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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 APPOINTMENT OF ACCOUNTING FIRM OF THE COMPANY FOR THE YEAR 2023

I. BASIC INFORMATION ON PROPOSED APPOINTMENT OF ACCOUNTING FIRM

(I) Information on the institution

1. Basic information

Ernst & Young Hua Ming LLP (“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 2022, EYHM has 229 partners, and the chief partner is Mr. Mao Anning. EYHM has always attached great importance to cultivation of talents. EYHM has 1,818 certified public accountants as of the end of 2022, including more than 1,500 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 2021 was RMB5.49 billion, of which income from audit business was RMB5.282 billion (including income from securities business of RMB2.27 billion). In 2021, EYHM audited annual reports of 116 A share listed companies for total auditing fees amounting to RMB0.736 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 59 audit clients of listed companies in the same industry of Chongqing Iron & Steel Company Limited (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: Mr. Chen Xiaoxiang, Certified Public Accountant practising in the PRC, and has been working in audit-related business in the firm since 1994. 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, mining, manufacturing, transportation, education, medicine, real estate, etc.. Mr. Chen Xiaoxiang 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 the firm since 1997 and has begun to provide audit service for the Company since 2019. 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 the firm since 2012 and has begun to provide audit service for the Company since 2019. 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, supervisory management measures imposed by the SFC and its local branches or competent authorities in the industry, or self-discipline supervision measures and disciplinary sanctions imposed by self-regulatory organizations such as stock exchanges and industry associations in the past three years.

3. *Independence*

EYHM and 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 2023 will be RMB2.88 million (tax inclusive, including subsidiaries), representing a year-on-year decrease of 18.41% as compared with the previous year, among which the audit fee for the annual financial report is RMB2.28 million and the audit fee for the annual internal control is RMB0.6 million.

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

(I) Opinion of the Audit Committee of the Board of Directors

1. EYHM has followed the independent, objective and impartial practising standards and performed the integrated audit for the year 2022 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 2022, the effectiveness of the internal control over the financial reporting and the operating results and cash flows for the year 2022, 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.
2. The Company has conducted an invitation tender for the selection of an accounting firm in 2023. EYHM is the first successful candidate and the annual audit fee is RMB2.88 million (tax inclusive, including subsidiaries), among which the audit fee for the annual financial report is RMB2.28 million and the audit fee for the annual internal control is RMB0.6 million.

Accordingly, the audit committee of the board of directors recommends the appointment of EYHM as the Company's accounting firm for the year 2023 and will submit it to the board of directors of the Company for consideration.

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

1. Prior approval opinion

The independent directors of the Company have, in accordance with the Company Law of the People's Republic of China, the Rules for Corporate Governance of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant regulations, carefully understood and reviewed the Resolution in Relation to the Appointment of the Accounting Firm of the Company for the Year 2023 to be submitted for consideration at the 26th meeting of the ninth session of the board of directors of the Company and express our prior opinion as follows:

The Company has communicated the above matters to the independent directors, and the independent directors have carefully reviewed the relevant materials and agreed to submit the Resolution in Relation to the Appointment of the Accounting Firm of the Company for the Year 2023 to the board of directors for consideration.

2. *Independent opinion*

The independent directors of the Company have, in accordance with the Company Law of the People's Republic of China, the Rules for Corporate Governance of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant regulations, carefully reviewed the Resolution in Relation to the Appointment of the Accounting Firm of the Company for the Year 2023 at the 26th meeting of the ninth session of the board of directors of the Company, and after prudent consideration, the independent directors express their independent opinion as follows:

- (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 the course of providing the financial and internal control audit services for the year 2022 for the Company and completed the integrated audit for the year 2022 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 of directors for considering the 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 Appointment of the Accounting Firm of the Company for the Year 2023 is approved and will be submitted to the general meeting of the Company for consideration.

(III) The Resolution in Relation to the Appointment of the Accounting Firm of the Company for the Year 2023 was passed by voting at the 26th meeting of the ninth session of the board of directors and the 15th meeting of the ninth session of the supervisory committee of the Company convened on 18 May 2023.

The supervisory committee is of the view that: EYHM has sound professional competence and 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 of directors for the proposed appointment of the accounting firm of the Company for the year 2023 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 in relation to the appointment of the accounting firm of the Company for the year 2023.

(IV) The Resolution in Relation to the Appointment of the Accounting Firm of the Company for the Year 2023 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, 19 May 2023

As at the date of this announcement, the Directors of the Company are: Mr. Xie Zhixiong (Executive Director), Mr. Meng Wenwang (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (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).