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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 ENGAGEMENT OF ACCOUNTING FIRM

At the fifteenth meeting of the seventh session of the board of directors (the “**Board**”) of Chongqing Iron & Steel Company Limited (the “**Company**”) convened on 20 March 2018, the Proposal in Relation to Engagement of Financial and Internal Control Auditor for the Year 2018 was considered and approved. The relevant matters are hereby announced as follows:

I. SELECTION AND ENGAGEMENT OF FINANCIAL AND INTERNAL CONTROL AUDITOR FOR THE YEAR 2018

As considered and approved at the 2016 annual general meeting and the ninth meeting of the seventh session of the Board of the Company, the Company engaged Pan-China Certified Public Accountants LLP (Special General Partnership) as the financial and internal control auditor for the year 2017 for a term of one year. In February 2018, Pan-China Certified Public Accountants LLP (Special General Partnership) completed all audits for the Company for the year 2017 and its term of office will also expire on the date of the 2017 annual general meeting of the Company. Therefore, the Company is required to select and engage the financial and internal control auditor for the year 2018.

II. PROCEDURES FOR SELECTION AND ENGAGEMENT OF ACCOUNTING FIRM

1. The audit committee of the Board of the Company organized the selection and engagement of the financial and internal control auditor for the year 2018 in accordance with relevant laws and regulations as well as the Articles of Association, the Work Regulations of the Audit Committee of the Board of Directors and the Rules on Selection and Assessment System of Annual Auditors. After comprehensive examination and evaluation of the qualifications, practice quality, integrity, quotation of audit fee and other information of a number of auditors, the audit committee of the Board is

of the view that Ernst & Young Hua Ming LLP (“**Ernst & Young**”) with the qualifications of auditing in relation to securities and futures related businesses and years of rich experience in and professional service capacity for providing audit services to A share and H share listed companies, is able to satisfy the Company’s requirements on annual financial and internal control audit and provides a reasonable quotation on audit fee. Therefore, it is proposed to engage Ernst & Young as the Company’s financial and internal control auditor for the year 2018 for a term ending on the date of the 2018 annual general meeting of the Company, and the proposal has been presented to the Board of the Company for consideration.

2. On the basis of full understanding and comprehensive evaluation of the relevant auditors, the Board of the Company, based on the business development and audit demands of the Company as well as the proposal by the audit committee of the Board, has approved the engagement of Ernst & Young as the Company’s financial and internal control auditor for the year 2018 for a term ending on the date of the 2018 annual general meeting of the Company. The annual audit service charge is RMB2.25 million and the internal control audit fee is RMB700,000.
3. The Proposal in Relation to Engagement of Financial and Internal Control Auditor for the Year 2018 will be tabled at the 2017 annual general meeting of the Company for consideration.

III. PROPOSED ENGAGEMENT OF ACCOUNTING FIRM

Ernst & Young Hua Ming LLP is among the first batch of international professional service agencies as approved to carry out business in mainland China in 1981. Ernst & Young possesses relevant qualification certificates for practice, audit for H shares, securities, futures, etc. and has been approved by the State-owned Assets Supervision and Administration Commission of the State Council to participate in audit supervision of central enterprises. Ernst & Young runs over 730 offices in more than 150 countries and regions and has over 212,000 employees. Ernst & Young is engaged in provision of professional services in terms of audit, risk management, taxation and consulting in other aspects and has rich experience in serving Chinese enterprises, in particular H share and A share listed companies.

IV. INDEPENDENT OPINIONS

1. Upon prior review, the independent directors of the Company have approved to submit the Proposal in Relation to Engagement of Financial and Internal Control Auditor for the Year 2018 to the Board of the Company for consideration.

2. Upon examination, the independent directors of the Company are of the view that Ernst & Young has the experience and capacity required for provision of audit service to the Company and satisfies the Company's requirements on future financial and internal control audit; the procedures adopted by the Board for consideration of the engagement of Ernst & Young are in line with relevant provisions under laws, regulations and normative documents without any prejudice to the interests of the Company and shareholders; they have approved the submission of the proposal by the Board at the general meeting of the Company for consideration.
 3. Upon review, the supervisory committee is of the view that the procedures adopted by the Board for consideration of and voting on the engagement of Ernst & Young are in line with the provisions under relevant laws and regulations including the Company Law and the Articles of Association of the Company without prejudice to the interests of the Company and shareholders. The supervisory committee has approved the engagement of Ernst & Young as the financial and internal control auditor of the Company for the year 2018 and the submission of the proposal at the general meeting of the Company for consideration.
- V. Pan-China Certified Public Accountants LLP (Special General Partnership) adhered to the principle of independent audit during the provision of audit services and practically fulfilled its due responsibilities as an auditor. The Company has informed Pan-China Certified Public Accountants LLP (Special General Partnership) of the matters relating to the proposed engagement of auditor for 2018 and Pan-China Certified Public Accountants LLP (Special General Partnership) has confirmed to the Board of the Company that it has no disagreement with the Company and there are no relevant matters that need to be brought to the attention of the shareholders of the Company.

By order of the Board
Chongqing Iron & Steel Company Limited
Yu Hong
Secretary to the Board

Chongqing, the PRC, 22 March 2018

As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (Non-executive Director), Mr. Zheng Jie (Non-executive Director), Mr. Li Yongxiang (Executive Director), Mr. Tu Deling (Executive Director), Mr. Zhang Shuogong (Executive Director), Mr. Hwang Yuhchang (Independent Non-executive Director), Mr. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).