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北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建設計發展集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

(1) CHANGE IN THE RATIO OF USE OF PROCEEDS
(2) AMENDMENTS TO THE TERMS OF REFERENCE OF
THE AUDIT COMMITTEE
(3) GENERAL MANDATE

CHANGE IN THE RATIO OF USE OF PROCEEDS

The Company has been utilizing the proceeds raised in accordance with the Intended Use of proceeds since its listing, where taking into consideration of the actual operating needs of the Company, the ratio of actual use of proceeds in each item, on a certain level, may differ from the ratio of funds allocation set out in the Prospectus. As such, the Board agreed to authorize any one of the executive directors of the Company to adjust the ratio of the use of proceeds in each items according to the actual needs thereof.

AMENDMENTS TO THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

In accordance with the latest requirement of the revised Appendix 14 of Hong Kong Listing Rule (as implemented on 1 January 2016), the Board considered and approved the amendments to the relevant content of “Terms of Reference of Audit Committee under the Board of Directors” of the Company.

GENERAL MANDATE

In order to fulfill the development needs of the Company after listing, the Board resolved to submit a special resolution to the general meeting for consideration and approval regarding the grant of general mandate to the Board (or the director(s) authorized by the Board), under which the Board (or the director(s) authorized by the Board) may exercise the power to issue and allot new H Shares at an aggregate nominal value of not exceeding 20% of the nominal value of H Shares in issue as at the date of passing the general mandate on the general meeting of the Company, provided that they have complied with the Company Law of the People's Republic of China and the Hong Kong Listing Rules and have obtained the approval from the China Securities Regulatory Commission and/or other relevant authorities of the Chinese government during the Relevant Period.

Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) held its 19th meeting of the first session of the Board of Directors (the “**Board**”) on 24 March 2016 for consideration of and passed, among others, the following resolutions: (i) change in the ratio of use of proceeds; (ii) amendments to the terms of reference of audit committee; and (iii) general mandate.

I. CHANGE IN THE RATIO OF USE OF PROCEEDS

Reference is made to the prospectus of the Company dated 25 June 2014 (the “**Prospectus**”) .

As mentioned in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Intended Use (“**Intended Use**”) of the total net proceeds raised in the public offering of H Shares by the Company is as follows:

- 50% of the total net proceeds, to be used to supplement the capital needs for design, survey and consultancy projects and construction contracting projects (including EPC and BT projects) in relation to the urban rail transit business;
- 25% of the total net proceeds, to be used to enhance, through self-development, cooperation or acquisition, the design and technology research capabilities in relation to the urban rail transit business and facilitate commercialisation of the technologies;
- 10% of the total net proceeds, to be used to improve the construction capabilities in relation to the urban rail transit business, for example, procuring equipment such as shield tunneling machine;
- 5% of the total net proceeds, to be used to build information systems; and
- 10% of the total net proceeds, to be used to supplement working capital for general corporate purposes.

The Company has been utilizing the proceeds raised in accordance with the Intended Use of proceeds since its listing, where taking into consideration of the actual operating needs of the Company, the ratio of actual use of proceeds in each item, on a certain level, may differ from the ratio of funds allocation set out in the Prospectus. The Board approved and agreed to authorize any one of the executive directors of the Company to adjust the ratio of the use of proceeds in each item according to the actual needs thereof. The adjusted ratio of use is an upward or downward adjustment of no more than 5% of the original ratio of use (i.e. the adjusted ratio of use would be no more than (X+5)% and no less than (X-5)% with the original ratio of use being X% of an item). However, no adjustment is made to the Intended Use and the ratio of use in supplementing the working capital for general corporate purposes should remain unchanged (i.e. not exceeding 10% of the total net proceeds).

II. AMENDMENTS TO THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

In accordance with the latest requirement of the revised Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (“**Hong Kong Listing Rules**”) (as implemented on 1 January 2016), the Board considered and approved the amendments to “Terms of Reference of Audit Committee under the Board of Directors” of the Company as follows:

Original Provisions

Article 2 The audit committee under the board of directors is a specialized working organ set up by the board of directors. It is mainly responsible for the communication between the Company and the external auditors, the supervision over and examination of the external auditors, the control over the internal audit work, the assessment and optimization of the internal control system of the Company, and the risk analysis on any significant investments being operated by the Company.

Article 7 The terms of reference of the audit committee are as follows:

Revised Provisions

Article 2 The audit committee under the board of directors is a specialized working organ set up by the board of directors. It is mainly responsible for the communication between the Company and the external auditors, the supervision over and examination of the external auditors, the control over the internal audit work, the assessment and optimization of the internal control **and risk management** systems of the Company, and the risk analysis on any significant investments being operated by the Company. **The audit committee is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company’s strategy objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems.**

Article 7 The terms of reference of the audit committee are as follows:

Original Provisions

- (1) to make proposals to engage or replace its external auditing firm; to monitor, based on the applicable criteria, whether the external auditor is independent and objective and whether the auditing procedures are effective; to be responsible for the approval of the remuneration and employment terms for the external auditor; to make and implement the policy about hiring the auditor to provide non-audit service;

- (2) to supervise the internal audit system and its implementation for the Company, ensure the internal audit being performed with sufficient internal resources of the Company, and monitor the effectiveness of the internal audit function;

.....

- (5) to review the Company's internal control system, and to make comments and proposals on the health and perfectness of such system;

Revised Provisions

- (1) to make proposals to engage or replace its external auditing firm; to monitor, based on the applicable criteria, whether the external auditor is independent and objective and whether the auditing procedures are effective; to be responsible for the approval of the ~~remuneration and employment~~ **fees and engagement** terms for the external auditor; to make and implement the policy about hiring the auditor to provide non-audit service;

- (2) to supervise the internal audit system and its implementation for the Company, ensure the internal audit being performed with sufficient internal resources of the Company, and monitor the effectiveness of the internal audit function; **to ensure the internal audit department carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems;**

.....

- (5) to review the Company's internal control **and risk management** systems, ~~and;~~ to make comments and proposals on the ~~health~~ **soundness** and perfectness of such systems; **to make risk analysis on any significant investments being operated by the Company;**

Original Provisions

to monitor the Company's internal control and risk management system, and analyze major investigation results of matters on internal control (whether the investigation is conducted by the audit committee under the authorization of the board of directors or at the committee's discretion), and the management's response;

to discuss with the management about the internal control system, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

- (6) to make comments and proposals on the appraisal and replacement for the head of the audit committee of the Company;

Revised Provisions

to ~~monitor~~**oversee** the Company's internal control and risk management systems **on an ongoing basis, ensure that a review of the effectiveness of the Company's and its subsidiaries' internal control and risk management systems has been conducted at least annually in accordance with Article 9 (such review should cover all material controls, including financial, operational and compliance controls)** and analyze major investigation results ~~findings of matters on internal control and risk management matters~~ (whether the investigation is conducted by the audit committee ~~under the authorization of~~**as delegated by** the board of directors or at the committee's discretion**on its own initiative**); and the management's response **to these findings**;

to discuss with the management about the **risk management and internal control systems, and ensure that the management has performed its duty to have effective risk management and internal control systems. This discussion should** including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, **internal audit** and financial reporting function;

- (6) to make comments and proposals on the appraisal and replacement for the head of the **internal audit committee department** of the Company;

Original Provisions

- (9) The audit committee shall set up relevant procedures to deal with the following complaints:
1. to receive, keep and deal with complaints known to the Company about issues of accounting, internal accounting control or audit;

.....

Revised Provisions

- (9) The audit committee shall set up relevant procedures to deal with the following complaints:
1. to receive, keep and deal with complaints known to the Company about issues of accounting, internal ~~accounting~~ control or audit;

.....

Article 9 The audit committee's review of the Company's risk management and internal control systems should consider:

- (1) **the changes, since the last review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;**
- (2) **the deliberation on the report prepared by the management on the effectiveness of risk management and internal control systems to be submitted to the board of directors, and the review on the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and the work of its internal audit function and other assurance providers;**
- (3) **the extent and frequency of communication of monitoring results to the board of directors which enables it to assess control of the Company and the effectiveness of risk management;**

Original Provisions

Article 8 The internal audit department is responsible for the preliminary preparation for resolutions of the audit committee and providing relevant information on the Company regarding:

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Revised Provisions

- ~~(4) significant control failings or weaknesses that have been identified during the period, if any, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have a material impact on the Company's financial performance or condition; and~~
- ~~(5) the review of the effectiveness of the Company's processes (including procedures and internal controls for the handling and dissemination of inside information) for financial reporting and Hong Kong Listing Rule compliance.~~

Article 8-10 The internal audit department is responsible for the preliminary preparation for resolutions of the audit committee and providing relevant information on the Company regarding:

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- 2. management's analysis and report in respect of the implementation and supervision of risk management and internal control systems, and confirmation on the effectiveness of these systems;

Original Provisions

2. work reports of internal and external auditing organizations;

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Revised Provisions

- ~~23.~~ work reports of internal and external auditing organizations **department, including the analysis and appraisal of the effectiveness and adequacy of the risk management and internal control systems;**

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- 8. report of accounting department regarding effectiveness of the accounting reporting procedures;**

- 9. report of legal department regarding effectiveness of the compliance procedures;**

.....

III. GENERAL MANDATE

In order to fulfil the development needs of the Company after listing, as considered and approved by the Board, a special resolution regarding the grant of general mandate to the Board (or the director(s) authorized by the Board) is to be submitted to the general meeting for consideration and approval, under which the Board (or the director(s) authorized by the Board) may exercise the power to issue and allot new H Shares at an aggregate nominal value not exceeding 20% of the nominal value of the H Shares in issue as at the date of passing the general mandate at the general meeting of the Company provided that they have complied with the Company Law of the People's Republic of China and the Hong Kong Listing Rules and have obtained the approval from the China Securities Regulatory Commission and/or other relevant authorities of the Chinese government during the Relevant Period (as defined below). The **“Relevant Period”** refers to the period between the date of passing of the resolution(s) regarding the general mandate on the general meeting of the Company to the earliest of: (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of 12 months following the date of passing of the resolution(s) regarding the general mandate on the general meeting of the Company; or (3) the date of passing of a special resolution by the shareholders at a general meeting of the Company regarding the revocation or revision of the general mandate granted to the Board.

Further details of the general mandate will be set out in a circular to be dispatched to shareholders for general meeting.

By order of the Board
**Beijing Urban Construction Design &
Development Group Co., Limited**
Wang Liping
Chairman

Beijing, 24 March 2016

As at the date of this announcement, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Wang Liping, Chen Daihua, Wang Hao, Zhang Jie, Su Bin, Kong Lingbin and Tang Shuchang; and the independent non-executive directors of the Company are Zhang Fengchao, Wang Dexing, Yim Fung, Sun Maozhu and Liang Qinghuai.