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Chongqing Iron & Steel Company Limited **重慶鋼鐵股份有限公司**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1053)

ANNOUNCEMENT ON RE-APPOINTMENT OF ACCOUNTING FIRM

At the 13th meeting of the ninth session of the board of directors (the “**Board**”) and the 8th meeting of the ninth session of the supervisory committee of Chongqing Iron & Steel Company Limited (the “**Company**”) convened on 31 May 2022, the Resolution in Relation to the Re-appointment of the Financial and Internal Control Auditor of the Company for the Year 2022 was passed by voting. The relevant matters are hereby announced as follows:

I. BASIC INFORMATION ON PROPOSED RE-APPOINTMENT OF ACCOUNTING FIRM

(I) Information on the institution

1. Basic information

Ernst & Young Hua Ming LLP (hereinafter referred to as “**EYHM**”) was founded in September 1992 and completed the transformation of localization in August 2012 from a Sino-foreign limited liability company to a special general partnership. EYHM is headquartered in Beijing, and its registered address is Room 01–12, 17/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang’an Avenue, Dongcheng District, Beijing. As of the end of 2021, EYHM has 203 partners, and the chief partner is Mr. Mao Anning. EYHM has always attached great importance to cultivation of talents. EYHM has 1,604 certified public accountants as of the end of 2021, including more than 1,300 certified public accountants with experience of securities related business service, and over 400 certified public accountants who have signed securities service audit reports. The total revenue of EYHM for the year 2020 was RMB4.76 billion, of which income from audit business

was RMB4.589 billion (including income from securities business of RMB2.146 billion). In 2020, EYHM audited annual reports of 100 A share listed companies for total auditing fees amounting to RMB0.824 billion. The main industries of these listed companies involve manufacturing, finance, wholesale and retail, information transmission, software and information technology services, real estate, etc. EYHM has 44 audit clients of listed companies in the same industry of the Company.

2. *Investor protection capability*

EYHM has sound investor protection capability and has accrued occupational risk fund and purchased occupational insurance which covers its Beijing headquarters and all the other branches in accordance with the relevant laws and regulations. The sum of the cumulative compensation limit of accrued occupational risk fund and purchased occupational insurance of EYHM has exceeded RMB0.2 billion. In the past three years, EYHM has not been required to bear any civil liabilities due to civil litigation related to its practice.

3. *Integrity record*

In the past three years, EYHM and its employees have not been subject to any criminal punishment, administrative punishment, as well as any self-discipline supervision measures and disciplinary sanctions imposed by self-regulatory organizations such as stock exchanges and industry associations. EYHM has received the Decision on Issuing Warning Letter from the securities regulatory authorities twice, involving 13 employees. The aforesaid Decision on Issuing Warning Letter is a supervisory and management measure and is not an administrative punishment. According to the provisions of relevant laws and regulations, the supervisory and management measures will not affect EYHM to continue the undertaking or execution of securities service business and other business.

(II) Information on the Project

1. *Basic information*

Project partner: Ms. Ai Wei, Certified Public Accountant practising in the PRC, and has been working in audit-related business in firm since 2003. She has extensive experience in securities services including corporate restructuring and listing audit, annual audit of listed companies and merger and acquisition and restructuring audit in industries such as steel, manufacturing, chemical, automobile, pharmaceuticals, energy, etc.. Ms. Ai Wei does not have any part-time employment.

Quality control reviewer: Mr. Qiao Chun, Certified Public Accountant practising in the PRC, has been working in audit-related business in firm since 1997. He has extensive experience in securities services including corporate restructuring and listing audit, annual audit of listed companies and merger and acquisition and restructuring audit in industries such as steel, manufacturing, telecommunication, automobile, pharmaceuticals, logistics, etc.. Mr. Qiao Chun does not have any part-time employment.

Signing Certified Public Accountant: Ms. Wang Dan, Certified Public Accountant practising in the PRC, has been working in audit-related business in firm since 2012. She has extensive experience in securities services including corporate restructuring and listing audit and annual audit of listed companies in industries such as steel, manufacturing, automobile, pharmaceuticals, energy, etc.. Ms. Wang Dan does not have any part-time employment.

2. *Integrity record*

The above project partner, signing Certified Public Accountant and project quality control reviewer have not been subject to criminal punishment, administrative punishment, administrative supervision measures and self-discipline supervision measures in the past three years.

3. *Independence*

The above project partner, signing Certified Public Accountant and project quality control reviewer have no record of violation of the independence requirements in the Code of Professional Ethics for Chinese Certified Public Accountants.

4. *Audit fees*

The audit fees for 2022 will be RMB3.1 million (tax exclusive, including subsidiaries), including financial audit fees of RMB2.4 million and internal control audit fees of RMB0.7 million, which have been determined after negotiation with the accounting firm in accordance with the principle of fair and reasonable pricing in the market and will be the same as the audit fees for 2021.

II. PROCEDURES TO BE PERFORMED FOR THE RE-APPOINTMENT OF THE ACCOUNTING FIRM

(I) Opinion of the Audit Committee of the Board

EYHM has followed the independent, objective and impartial practising standards and performed the integrated audit for the year 2021 in strict accordance with the relevant provisions of the PRC Auditing Standards for Certified Public Accountants and the Guidelines on Internal Control Auditing for Enterprises. Adequate time has been devoted in and reasonable arrangements have been made for the integrated audit; the audit personnel reasonably allocated for the integrated audit has excellent professional ethics and professional competence and extensive experience. The audited financial statements of the Company can adequately reflect the financial position of the Company as at 31 December 2021, the effectiveness of the internal control over the financial reporting and the operating results and cash flows for the year 2021, and the audit conclusion is in line with the actual situation of the Company and does not prejudice the interests of the Company and the shareholders; EYHM has sound investor protection capability and the audit fees are reasonable. Accordingly, the audit committee of the Board recommends the re-appointment of EYHM as the Company's financial and internal control auditor for the year 2022 and will submit it to the Board of the Company for consideration.

(II) Prior Approval and Independent Opinions of the Independent Directors

1. *Prior approval opinion*

- (1) Upon examination, the independent directors of the Company are of the view that EYHM possesses the qualification to conduct securities and futures-related audit and has many years of experience and the capability in conducting audit for listed companies, and is able to meet the Company's financial audit and internal control audit requirements.
- (2) EYHM has sound investor protection capability and no issues have been identified in relation to its independence and integrity record.
- (3) The submitting of the Resolution in Relation to the Re-appointment of the Financial and Internal Control Auditor of the Company for the Year 2022 to the Board for consideration is approved.

2. *Independent opinion*

- (1) EYHM has sound professional competence and investor protection capability and no issues have been identified in relation to its independence and integrity record.
- (2) EYHM has followed the independent, objective and impartial practising standards in providing the financial and internal control audit services for the year 2021 for the Company and completed the integrated audit for the year 2021 in strict accordance with the PRC Auditing Standards for Certified Public Accountants, the Guidelines on Internal Control Auditing for Enterprises and the engagement agreement with the Company.
- (3) The procedures of the Board for considering the re-appointment of EYHM are in compliance with the relevant provisions of laws, regulations and normative documents and do not prejudice the interests of the Company and the shareholders.
- (4) The Resolution in Relation to the Re-appointment of the Financial and Internal Control Auditor of the Company for the Year 2022 is approved and will be submitted to the general meeting of the Company for consideration.

(III) The Resolution in Relation to the Re-appointment of the Financial and Internal Control Auditor of the Company for the Year 2022 was passed by voting at the 13th meeting of the ninth session of the Board and the 8th meeting of the ninth session of the supervisory committee of the Company convened on 31 May 2022.

The supervisory committee is of the view that: EYHM possesses the qualification to conduct securities and futures-related audit, has extensive practising experience and professional servicing capability, and has sound investor protection capability, and no issues have been identified in relation to its independence and integrity record. The consideration and voting procedures of the Board for the re-appointment of EYHM as the financial and internal control auditor of the Company for the year 2022 are in compliance with the provisions of the Company Law of the People's Republic of China and other relevant laws and regulations and the Articles of Association of the Company, etc., which are not prejudicial to the interests of the Company and the shareholders. The supervisory committee approves the resolution of the Board in relation to the re-appointment of the financial and internal control auditor of the Company for the year 2022.

(IV) The Resolution in Relation to the Re-appointment of the Financial and Internal Control Auditor of the Company for the Year 2022 will be submitted to the general meeting of the Company for consideration and will become effective from the date of being considered and passed at the general meeting of the Company.

By order of the Board
Chongqing Iron & Steel Company Limited
Zou An
Secretary to the Board

Chongqing, the PRC, 31 May 2022

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Wenxue (Executive Director), Mr. Xie Zhixiong (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lai Xiaomin (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Mr. Zhang Jinruo (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).