration and Payment

The annual rental payable by CAVIP under the Lease of Commercial Areas and Other Premises is either:

- (a) the minimum rental of RMB80,500,000; or
- (b) the aggregated sum of (i) the annual rental of office and warehouse area (RMB9,589,399.2); (ii) the annual administrative fixed rental of RMB8,000,000; and (iii) 33% of the appropriation non-administrative annual revenue of CAVIP (Note) (the “Aggregated Sum”),

whichever is higher.

*Note:* Appropriation non-administrative annual revenue of CAVIP = non-administrative annual revenue of CAVIP - RMB40,000,000

The annual rental is payable by CAVIP in accordance with the following manner:

- (i) the monthly minimum rental is payable by CAVIP to the Company before the 10th day of every month;
- (ii) in the event that the Aggregated Sum is higher than the minimum rental, the excess amount of which is payable by CAVIP to the Company on a quarterly basis. In the event of any variation of the Aggregated Sum at the end of the financial year, the Company shall return any excess amount paid by CAVIP and CAVIP shall make further payment to the Company in case of any insufficient payment made during the year.

## Historical figures

The following table shows the historical fees paid by CAVIP to the Company for the lease of commercial areas and other premises:

	For the year ended 31 December 2007 (RMB)	For the year ended 31 December 2008 (RMB)	For the year ending 31 December 2009 (RMB)
Fees paid by CAVIP to the Company for the lease of commercial areas and other premises	24,651,000	64,839,000	90,000,000 (Note)

*Note:*

Since the audited figures for the fees paid by CAVIP to the Company for the lease of commercial areas and other premises for the year ended 31 December 2009 is not yet available, it is only an estimate figure. The Company confirms that the fees receivable for the lease of commercial areas and other premises by the Company for the year ended 31 December 2009 have not exceeded its annual cap.

## Annual cap

The Company expects that the maximum aggregate annual fee receivable by the Company from CAVIP under the Lease of Commercial areas and Other Premises for the two years ending 31 December 2011 shall not exceed RMB99,000,000 and RMB108,900,000, respectively, after taking into account (i) the historical fees receivable by the Company from CAVIP for the lease of commercial areas and other premises; and (ii) the expected growth in operating revenue of CAVIP resulting from the growth in number of high-end air travellers in the Beijing Airport.

## Reasons for and benefits of the Lease of Commercial Areas and Other Premises

CAVIP is principally engaged in the provision of professional customer services to VIP clients and the operation of VIP lounges in airport terminals. The Directors consider that it is important to provide passengers with quality services and promote the image of Beijing Airport as a supreme place for air travellers. The Directors therefore consider that the renewal of the Lease of Commercial Areas and Other Premises will continue to bring in a steady cash flow to the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lease of Commercial Areas and Other Premises are normal commercial terms and are fair and reasonable and the transactions under the Lease of Commercial Areas and Other Premises are in the interest of the Shareholders as a whole.

## **(5) IT SYSTEM MANAGEMENT AND MAINTENANCE AGREEMENT**

### **Date**

31 December 2009

### **Parties**

- (a) The Company; and
- (b) the Parent Company and its Subsidiaries (other than the Company).

### **Services**

Pursuant to the IT System Management and Maintenance Agreement, the Company agreed to provide information technology system management and maintenance services and information technology system project implementation services to the Parent Company and its Subsidiaries (other than the Company).

### **Term**

The IT System Management and Maintenance Agreement is effective for three years, commencing from 1 January 2010 to 31 December 2012.

## **Consideration and payment**

The fees for the provision of the information technology system management and maintenance services and information technology system project implementation services is RMB20,000,000 per annum which is determined by the parties in accordance with the relevant labour costs and management costs for the provision of such services by the Company.

The fees are payable by the Parent Company and its Subsidiaries on quarterly basis by way of cheque.

## **Historical figures**

The Company did not provide any information technology system management and maintenance services and information technology system project implementation services to the Parent Company and its Subsidiaries in the past and therefore there is no historical transaction figures.

## **Annual cap**

The Company expects that the maximum aggregate annual fee receivable by the Company from the Parent Company under the IT System Management and Maintenance Agreement for each of the three years ending 31 December 2012 shall not exceed RMB20,000,000 after taking into account .

## **Reasons for and benefits of the IT System Management and Maintenance Agreement**

As a result of the strategic arrangement of the Parent Company, the information technology experts previously working in a Subsidiary of the Parent Company were rearranged to work in the information technology department of the Company. The Company considers that the provision of information technology services by the Company to the Parent Company and its Subsidiaries (other than the Company) under the IT System Management and Maintenance Agreement can bring in a steady cashflow to the Company and can unify the management and enhance the security of the information technology system of the Beijing Airport.

In light of the above, the Directors are of the view that the terms of the IT System Management and Maintenance Agreement are normal commercial terms and are fair and reasonable and the transactions under the IT System Management and Maintenance Agreement are in the interest of the Shareholders as a whole.

## **INFORMATION ON THE COMPANY**

The Company is principally engaged in the operation of Beijing Airport.

## **INFORMATION ON THE PARENT COMPANY**

The Parent Company is principally engaged in providing the operating and management services to member airports and other member entities, providing ground handling services to domestic and international airlines, rental of counters and premises, management of car parking, rental housing and properties management.

## **INFORMATION ON POWER AND ENERGY COMPANY**

Power and Energy Company is principally engaged in the provision of water, electricity, steam, natural gas, air-conditioning and heating in the Beijing Airport; the operation and maintenance of their respective systems; provision of technological consultation services to the energy systems of terminals, air-field, staff-quarters and other areas of the Beijing Airport.

## **INFORMATION ON PROPERTY MANAGEMENT COMPANY**

Property Management Company is principally engaged in the provision of property management, labour service and warehousing services to the terminals in Beijing Airport.

## **INFORMATION ON PROPERTY MANAGEMENT CENTRE**

Property Management Centre is a wholly-owned Subsidiary of the Parent Company. It is principally engaged in the leasing and building management of the Capital Airport Building, Beijing, the PRC.

## **INFORMATION ON CAVIP**

CAVIP is principally engaged in the provision of professional customer services to VIP clients including but not limited to government officials, prime ministers or diplomats of other countries, and the operation of VIP lounges in airport terminals.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Parent Company is the controlling Shareholder of the Company, holding approximately 56.61% of the registered capital of the Company. Since Power and Energy Company, Property Management Centre and CAVIP are Subsidiaries of the Parent Company and Property Management Company is an associate of the Parent Company, each of the Parent Company, Power and Energy Company, Property Management Centre, CAVIP and Property Management Company is a connected person of the Company. Therefore, the transactions under the Supply of Accessorial Power and Energy Services Agreement, the Supply of Greening and Environmental Maintenance Services Agreement, the Lease of Office Building, the Lease of Commercial Areas and Other Premises and the IT System Management and Maintenance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) thereunder is more than 0.1% but less than 2.5%, they are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Beijing Airport”	Beijing Capital International Airport
“Board”	the board of Directors
“CAVIP”	首都空港貴賓服務管理有限公司 (Capital Airport VIP Services Management Co., Ltd), formerly known as Beijing Airport VIP Services Co., Ltd., a limited liability company established in the PRC which is a wholly-owned Subsidiary of the Parent Company

“Company”	北京首都國際機場股份有限公司(Beijing Capital International Airport Company Limited), a sino-foreign joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“H Shares”	overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease of Commercial Areas and Other Premises”	the lease agreement dated 31 December 2009 entered into between the Company and CAVIP regarding the lease of certain commercial areas and other premises in the Beijing Airport by the Company to CAVIP
“Lease of Office Building”	the lease agreement dated 31 December 2009 entered into between the Company and Property Management Centre regarding the lease of Office Building by Property Management Centre to the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Office Building”	a portion of the office building located at北京市順義區首都機場四緯路9號的首都機場大廈
“Parent Company”	首都機場集團公司 (Capital Airports Holding Company), an enterprise established in the PRC and the controlling Shareholder of the Company
“Power and Energy Company”	北京首都機場動力能源有限公司 (Capital Airports Power and Energy Co., Ltd ), a limited liability company incorporated in the PRC and a Subsidiary of the Parent Company

“Property Management Centre”	北京首都機場空港物業管理中心, a wholly-owned Subsidiary of the Parent Company
“Property Management Company”	北京首都機場物業管理有限公司 (Beijing Capital Airport Property Management Company Limited), an enterprise established in the PRC on 5 January 2004 and the registered capital of which is owned as to 35% by the Parent Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holders of the Shares
“IT System Management and Maintenance Agreement”	the IT System management and maintenance agreement dated 31 December 2009 entered into between the Company and the Parent Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	has the meaning defined in the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Supply of Accessorial Power and Energy Services Agreement”	the supply of accessorial power and energy services and energy services agreement dated 31 December 2009 entered into between the Company and Power and Energy Company

“Supply of Greening and Environmental Maintenance Services Agreement”

the agreement dated 31 December 2009 entered into between the Company and Property Management Company regarding the supply of greening and environmental maintenance Services by Property Management Company to the Company

“%”

per cent

By the order of the Board

**Shu Yong**

*Secretary to the Board*

Beijing, the PRC, 31 December 2009

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

*Mr. Zhang Zhizhong and Mr. Dong Zhiyi*

*Non-executive Directors:*

*Mr. Chen Guoxing, Mr. Gao Shiqing, Ms. Zhao Jinglu and Mr. Yam Kum Weng*

*Independent Non-executive Directors:*

*Mr. Kwong Che Keung, Gordon, Mr. Dong Ansheng, Mr. Japhet Sebastian Law and Mr. Wang Xiaolong*