

Public version

Zhejiang JinfeiKaida Wheels Co., Ltd.

SECTION A – COMPANY STRUCTURE AND OPERATIONS

- In your response to question 14 of Section A of the exporter questionnaire, you have stated that Zhejiang JinfeiKaida purchased completed products from Zhejiang Jintai Auto Parts Manufacturing Co. Ltd (a related party).
 - o Please include in the domestic and export sales spreadsheets a column which indicates whether products sold were actually manufactured by JinfeiKeida, or purchased from Zhejiang Jintai Auto Parts Manufacturing Co. Ltd.
 - o Please explain:
 - Whether Zhejiang Jintai knew of the final destination of the goods, when they were being manufactured.
 - Who was responsible for arranging delivery of the goods to customers.
 - Who was responsible for the sales / invoicing processes, for all those purchased products.

Answer:

In Jinfei Kaida's financial system, it is not feasible to distinguish the finished product which is manufactured by by Jintai. The same size of products manufactured by Jinfei Kaida and Jintai are all the same with the same cost.

Jintai did not know the final destination of the goods when they were being manufactured and Jinfei Kaida was responsible for arranging delivery of the goods to customers, the sales / invoicing processes, for all the purchased products.

- In your response to question14 of Section A of the exporter questionnaire, you have identified related parties that Zhejiang JinfeiKaida has purchasedraw materials from.
 - o Of the related companies that Kaida purchased raw materials from (identified at section G-6), it appears that only one of those companies (GuizhouJinfei Wheel Casting Co)is listed in the aluminium purchases spreadsheet (in which it is listed as GuizhouJinfei Wheel Casting Co., Ltd.).
 - Please confirm that GuizhouJinfei Wheel Casting Co., Ltd. Is a related party.
 - Please confirm wheter there were any other related party purchases of raw materials, which were used to manufacture the goods, during the review period. If there were, please add these to the aluminium purchases spreadsheet and include a column which identifies related party purchases.

Answer:

GuizhouJinfei Wheel Casting Co., Ltd. is a related party. For the other materials purchased from related parties, please see the Attachment 1- Raw material purchase from related parties (confidential).

Public version

- JinfeiKaida claimed that two related parties - JinhuaJinfei Auto Parts Co.,Ltd, Zhejiang Jintai Auto Parts Manufactory Co.,Ltd – purchased goods domestically during the review period.
 - o Can you please confirm whether any other related parties purchased like goods during the review period?

Answer:

There were only two related parties - JinhuaJinfei Auto Parts Co.,Ltd, Zhejiang Jintai Auto Parts Manufactory Co.,Ltd – purchased goods domestically during the review period.

- As the financial statements (in particular, the income statement) were not translated into English, the Commission was unable to reconcile the gross and net sales for 2013 to the turnover statement. Please provide an English translation, line by line (i.e. of each item), of the audited income statement for 2013 only.

Answer:

Please see the Attachment 2-Financial statements (English version-confidential). Please note that in the audit report, the main operation income was 【】 , and in the spreadsheet we reported the turnover of the year 2013 was 【】 which was the turnover of all ARWs in Jinfei Kaida's financial system. The difference was audit adjustment.

SECTION B – SALES TO AUSTRALIA

(please refer to the Australian sales spreadsheet)

- For the documentation provided for invoice number JK-14-831, you have recorded the sales transaction at CIF however the commercial invoice clearly shows that the sale was made on FOB shipping terms. From the commercial invoice, it is also clear that marine insurance and ocean freight were charged to the customer separately. **Please review and amend the Australian sales spreadsheet to ensure that for all transactions, the delivery terms accurately reflect the actual delivery terms recorded for each invoice.** Please also ensure that ocean freight, insurance costs and Australian import duties are only recorded for invoices which were issued under CIF terms.

Answer:

For this transaction, the company made the sale on FOB, but the ocean freight and insurance was paid by the company for the client, and the client has paid the ocean freight and insurance together with the good payment. So the ocean freight and insurance was listed in the commercial invoice. And the FOB price was listed in the Custom Declaration. So we have recorded the sales transaction at CIF in the spreadsheet, and we provided the invoice of the ocean freight and insurance and listed it in the spreadsheet.

- Please provide documentation, similar to the documentation that you provided in response to the questionnaire, for the following Australian sales (by invoice number):
 - JK-13-866;
 - JK-13-1099;
 - JK-14-37; and
 - JK-14-690.

Answer:

Please see the Attachment 3-four transactions documents (confidential) related to export Australia.

For Invoice No JK-13-866:

1. The payment from the clients is bigger than the value in the commercial invoice, because it included the mold and sample charge.
2. The company paid inland transport by month, so we provide the whole month invoices and the list of the inland transport.
3. The handling fee included the customs charges, which was paid by month; we also provide the whole month invoices and the list of it.

For Invoice No JK-13-1099 and JK-14-37, there have the same situation in the inland transport.

For Invoice No JK-14-690, it has the same situation in the inland transport and handling fee.

- Please allocate ocean freight and marine insurance for each listed transaction at CIF. This could be allocated on a quantity basis. Further, please allocated inland transport and handling charges for each listed transaction. This could also be allocated on a quantity basis.

Answer:

Public version

Please see the spreadsheet (confidential).

- For invoice number JK-13-930, the invoice date, date of sale, ocean freight, marine insurance, handling and inland transport charges are missing. Please review and amend the spreadsheet as appropriate to include amounts for these expenses.

Answer:

We have reviewed and amended the spreadsheet for this transaction.

- For the following invoices, the amounts for inland transport have not been recorded:

JK-13-1325
JK-14-348
JK-13-888
JK-13-1398
JK-13-1363
JK-13-1048
JK-13-1105
JK-14-198
JK-14-835

Please review and amend the spreadsheet as appropriate.

Answer:

For the following invoices, the quantity is very small, so the company transport the goods with LCL (less than container load) and the inland transport was included in the handling fee.

- For invoice numbers JK-14-530 and JK-14-740, the amounts for inland transport and handling are missing. Please review and amend the spreadsheet as appropriate.

Answer:

For invoice numbers JK-14-530, inland transport was included in handling, which is 799.78RMB, we have amended the spreadsheet (confidential).

For invoice numbers JK-14-740, there was no inland transport and handling, the quantity is very small, the company delivery the product to client by express and the delivery fee paid by client. We provide the Attachment 4-express waybill of JK-14-740 for your reference (confidential).

- For invoice number JK-14-764, amounts for inland transport, handling, ocean freight and marine insurance charges appear incomplete. Please review and amend the spreadsheet as appropriate.

Answer:

- We have reviewed and amended the spreadsheet (confidential).

-

- In column D of the Australian sales spreadsheet, it appears that additional customers are listed. Please explain what the purpose of column D is.

Public version

Answer:

For some transactions, there was an intermediary, so we added column D to show the final customer. In column A, it is the customer listed in the commercial invoice, in column D, it is the customer listed in the Bill of Lading.

- In the Australian sales spreadsheet, the date of sale is not the invoice date. Please explain why the invoice date is not the date of sale. Further, please explain what the date of sale, as recorded in the Australian sales spreadsheet, represents (i.e. the delivery date, bill of lading date etc.).
- Answer:
- Custom Declaration is issued by the government, so the accountant of the company took the data of Custom Declaration into the financial system. In order to match with the financial system, we consider the date in Custom Declarations the date of sale, which is a few days later than the invoice date.
- In the Australian sales spreadsheet, there are some listed transactions where the quantity and value recorded is negative. Please explain what these negative transactions represent.
- Answer:
These negative transactions represent sales return of goods.

SECTION D –DOMESTIC SALES

(please refer to the domestic sales spreadsheet)

- For invoice number 546500, no customer is identified / recorded. Please record the name of the customer for this invoice.

Answer:

The name of the customer for this invoice have been added, please see spreadsheet “domestic sales” (confidential).

- For invoice number 855241, the customer is identified as ‘BREAK’ – please review and clarify whether this is an error.

Answer:

It is correct; please see the Attachment 5- invoice 855241.

- Please clarify what the negative transactions (i.e. negative quantities and values) represent. Further, please clarify why, for some transactions, amounts for inland transport have been recorded as negative.

- **Answer:**

- The negative transactions refer to sales return of goods. The inland transport have allocated in accordance with the quantities, return of goods leads to the negative transactions, corresponding, amounts for inland transport have been recorded as negative.

- In column M (quantity), there are a large number of transactions where the quantity has not been recorded. Please amend the spreadsheet to list the quantity (in pieces) sold for these transactions.

- **Answer:**

- For those transactions, the quantity has not been recorded, because it is price adjustment. When the company signed the contract with the client, they agreed that the price of goods can be changed with change of the raw materials.
- So the company issued those invoice with new price, which only price was added, but the quantity was not add, that is why unit price of those invoices are small.
- Taking the invoice No 74806 as example, it match with the invoice No 885951,885952,899864, please see Attachment 6- price adjustment of those invoices and the price adjustment table (confidential).

-

- In column F (surface treatment), in addition to polished, chrome and painted finishes, there is a surface treatment that is referred to as “price difference”. Please review and amend the spreadsheet as appropriate.

- **Answer:**

It is price adjustment; please refer to the answer of the last question.

- In column F (surface treatment), there are a few transactions where product finishes have not been recorded (i.e. “blank” is recorded). Please review and amend the spreadsheet as appropriate.

- **Answer:**

Public version

- We have reviewed and amended the spreadsheet (confidential).
- Please refer to rows 72, 404, 682, 9184, 9966, 13338 and 14201 of the domestic sales spreadsheet. The invoice numbers are either missing or have been erroneously recorded. Please amend the spreadsheet as appropriate.
- Answer:
- We have reviewed and amended the spreadsheet (confidential).
-
- Please explain how inland transportation costs have been allocated in the domestic sales spreadsheet. Please provide any supporting documentation to substantiate the inland transportation costs recorded in the domestic sales spreadsheet.
- Answer:
- The inland transportation costs=the total transportation value for domestic sales / the total value of the domestic sales, please see the total transportation value table derived from the financial system.
- There has a little difference between the value in the total inland transportation during the IP and the spreadsheet, because it is Round data for the transport fee for sale per Yuan.
- Please see the Attachment 7- supporting documentation of inland transportation (confidential).

SECTION E – FAIR COMPARISON

- Please disclose the exact rate of the VAT rebate that Zhejiang JinfeiKaida has received on the exported goods during the review period.
- **Answer:**
- **The rate of the VAT rebate that Zhejiang Jinfei Kaida has received on the exported goods during the review period was 17%.**
-
- Please clarify whether there are any differences in the packaging of aluminium road wheels sold on the domestic market vs. the export market. If so, please explain these differences.
- **Answer:**
- **There was no difference.**

SECTION G – COST TO MAKE AND SELL (CTMS)

(please refer to the CTMS spreadsheets)

- Please identify what costs are included in the 'material costs' row in the domestic and export CTMS spreadsheets. For example, aluminium etc.
- Answer:
The raw material includes aluminium, strontium aluminum alloys, titanium-boron aluminum alloy, and silicon.
- Please identify what is included in the 'other costs' row in the domestic and export CTMS spreadsheets.
- Answer:
The other costs refer to gas fees and loss of waste product.
- Please explain why, in the domestic CTMS spreadsheet for chrome 21-inch, for the month of December 2013, the costs are recorded as negative.
- Answer:
In the month of December 2013, there was sales return of 2 Pcs of 21-inch chrome wheels and there was no production of this kind of product in that month. So, the cost of production should be written-off for the 2 Pcs of wheels, recorded as negative in the financial system.
- Please explain why, in the domestic CTMS spreadsheet for painted 22-inch, for the month of August 2013, the costs are recorded as negative.
- Answer:
In the month of August 2013, there was sales return of 10 Pcs of 22-inch painted wheels and there was no production of this kind of product in that month. So, the cost of production should be written-off for the 10 Pcs of wheels, recorded as negative in the financial system.
- Please explain why, in the domestic CTMS spreadsheet for polish 18-inch, for the month of December 2013, the costs are recorded as negative.
- Answer:
In the month of December 2013, there was sales return of 1Pcs of 18-inch polish wheels and there was no production of this kind of product in that month. So, the cost of production should be written-off for the 1 Pcs of wheels, recorded as negative in the financial system.
- For the domestic CTMS painted-22 inch, please explain why there are significant variations in the unit material cost (material costs / sales quantity) from December 2013.
- Answer:
In the financial system records, there was an error of calculating material cost in May 2014. The consumption of aluminium of 22-inch should be 18.8kg/Pcs and the accountant recorded as 58.50kg/Pcs. For this reason, the material cost added RMB14755.71 to RMB21743.29.

Public version

- In your response to Section G-6 of the exporter questionnaire, you identified related parties relating to the purchase of raw materials. Please list the materials that were purchased from each company during the review period.

- **Answer:**

Please see the Attachment 1- Raw material purchase from related parties (confidential).

-

SECTION I – COUNTERVAILING

(please refer to your response to Section I of the questionnaire)

- In your response to Part I-2 of the questionnaire, you identified that Zhejiang JinfeiKaida had received benefits under programs 41, 42, 44 and 56 during the period 1 July 2011 to 30 June 2014. Please clarify whether the total benefit (RMB 8,146,221.91) was received during the review period (1 July 2013 to 30 June 2014). For any benefits received in part during the investigation period, please provide a pro-rata amount for those benefits.

- Answer:

We confirm that the total benefit 【 】 was received during the review period (1 July 2013 to 30 June 2014).

- Please clarify whether the benefit received under these programs was received in a lump sum or multiple instalments over a period of time.

- Answer:

The benefit received under these programs was received in a lump sum.