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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)

PROPOSED CHANGE OF ANNUAL REPORT AUDITOR AND INTERNAL CONTROL AUDITOR

Chongqing Iron & Steel Company Limited (the “**Company**”) has been engaging KPMG Huazhen (Special General Partnership) (“**KPMG**”) as its annual report auditor and internal control auditor since 2007 and 2012 respectively. As the audit team of KPMG has been providing audit services to the Company for 8 consecutive years and the parties could not reach an agreement in relation to the audit fee for 2015, upon negotiation and agreement between the Company and KPMG and consideration and approval by the audit committee of the board of directors (the “**Board**”) of the Company, the Company proposed to change its 2015 annual report auditor and internal control auditor and engage Pan-China Certified Public Accountants LLP (Special General Partnership) as its 2015 annual report auditor and internal control auditor in order to completely ensure the independence and objectiveness of the audit works to be conducted by the external auditor.

KPMG has confirmed that no matters regarding its cessation to act as the Company’s auditor that should be brought to the attention of the shareholders of the Company.

Save as the above disclosed, the Board confirmed that there were no disagreements between KPMG and the Company and it was not aware of any matters regarding the proposed change that should be brought to the attention of the shareholders of the Company.

The above proposed change is subject to the approval at the 2016 first extraordinary general meeting by the shareholders of the Company. A circular containing, among others, details on the proposed change of annual report auditor and internal control auditor and a notice of the 2016 first extraordinary general meeting will be despatched to the shareholders of the Company as soon as practicable.

The Board hereby expresses its sincere gratitude to KPMG for the quality services it provided to the Company in the past years.

By Order of the Board
Chongqing Iron & Steel Company Limited
You Xiao An
Secretary to the Board

Chongqing, the PRC, 20 January 2016

As at the date of this announcement, the directors of the Company are: Mr. Liu Da Wei (non-executive director), Mr. Zhou Hong (non-executive director), Mr. Tu De Ling (executive director), Mr. Li Ren Sheng (executive director), Mr. Zhang Li Quan (executive director), Mr. Yao Xiao Hu (executive director), Mr. Xu Yi Xiang (independent non-executive director), Mr. Xin Qing Quan (independent non-executive director) and Mr. Wong Chun Wa (independent non-executive director).