



Australian Government
Australian Customs and
Border Protection Service

International Trade Remedies Branch

EXPORTER QUESTIONNAIRE - CHINA

PRODUCT CONCERNED: HOT ROLLED PLATE STEEL FROM THE
PEOPLE'S REPUBLIC OF CHINA, THE
REPUBLIC OF KOREA, THE REPUBLIC
OF INDONESIA, JAPAN AND TAIWAN

INVESTIGATION PERIOD: 1 JANUARY TO 31 DECEMBER 2012

RESPONSE DUE BY: 4 APRIL 2013

ADDRESS FOR RESPONSE: International Trade Remedies Branch
Australian Customs and Border
Protection Service
5 Constitution Avenue
Canberra act 2601
Australia
Attention: Director Operations 3

CASE MANAGER: Mr Mick Kenna & Mrs Michelle Gibson
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Please note that a non-confidential version of the reply to this questionnaire must also be provided.

SECTION A - COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 IDENTITY AND COMMUNICATION

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head office:

Name: **Ms. SONG Yan**
Position in the company: **Export manager of JSIT**
Address: **No. 21, Gongyebei Road, Jinan, China**
Telephone: **86-531-8886 8080**
Facsimile number: **86-531-8898 3798**
E-mail address of contact person: **songyan.bm@hotmail.com**

Factory:

Address: **Ms. CAO Shuyu Legal Consultant**
Telephone: **86-531-88867463**
Facsimile number: **86-531-88869705**
E-mail address of contact person: **feb_xbox@163.com**

A-2 REPRESENTATIVE OF THE COMPANY FOR THE PURPOSE OF INVESTIGATION

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name: **Mr. Andrew Percival**
Organisation: **Corrs Chambers Westgarth**
Position: **Special Counsel**
Address: **GPO Box 9925, Sydney NSW 2001**
Telephone: **(02) 9210 6228**
Facsimile/Telex number: **(02) 9210 6611**
E-mail address of contact person: **Andrew.Percival@corrs.com.au**

Name: **Ms. LEI Song**
Organisation: **ZHONG LUN LAW FIRM**
Position: **Partner**
Address: **36-37/F, SK Tower, 6A Jianguomenwai Avenue Beijing, China
-100022**
Telephone: **86-10-5957 2288**
Facsimile/Telex number: **86-10-6568 1838**
E-mail address of contact person: **leisong@zhonglun.com**

Note that in nominating a representative, Customs and Border Protection will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 COMPANY INFORMATION

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

Answer:

The legal name of the company is Shandong Iron and Steel Company Limited, Jinan Company (hereinafter referred to as "JIGANG" or "the Company").

JIGANG's predecessor, Jinan Iron and Steel Company Limited, was established on December 26, 2000, which was a public listed company on the Shanghai Stock Exchange with the name of Jinan Iron & Steel Company Limited. *[Confidential]* Please refer to the Confidential Exhibit A-3.1 for the establishment of Jinan Company.

Jigang Steel International Trade Co., Ltd. (hereinafter referred to as "JSIT") and Jigang Hong Kong Holding Co., Ltd. (hereinafter referred to as "Jigang HK") are related companies of JIGANG and are involved in export sales of the product concerned.

Except these names, there are no other business names used for business.

[Detailed business information of Shandong Iron and Steel Company Limited, Jinan Company removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

Answer:

Shandong Iron and Steel Company Limited is the parent company of JIGANG.

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Answer:

Jigang Group Co., Ltd. (hold *[Confidential]*% shareholdings) and Laiwu Steel Group Co., Ltd. (hold *[Confidential]*% shareholdings) are the shareholders of Shandong Iron and Steel Company Limited. There are no any other shareholders who hold 5% or more of JIGANG.

[Detailed shareholding information of Shandong Iron and Steel Company Limited, Jinan Company removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

Answer:

Shandong Iron and Steel Group is the parent company of Jigang Group Co., Ltd. and Laiwu Steel Group Co., Ltd.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

Answer:

Please refer to Confidential Exhibit A-3.5 for the affiliation structure.

[Affiliation structure removed]

The Affiliation structure is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

Answer:

There are no management fees charged by the parent company or by a related company.

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

Answer:

JIGANG is one of the largest producers of hot-rolled steel product in China, including the product concerned. It is also responsible for all sales of its products on the domestic market.

For exports to Australia, all business is handled by its related companies JSIT and Jigang HK.

8. If your business does not perform all of the following functions in relation to GUC, then please provide names and addresses of the companies which perform each function:
- produce or manufacture
 - sell in the domestic market
 - export to Australia, and
 - export to countries other than Australia.

Answer:

For the business in relation to the GUC:

Produce or manufacture: JIGANG

Sell in the domestic market: JIGANG

Export to Australia: JSIT and Jigang HK

Export to countries other than Australia: JSIT and Jigang HK

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Answer:

Please refer to Confidential Exhibit A-3.9 for the internal organisation chart of JIGANG.

[Internal organisation chart of JIGANG removed]

The Internal organisation chart of JIGANG is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

10. Provide a list of your business' Board of Directors, Managing Director (or CEO) and Senior Executives.

Answer:

Please refer to Confidential Exhibit A-3.10 for the list of Board of Directors, Managing Directors and Senior Executives of JIGANG.

[List of Board of Directors, Managing Director and Senior Executives of JIGANG removed]

The List of Board of Directors, Managing Director and Senior Executives of JIGANG is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

Answer:

Please refer to Confidential Exhibit A-3.11.1 for the annual report of 2011 and Confidential Exhibit A-3.11.2 for brochures of the GUC.

[Annual report of 2011 and product brochure of JIGANG removed]

The Annual report of 2011 and product brochure of JIGANG is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

12. Are any of your company's operations in a Special Economic Area, Economic and Technical Development Zone, Bonded Zone, Export Processing Zone, High Technology Industrial Development Zone, the Western Regions, or any other similarly designated area?

Answer:

No.

13. If your answer to question A-3.12 above is 'yes':
- advise if any benefits (e.g. grants, reduced liabilities on commercial interest rates, etc) from the GOC (including central, provincial, municipal, county or any other level of government) accrue to your company because of being located in such an area;
 - please explain the nature of the operations, identify the specific zone(s) [or other area(s)] and provide a brief overview of all of the benefits of operating within the specified zone(s) or area(s).

Answer:

Not applicable.

14. Provide details of all transactions between your company and all related parties. For example:
- Supplying/selling completed or partially completed products.
 - Supplying/selling raw materials.
 - Performing management functions (including any financial functions).
 - Processing (including toll processing) of any raw materials, intermediary or completed products.
 - Trading in products/materials supplied by related parties.

Answer:

Please refer to the disclosure of related transactions in the Confidential Exhibits A-3.11.1 for annual report of 2011.

[Annual report of 2011 removed]

The Annual report of 2011 is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

A-4 GENERAL ACCOUNTING/ADMINISTRATION INFORMATION

1. Indicate your accounting period.

Answer:

The financial accounting period is the Gregorian calendar year.

2. Indicate the address where the financial records are held.

Answer:

The financial records are held at the registered address of JIGANG, being: No. 21, Gongyebei Road, Jinan, China

3. Provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:
- chart of accounts;
 - audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
 - internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under investigation.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under investigation, and
- the company overall.

Answer:

Please refer to Exhibit as follows:

Confidential Exhibit A-4.3-1 for chart of accounts;
Confidential Exhibit A-4.3-2 for audited consolidated and unconsolidated financial statements of 2010 and 2011;
Confidential Exhibit A-4.3-3 for unaudited monthly financial statements of 2012;

[The above mentioned exhibits of JIGANG removed]

The above mentioned exhibits of JIGANG are not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your relevant taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Answer:

All the accounts have been audited for the last two years. This question is not applicable.

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

Answer:

Financial accounting practices and policies used by JIGANG are in compliance with "GAAP" practices of China.

6. Describe the significant accounting policies that govern your system of accounting, in particular:
- the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average);
 - costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);
 - valuation methods for damaged or sub-standard goods generated at the various stages of production;
 - valuation methods for scrap, by products, or joint products;
 - valuation and revaluation methods for fixed assets;
 - average useful life for each class of production equipment and depreciation method and rate used for each;
 - treatment of foreign exchange gains and losses arising from transactions;
 - treatment of foreign exchange gains/losses arising from the translation of balance sheet items;
 - inclusion of general expenses and/or interest;
 - provisions for bad or doubtful debts, and treatment thereof in your accounts;
 - expenses for idle equipment and/or plant shut-downs;
 - costs of plant closure;
 - restructuring costs;
 - by-products and scrap materials resulting from your company's production process; and
 - effects of inflation on financial statement information.

Answer:

Please refer to the notes of the audit report regarding accounting policy of JIGANG for details.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

Answer:

The accounting methods used by JIGANG have not changed over the last two years.

A-5 INCOME STATEMENT

Complete the spreadsheet entitled '**Income statement**' within the Exporter questionnaire – *Hot Rolled Plate Steel – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Explain how costs have been allocated between all products and the GUC within these calculations.

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

Answer:

Please refer to the spreadsheet entitled "Income Statement" as Confidential Exhibits A-5 for the three related companies involved in the export sales to Australia, i.e. (1) JIGANG, (2) JSIT and (3) Jigang HK.

The allocation method between all products and the GUC is specified under the table.

[Income Statement removed]

The Income Statement is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

A-6 SALES

Complete the spreadsheet entitled 'Turnover' within the *Hot Rolled Plate Steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In completing the sheet, use the currency in which your accounts are kept. This information will be used to verify the cost allocations to the GUC in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

Answer:

Please refer to the spreadsheet entitled "Turnover" as Confidential Exhibits A-6 for the three related companies involved in the export sales to Australia, i.e. (1) JIGANG, (2) JSIT and (3) Jigang HK.

[Turnover was provided in an indexed form]

This confidential information is provided to the Service for investigation. Since such data is classified as highly sensitive commercial information, please refer to a summary of the information in an indexed form.

A-7 PRODUCTION PROCESS AND CAPACITY

1. In addition to manufacturing hot rolled plate steel, does your company manufacture any of the raw materials used in the production of the plate steel? (e.g. HRC, steel slab) Please list all raw materials manufactured by your company.

Answer:

Yes, JIGANG manufactures the raw material plate steel. The primary raw material of hot rolled steel plate is steel slab rather than HRC. The raw materials of steel slab also were manufactured by JIGANG which are as follows:

[Confidential].

[Raw material manufacturing information removed]

The Raw material manufacturing information is not susceptible to a meaningful non-confidential summary as it includes the customers' information which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

2. Describe the production process for the GUC. If there is more than one production process, describe each production process. Provide a flowchart of the process/es. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

Answer:

JIGANG has three production lines for plate steel [Confidential]. Please refer to Exhibit A-7 for the production process of the GUC.

[Production line was removed and Production process was provided]

The Income Statement is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

3. Complete the spreadsheet entitled '**Production**' within the *Hot Rolled Plate Steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.'

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Answer:

Please refer to the spreadsheet entitled "Production" as Confidential Exhibits A-7.3.

[Production was provided in an indexed form]

This confidential information is provided to the Service for investigation. Since such data is classified as highly sensitive commercial information, please refer to a summary of the information in an indexed form.

SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory.

Export prices are usually assessed at FOB point, but Customs and Border Protection may also compare prices at another level (e.g. ex factory).

*You should report prices of **all GUC shipped to Australia during the investigation period.***

The invoice date will normally be taken to be the date of sale. If you consider:

- the sale date is not the invoice date (see 'date of sale' column explanation in question B4 below) and;
- an alternative date should be used when comparing export and domestic prices

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

In addition, if you have reported that the date of sale is not the invoice date, you should provide information on the lead times for domestic and export sales (from order confirmation to fulfilment), lead-time differences in raw material purchasing and delivery and/or in the production rolling schedules, so far as those differ between export and domestic sales.

Please note, JIGANG does not export its products itself. All exports to Australia are carried out through its related company, JSIT and Jigang HK. Please refer to the response of JSIT and Jigang HK for this section.

- B-1** For each customer in Australia to whom you shipped goods in the investigation period list:
- name;
 - address;
 - contact name and phone/fax number where known; and
 - trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

Answer:

There are [Confidential] customers of JSIT and Jigang HK which are as follows:

[Detailed customer information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- B-2** For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

Answer:

The export flowchart is as follows:

[Confidential]

Please refer to Confidential **Exhibit B-2** for export flowchart to Australia.

[Detailed export flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- (b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

Answer:

Please see the explanation provided under (a) above. There is no commission occurred in the whole process.

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the goods enter Australia.

Answer:

All the shipments to Australia by JSIT and Jigang HK are on ***[Confidential]*** terms ***[Confidential]***. Ownership of the goods is transferred to the buyer at ***[Confidential]***.

[Detailed export flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

Answer:

There are no agency or distributorship agreements.

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

Answer:

JSIT negotiates with the customers for the price, quantity, product specification, payment and delivery terms, etc. The final contract is signed between Jigang HK and the Australia customers.

[Confidential]

No export price list is used for the goods export to Australia.

[Detailed export flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (e.g. free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

Answer:

As stated above, **[Confidential]**. However, that commercial relationship between the companies does not affect the price **[Confidential]**.

[Detailed export flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- (g) Details of the forward orders of the GUC (include quantities, values and scheduled shipping dates).

Answer:

Please refer to answer above. JSIT will forward the order to JIGANG and JIGANG will conduct production arrangement. Normally, the period from production arrangement to shipment would be **[Confidential]**. JSIT is in charge of shipping schedule and Customs Declaration.

[Detailed export flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Answer:

No. JSIT and Jigang HK will negotiate price with customers according to market conditions.

- B-4** Complete the spreadsheet entitled '**Australian sales**' within the *Hot Rolled Plate Steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all** shipments (*i.e. transaction by transaction*) to Australia **of the GUC** (do not include non-GUC items) in the investigation period.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Answer:

Please refer to Confidential Exhibit B-4 for the spreadsheet entitled “Australian sales” that have been separately prepared by JSIT and Jigang HK. [Confidential]

[Detailed export flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column within the 'Australian sales' spreadsheet (see “other factors” in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

Answer:

Not applicable.

- B-6** For each type of discount, rebate, or allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

Answer:

There are no discounts, rebates or other allowances offered on export sales to Australia.

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

Answer:

JSIT and Jigang HK did not issue credit notes for the exports to Australia during the investigation period.

- B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs and Border Protection brokers, port and other costs incurred (itemise)

Answer:

Not applicable.

- B-9** Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;

- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

Customs and Border Protection will select additional shipments for payment verification at the time of the visit.

Answer:

Please refer to Confidential Exhibit B-9 for two complete sets of documentation in relation to export to Australia, which including [Confidential].

[Detailed export documents information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

SECTION C – EXPORTED GOODS & LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

Answer:

The goods exported by JSIT and Jigang HK to Australia during the investigation period are hot rolled plate steel which applied *[Confidential]* steel grades as follows:

[Confidential]

[Detailed export product information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- C-2** List each model/type of the good exported to Australia (these models should cover all models listed in spreadsheet “**Australian Sales**” – See section B of this questionnaire).

Answer:

Please refer to Confidential Exhibit C-2 for the list of all models exported to Australia.

[Detailed export product information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- C-3** If you sell like goods on the domestic market, for each model/type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically and provide a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary) are not identical to the goods exported to Australia.

This should be done by completing the spreadsheet entitled ‘**Like goods**’ within the *Hot Rolled Plate Steel Exporter Questionnaire – CHINA* – accompanying spreadsheet provided alongside this questionnaire, detailing as follows:

Answer:

Please refer to Confidential Exhibit C-3 for the spreadsheet entitled “like goods”.

[Detailed export product information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Answer:

Please refer to the answers in Section D below.

SECTION D - DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales **of like goods to the GUC** made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the Case Manager **before** completing the questionnaire.*

If the Case Manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets Customs and Border Protection requirements. If agreement cannot be reached as to the appropriate method Customs and Border Protection may not visit your company.

Customs and Border Protection will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

*If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the Case Manager who will explain the information Customs and Border Protection requires for determining a normal value using alternative methods.

In addition, if you have reported that the date of sale is not the invoice date, you should provide information on the lead times for domestic and export sales (from order confirmation to fulfilment), lead-time differences in raw material purchasing and delivery and/or in the production rolling schedules, so far as those differ between export and domestic sales.

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

Answer:

Please refer to Confidential Exhibit D-1 for the flow chart of domestic sales. JIGANG has [Confidential] subsidiary companies that are involved in the sales of the product concerned in the domestic market in China. No agency or distribution agreement have been entered into.

[Detailed domestic sales flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Answer:

The domestic selling price usually varies according to different market conditions considering sales volume and value rather than distribution channel.

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

Answer:

**The domestic sales procedure is as follows:
[Confidential]**

Most of the domestic sales are on [Confidential] terms without delivery cost paid by [Confidential]. For some sales JIGANG delivers the product to customers and, consequently, JIGANG is responsible for the cost of transportation. [Confidential] Please refer to the answer to D-4 by JIGANG.

Please refer to price lists of JIGANG as Confidential Exhibit D-3.

[Detailed domestic sales flowchart information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

D-4 Complete the spreadsheet entitled '**Domestic sales**' within the *Galvanised Hot Rolled Plate Steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all domestic sales of like goods** (i.e. transaction by transaction) in the investigation period (do not include non-GUC items).

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Answer:

Please refer to Confidential Exhibit D-4.1 for the spreadsheet entitled “Domestic sales”, which including both unrelated sales and related sales to [Confidential].

Please also note that, the sales listing reported by [Confidential] subsidiaries of JIGANG [Confidential] during the IP is attached hereto as Confidential Exhibit D-4.2.

[Detailed domestic sales information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company’s interests.

- D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see “other factors”). For example, certain other selling expenses incurred.

Answer:

Except for domestic inland transportation cost, there were no other costs, charges or expenses incurred in respect of the domestic sales during the IP.

- D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:
- provide a description; and
 - explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

Answer:

JIGANG has sales rebates to domestic customers [Confidential] JIGANG will deduct this rebate to the sales turnover of this customer.

The rebates has been reported in the domestic sales listing [Confidential].

[Detailed domestic sales information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

D-7 Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales.

Provide a complete set of documentation for those two sales. Include, for example:

- purchase order
- order acceptance
- commercial invoice
- discounts or rebates applicable
- credit/debit notes
- long or short term contract of sale
- inland freight contract
- bank documentation showing proof of payment

Customs and Border Protection will select additional sales for verification at the time of our visit.

Answer:

Please refer to Confidential Exhibit D-7 for two sets of documentation of domestic sales.

[Detailed domestic sales documents information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

SECTION E - FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. Customs and Border Protection must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence Customs and Border Protection may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. Customs and Border Protection will not consider new claims made after the verification visit.

E-1 COSTS ASSOCIATED WITH EXPORT SALES

(These cost adjustments will relate to your responses made at question B-4, 'Australian Sales')

1. Transportation

*Explain how you have quantified the amount of inland transportation associated with the export sale ("**Inland transportation costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.*

Answer:

The inland freight covers the transportation from the warehouse to export ports in China, which is reported on an actual cost basis. It is recorded as selling expense. A sample of payment of the inland transportation is provided in the documents relating to exports as Confidential Exhibit B-9 above.

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

Answer:

The handling and ancillary expenses include charges and fees at ports, which are reported on an actual cost basis. They are recorded as a selling expense.

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales e.g., short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

Answer:

Not applicable.

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

Answer:

Not applicable.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

Answer:

Not applicable.

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & guarantee expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Answer:

Not applicable.

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "**Other factors**". For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

Answer:

Not applicable.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the investigation period (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

Answer:

Not applicable.

E-2 COSTS ASSOCIATED WITH DOMESTIC SALES

(These cost adjustments will relate to your responses made at question D-4, "domestic sales")

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

Answer:

Physical characteristics vary due to many factors including grade, thickness and specification etc. Grade is the most primary factor. For fair comparison, JIGANG considers that the GUC sold to Australian market and domestic market should be compared grade-by-grade.

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: “Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs”

If such a scheme operates in the country of export please provide **full** details about the operation of the scheme as well as providing the information requested above.

Answer:

Not applicable.

[Confidential]

[Detailed sales information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment manufacturer.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

Answer:

Selling price does not vary due to level of trade, i.e. to distributors or to end-users.

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system,¹ the average credit period may be determined as follows:

1. Calculate an accounts receivable turnover ratio

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. Calculate the average credit period

¹ Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

Answer:

There was no credit cost incurred on domestic sales.

The following items are identified in the amounts quantified at question D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation associated with the domestic sales (“**Inland transportation Costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

Answer:

Most of the sales are conducted on [Confidential] terms with a small portion of domestic sales being delivered to customers. [Confidential] Please refer to monthly inland transportation incurred for JIGANG as Confidential Exhibit E-2.5.

[Detailed domestic sales information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified (“**Handling, loading and ancillary Expenses**”). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

Answer:

There were no handling, loading or ancillary expenses incurred.

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed **“Packing”**.

Answer:

There was no separate packing cost incurred for domestic sales.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed **“Commissions”**. Identify the general ledger account where the expense is located.

Answer:

There was no commission incurred for domestic sales.

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (**“Warranty & Guarantee expenses”** and **“Technical assistance & other services”**), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Answer:

There were no warranties, guarantees incurred for domestic sales.

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed **“Other factors”**. List the factors and show how each has been quantified in per unit terms. For example:

- inventory carrying cost: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- warehousing expense: an expense incurred at the distribution point;
- royalty and patent fees: describe each payment as a result of production or sale, including the key terms of the agreement;
- advertising; and
- bad debt.

Answer:

There were no such factors.

E-3 DUPLICATION

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

Answer:

JIGANG does not claim this adjustment and this question is not applicable.

SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA

Your response to this part of the questionnaire may be used by Customs and Border Protection to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. Customs and Border Protection may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Complete the spreadsheet entitled '**Third country sales**' within the *Hot rolled plate steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all export sales of like goods** (i.e. transaction by transaction) to countries other than Australia in the investigation period (do not include non-GUC items).

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Answer:

Please refer to Confidential **Exhibit F-1** for the spreadsheet entitled "Third country sales".

[Detailed export sales information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

Answer:

There are no such differences between the products sold to third countries and Australia.

SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;
- determining a constructed normal value of the GUC - i.e. of the goods exported to Australia; and
- making certain adjustments to the normal value.

You will need to provide the cost of production of both the exported goods (GUC) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (e.g. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-2. COST ACCOUNTING PRACTICES

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

Answer:

JIGANG carries over the cost for each stage to the next stage during the production process of the product concerned. After finishing production, the manufacture cost for the product concerned is recorded as Finished Goods in inventory accounting ledgers. The sales income is eventually reported in the Income Statement.

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (i.e. differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Answer:

Yes, the cost accounting system of JIGANG is based on standard costs. However, for the questionnaire response, the cost figures that JIGANG submitted are actual costs. The differences have been allocated at the end of each month.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

Answer:

There were no such significant or unusual cost variances that occurred during the IP.

4. Describe the profit/cost centres in your company's cost accounting system.

Answer:

Please refer to Confidential Exhibit G-2.4 for the cost centres of JIGANG.

[Detailed cost centers information of Shandong Iron and Steel Company Limited, Jinan Company Removed]

The above information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the GUC. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

Answer:

The costs were recorded based on actually consumption to each cost center.

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

Answer:

For the product concerned, JIGANG normally records the production costs of the GUC by production lines *[Confidential]* and product codes, including product specifications.

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

Answer:

There is no such difference in its accounting system.

8. State whether your company engaged in any start-up operations in relation to the GUC. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

Answer:

No, JIGANG does not engage in any start-up operations in relation to the product concerned.

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

Answer:

Not applicable.

G-3 COST TO MAKE AND SELL ON DOMESTIC MARKET

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

1. Complete the spreadsheet entitled '**Domestic CTMS**' within the *Hot rolled plate steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

Answer:

Please refer to Confidential Exhibit G-3 for the spreadsheet entitled "Domestic CTMS".

² Customs and Border Protection applies the tests set out in s.269TAAD of the *Customs Act 1901* to determine whether goods are in ordinary course of trade. These provisions reflect the WTO Anti-Dumping Agreement – see Article 2.2.1.

[Confidential]

[Domestic CTMS removed]

The Domestic CTMS is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

[Method of allocation omitted]

The Method of allocation is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

G-4 COST TO MAKE AND SELL GOODS UNDER CONSIDERATION (GOODS EXPORTED TO AUSTRALIA)

Complete the spreadsheet entitled '**Australian CTMS**' within the *Hot rolled plate steel Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

Answer:

Please refer to Confidential Exhibit G-4 for the spreadsheet entitled "Australian CTMS".

[Confidential]

[Australian CTMS removed]

The Australian CTMS is not susceptible to a meaningful non-confidential summary as it includes the pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.

[Method of allocation omitted]

The Method of allocation is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- G-5** Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

Answer:

There were no cost differences between goods sold to the domestic market and those sold for export in terms of unit cost of same grade in same month.

- G-6** Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Answer:

As replied to the above questions, [Confidential].

There is no such significant difference between the costs shown and the costs as normally determined.

[Method of allocation omitted]

The Method of allocation is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- G-7** In calculating the unit cost to make and sell, provide an explanation if the allocation method used (e.g. number, or weight etc) to determine the unit cost differs from the prior practice of your company.

Answer:

The cost to make (manufacturing cost) was the [Confidential]

[Method of allocation omitted]

The Method of allocation is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

- G-8** List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and

- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (e.g. market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company Customs and Border Protection will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the Act. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

If the major input is purchased or supplied from an integrated production process you should provide detailed information on the full costs of production of that input.

Answer:

The raw material accounting for 10% or more [Confidential]. JIGANG produced the steel slab itself. For the information of raw materials suppliers of steel slab's materials, please refer to Confidential Exhibit G-8 for the spreadsheet of raw material purchase during the IP.

[Confidential]

[Raw material purchase information was Removed]

The Raw material purchase information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Company's interests.

SECTION H – COUNTERVAILING

The applicant alleges that producers in China of hot rolled plate steel, and upstream suppliers have benefited from a number of subsidies granted by the GOC (meaning any level of government – refer to the Glossary of Terms for further information), and that these subsidies are countervailable.

INVESTIGATED PROGRAMS

The following are programs that Customs and Border Protection is currently investigating:

Program Number	Program Name
RAW MATERIAL PROVIDED BY GOVERNMENT AT LESS THAN ADEQUATE REMUNERATION	
1	Hot rolled steel coil provided by government at less than adequate remuneration
2	Steel slab provided by government at less than adequate remuneration
3	Coking coal provided by government at less than adequate remuneration
4	Coke provided by government at less than adequate remuneration
PREFERENTIAL INCOME TAX PROGRAMS	
5	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones
6	Preferential Tax Policies for Foreign Invested Enterprises (FIEs) – Reduced Tax Rate for Productive FIEs scheduled to operate for a period of not less than 10 years
7	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)
8	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai
9	Preferential Tax Policies in the Western Regions
10	Land Use Tax Deduction
11	Preferential Tax Policies for High and New Technology Enterprises
TARIFF AND VAT EXEMPTIONS ON IMPORTED MATERIALS AND EQUIPMENT	
12	Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipment

GRANTS	
13	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'
14	Matching Funds for International Market Development for Small and Medium Enterprises
15	Superstar Enterprise Grant
16	Research & Development (R&D) Assistance Grant
17	Patent Award of Guangdong Province
18	Innovative Experimental Enterprise Grant
19	Special Support Fund for Non State-Owned Enterprises
20	Venture Investment Fund of Hi-Tech Industry
21	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.
22	Grant for key enterprises in equipment manufacturing industry of Zhongshan
23	Water Conservancy Fund Deduction
24	Wuxing District Freight Assistance
25	Huzhou City Public Listing Grant
26	Huzhou City Quality Award
27	Huzhou Industry Enterprise Transformation & Upgrade Development Fund
28	Wuxing District Public List Grant
29	Anti-dumping Respondent Assistance
30	Technology Project Assistance

PART C-1 RAW MATERIAL PROVIDED BY GOVERNMENT AT LESS THAN ADEQUATE REMUNERATION (PROGRAMS 1-4)

The applicant claims that public bodies (in the form of state-invested enterprises (SIEs)) are supplying hot rolled coil, steel slab, coking coal and coke directly or indirectly, to manufacturers of hot rolled steel plate at less than adequate remuneration.

Please answer the following questions in relation to your purchases of hot rolled coil, steel slab, coking coal and coke from 1 January 2012 to 31 December 2012.

1. Describe the nature of your production process for hot rolled steel plate, including an itemised list of all raw materials used by your company in the process.

Answer:

JIGANG produces hot rolled steel plate from raw materials that it acquires both domestically and imported.(e.g. iron ore, coking coal, coke, fuel and energy, etc.) Production involves making the steel, then continuous casting and, ultimately producing the steel slab. After rolling, straightening and cutting, the hot rolled steel plate is produced.

2. Does your business or related business purchase hot rolled coil, steel slab, coking coal or coke in the manufacture of hot rolled steel plate?

Answer:

JIGANG purchases coking coal in the manufacture of hot rolled steel plate. With regard to the hot rolled coil, steel slab and coke, JIGANG produces those products itself rather than outsourcing their production.

3. Provide a list, including a contact name and address, of all your suppliers and manufacturers of hot rolled coil, steel slab, coking coal and coke, including those purchased through related businesses. Indicate whether the supplier and manufacturer is a SIE and evidence supporting this.

Answer:

Please refer to Confidential Exhibit H-1.3 for the list of suppliers of coking coal. As replied above, JIGANG does not purchase any hot rolled coil, steel slab or coke.

[Raw material purchase information was Removed]

The Raw material purchase information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

4. Complete the attached spreadsheet entitled '**Raw Material Purchases**' within the *Hot rolled plate steel Exporter Questionnaire – CHINA – accompanying spreadsheet* – provided alongside this questionnaire (i.e. transaction by transaction) for all purchases of hot rolled coil, steel slab, coking coal and coke. Provide the completed spreadsheet in electronic format with your response.

(NB if your company is purchasing more than one material type (HRC, steel slab, coking coal and coke), please provide your responses in separate spreadsheets).

Answer:

Please refer to Confidential Exhibit H-1.4 for the spreadsheet entitled Raw Materials Purchases for all purchase of coking coal.

*[Raw material purchase information was Removed]
The Raw material purchase information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.*

5. Did your business receive any reduction/reduced price for the purchase of these raw materials during the investigation period? If so, provide details of the reduction/reduced price (including which raw material it related to) and describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the raw material.

Answer:

JIGANG did not receive any reduction/reduced price for the purchase of the raw materials during the investigation period. Rather, all purchases were made under free market conditions.

6. Provide copies of all contractual agreements that detail the obligations of the SIE and your business with reference to the granting and receipt of the assistance/benefits.

Answer:

JIGANG did not get any assistance/benefits from raw materials purchase from SIE. This question is not applicable.

7. Did your business import any raw materials during the investigation period? If yes, please provide details of all such imports, including date, source, type, amount, price and name of country.

Answer:

Yes, [Confidential]. Please refer to Confidential Exhibit H-1.7 for the details.

*[Raw material purchase information was Removed]
The Raw material purchase information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.*

8. Explain the reasons for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

Answer:

The business decision to purchase imported or domestically was usually made in [Confidential].

[Raw material purchase information was Removed]

The Raw material purchase information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

PART C-2 PREFERENTIAL INCOME TAX PROGRAMS (PROGRAMS 5-11)

1. Did your business or any company/entity related to your business receive any benefit³ under the following five programs during the investigation period (1 July 2011 to 30 June 2012):

Program 5: Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and in Economic and Technological Development Zones

Program 6: Preferential Tax Policies for Foreign Invested Enterprises - Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period not less than 10 years

Program 7: Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)

Program 8: Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai

Program 9: Preferential Tax Policies in the Western Regions

Program 10: Land Use Tax Deduction

Program 11: Preferential Tax Policies for High and New Technology Enterprises

Answer:

No, JIGANG and its related company did not receive any benefit under such programs during the investigation period.

2. It is our understanding that the general tax rate for enterprises in China from 1 January 2012 was 25%. Confirm whether this is correct and if not, please identify the general tax rate for enterprises in China from 1 January 2012.

Answer:

Yes. The general tax rate for enterprises in China from 1 January 2012 was 25%. JIGANG is subject to this tax rate.

3. For each taxation year since 2008, complete the attached spreadsheet entitled '**Income Tax**' '*Hot rolled plate steel Exporter Questionnaire – CHINA – accompanying spreadsheet*' - provided alongside this questionnaire

Answer:

JIGANG was subject to the corporate income tax rate of 25% from 2008 to 2012.

4. Provide a copy, bearing the official stamp of the appropriate level of the GOC of all

³ Refer to the Glossary of Terms for a definition of benefit in this context.

- corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed since 2008; and
- income tax instalment payment receipts, and all applicable income tax forms and schedules since 2008.

Note: If your company did not file an income tax return since 2008, provide an explanation stating the reasons why you were exempt from filing such a return and the applicable section[s] of the Income Tax Act under which you were exempt from doing so.

Answer:

Please refer to Confidential Exhibit H-2.5 for income tax returns since 2008.

[Income Tax Return Information was Removed]

The Income Tax Return Information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

5. If your business currently pays corporate income tax at a rate less than the general tax rate, or paid at a rate less than that during the investigation period, please indicate whether the reduced rate relates to any of the preferential income tax programs identified above.

Answer:

JIGANG has never paid corporate income tax at a rate less than the general tax rate.

6. If the income tax rate of less than the general rate does not relate to any of the programs identified above, please provide an explanation for the reduced income tax rate.

Answer:

Not applicable.

7. Please answer the following questions for each program identified at questions 5 and 6 above:
- Provide complete details of the amount of the benefit received, including whether it was received in total or in instalments.
 - Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).
 - Describe the application and approval procedures for obtaining a benefit under the program.

- iv. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
- v. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
- vi. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
- vii. State whether your eligibility for the program was conditional on one or more of the following criteria:
 - a) whether or not your business exports or has increased its exports;
 - b) the use of domestic rather than imported inputs;
 - c) the industry to which your business belongs; or
 - d) the region in which your business is located.

Answer:

Since JIGANG did not use or benefit under this program, these questions are not applicable.

- viii. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

Answer:

Not applicable.

- ix. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

Answer:

Not applicable.

- x. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

Answer:

Not applicable.

- xi. To your knowledge, does the program still operate or has it been terminated?

Answer:

JIGANG is not aware of this.

- xii. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program.

Answer:

JIGANG is not aware of this.

PART C-3 TARIFF AND VAT EXEMPTIONS ON IMPORTED MATERIALS AND EQUIPMENTS (PROGRAM 12)

It is our understanding that certain enterprises in China are eligible for exemption from the payment of import duty and import VAT on imported inputs, technologies and machinery.

If your business or any company/entity related to your business received benefits under any such program during the period 1 January 2008 to 31 December 2012, please answer the following questions.

Answer:

Please note, JIGANG did not get any benefits under such program during the period 1 January 2008 to 31 December 2012, therefore, the questions below are not applicable.

1. Provide complete details involving the amount of the VAT refund received, including whether the refund was received in a lump sum or multiple instalments.
2. Describe the application and approval procedures for obtaining a benefit under the program.
3. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
4. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
5. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
6. State whether your eligibility for the program was conditional on one or more of the following criteria:
 - a) whether or not your business exports or has increased its exports;
 - b) the use of domestic rather than imported inputs;
 - c) the industry to which your business belongs; or
 - d) the region in which your business is located.
7. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
8. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
9. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
10. To your knowledge, does the program still operate or has it been terminated?

11. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?
12. If the program terminated has been substituted for by another program, identify the program.
13. Were the materials and/or equipment that were entitled to a refund of VAT used in the production of the goods during the investigation period? If yes, provide the following information:
 - (a) type of inputs;
 - (b) cost of inputs;
 - (c) quantity of inputs; and
 - (d) amount of VAT refunded.
14. Has your company received exemption from payment of or refunds of import duty and import VAT for imported material inputs (e.g. hot rolled coil, steel slab, coking coal and coke) at any time that were used in the production of the goods during the investigation period? If yes, provide the following information:
 - (a) description of imported product;
 - (b) country of origin;
 - (c) quantity of imported product;
 - (d) purchase price;
 - (e) terms of purchase (e.g. FOB, CIF);
 - (f) ocean freight;
 - (g) value for duty of imported product;
 - (h) regular rate of taxes and duties;
 - (i) concessionary rate of taxes and duties;
 - (j) amount of duties and taxes normally applicable;
 - (k) amount of duties and taxes paid;
 - (l) amount of duties and taxes exempt;
 - (m) date of importation;
 - (n) tariff classification number;
 - (o) customs entry number; and
 - (p) application fee.
15. Explain if (and how) the GOC determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).
16. Explain how the GOC determined the percentage rate of duty exemption.

Please note that goods consumed in the production of exported goods (inputs) include:
 - (a) goods incorporated into the exported goods; and
 - (b) energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.
17. Provide a representative sample of copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods.

18. In addition to the import entry documents, also provide copies, if applicable, of any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.
19. Provide copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

PART C-4 GRANTS (PROGRAMS 13-30)

Customs and Border Protection understands that the GOC may be providing grants to enterprises in China including the following identified programs:

Program 13: One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'

Program 14: Matching Funds for International Market Development for Small and Medium Enterprises

Program 15: Superstar Enterprise Grant

Program 16: Research & Development (R&D) Assistance Grant

Program 17: Patent Award of Guangdong Province

Program 18: Innovative Experimental Enterprise Grant

Program 19: Special Support Fund for Non State-Owned Enterprises

Program 20: Venture Investment Fund of Hi-Tech Industry

Program 21: Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.

Program 22: Grant for key enterprises in equipment manufacturing industry of Zhongshan

Program 23: Water Conservancy Fund Deduction

Program 24: Wuxing District Freight Assistance

Program 25: Huzhou City Public Listing Grant

Program 26: Huzhou City Quality Award

Program 27: Huzhou Industry Enterprise Transformation & Upgrade Development Fund

Program 28: Wuxing District Public List Grant

Program 29: Anti-dumping Respondent Assistance

Program 30: Technology Project Assistance

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period 1 January 2008 to 31 December 2012?

Answer:

JIGANG did not receive any benefits under the above programs during the period 1 January 2008 to 31 December 2012.

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period 1 January 2008 to 31 December 2012?

Answer:

Yes.

3. Provide copies of management reports showing your business' non-operating income (or another ledger account) during the period 1 January 2008 to 31 December 2012 and highlight the entry referring to income from the grants identified above.

Answer:

Please refer to the copies of Audit Report for non-operating income of the years from 2008 to 2012 as Confidential Exhibit H-4.3.

[Non-operating income information Removed]

The Non-operating income information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

For each program identified in your answers above:

- i. Provide complete details involving the amount of the grant received, including whether the grant was received in a lump sum or multiple instalments.
- ii. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).
- iii. Describe the application and approval procedures for obtaining a benefit under the program.
- iv. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
- v. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
- vi. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
- vii. State whether your eligibility for the program was conditional on one or more of the following criteria:
 - a. whether or not your business exports or has increased its exports;
 - b. the use of domestic rather than imported inputs;
 - c. the industry to which your business belongs; or
 - d. the region in which your business is located.
- viii. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
- ix. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
- x. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

- xi. To your knowledge, does the program still operate or has it been terminated?
- xii. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program.
- xiii. Identify the body responsible for administering the grant.
- xiv. Identify the date of approval of the grant and the date the grant was received.
- xv. Indicate where the grant was accounted for on your business' financial statements.

Answer:

With reference to the Custom's clarification of the term "subsidies" in the questionnaire, JIGANG is not aware of any program not already alleged which would fit that description during the period 1 January 2008 to 31 December 2012.

SECTION I - PARTICULAR MARKET SITUATION

The applicant claims that a 'particular market situation' exists in respect of hot rolled plate steel (the goods) from China due to government influence on both the prices of the goods and the major raw material inputs including steel slab, hot rolled coil (HRC), iron ore, coal and coking coal used in the manufacture of the goods.

The existence of a 'particular market situation' could affect Customs and Border Protection's approach to calculating the normal value within its dumping assessment.

In broad terms, it is generally the case that the normal value of the goods is the price paid for like goods sold for home consumption in the country of export. One of the exceptions to using domestic selling prices for this purpose is if the Minister is satisfied that a situation in the market has rendered domestic selling prices unsuitable for establishing normal values (i.e. a 'particular market situation' exists).

These situations may be where the domestic selling prices in the country of export have been materially influenced by the government rendering those prices unsuitable for use in establishing normal values.

Through this supplementary questionnaire, Customs and Border Protection is seeking information from your business, supported by evidence, in assessing the market situation claims made by the applicant. All document provided must be accompanied with a translated English version as well as the original version.

It may be necessary for Customs and Border Protection to request additional information following receipt and review of your responses.

H1 GENERAL INFORMATION

1. Ownership and management

- a) Has the Government of China (GOC)⁴ anytime in the previous 5 years been a shareholder (or invested either directly or indirectly) in your business? If so, provide details of shareholding and/or investments.

Answer:

Jinan Iron and Steel Company Limited, the predecessor of JIGANG, was a limited liability company publicly listed on the Shanghai Stock Exchange. In 2012, [Confidential]

[Business information omitted]

The business information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) List all the directors and major shareholders of your business and identify any common directors and executive officers between your business and related businesses.

Answer:

⁴ References to the GOC include any government authorities at any level (e.g. National, Provincial, Regional, Local), agency, party, or otherwise associated entity, including the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

Since JIGANG is not a legal entity at present, please refer to the directors and major shareholders of Shangang as Confidential Exhibit I-1-1.b).

[BoD and senior management information omitted]

The BoD and senior management information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- c) Are any directors or major shareholders, employees, or otherwise affiliated with the GOC? If so, identify the individuals, their role and their affiliation with the GOC.

Answer:

No.

According to the Chinese Company Law and related regulations about public companies in China, government officials are forbidden to take any position in the company.

- d) Are any directors or employees of your business appointed, managed or recommended by the GOC? If so, identify the government department(s) they were recommended by.

Answer:

No, no director or employee of our company is appointed, managed or recommended by the GOC.

- e) Provide details of any significant changes in the ownership structure of your business over the last 5 years.

Answer:

[Confidential] Please refer to the shareholding list for the changes in the ownership structure over the last 5 years as Confidential Exhibit I-1-1.e).

[Ownership structure information omitted]

The Ownership structure information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- f) Identify all positions within your business that are appointed or designated to act on behalf of GOC authorities.

Answer:

There is no position in the company that is appointed or designated to act on behalf of GOC authorities.

- g) Explain whether there are any GOC requirements by law and/or any internal
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business policy to have GOC representation in your business. If so explain their role.

Answer:

There are no GOC requirements by law or any internal business policy to have GOC representation in JIGANG's business.

- h) Does the GOC representative(s) or the person(s) appointed by the GOC have any VETO rights for any decisions made by the Board and/or the senior executives of your business? If so explain how and when such powers are exercised.

Answer:

Not applicable. There is no GOC representative or other person appointed by the GOC to the company's board of directors or acting as a senior executive of the company.

- i) Who has the ability to reward, hire, fire or discipline your business' senior managers and executives?

Answer:

In accordance with Article [Confidential] of the Articles of Association, the Board of Directors has the power to reward, hire, fire or discipline its senior managers and executives.

[Business information of AoA omitted]

The Business information of AoA is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- j) Do any of your business' senior managers hold positions in any GOC departments or organisations, associations or Chambers of Commerce? If so describe the nature of their positions.

Answer:

No, none of the senior managers holds a position in any GOC department or organisation.

- k) Is your business publicly listed and traded on a securities exchange?

Answer:

Yes, the company is publicly listed on Shanghai Stock Exchange.

- l) If so, identify all types of securities listed and name all securities exchange's on which they are traded.

Answer:

The securities listed are A shares, which are issued by companies registered in the mainland of China. And the name of securities exchange is Shanghai Stock Exchange.

- m) Are there any restrictions to trade these securities (e.g. restricted only to Chinese nationals etc.)?

Answer:

There's no restriction on trading these securities. However, people who are not Chinese nationals cannot purchase the shares directly in their own name. Nevertheless, through a mechanism called Qualified Foreign Institutional Investors, foreigners can acquire and hold these shares.

2. Business planning

- a) Explain your business' decision-making process in general and in respect of steel products in relation to:
- i. what goods are produced;
 - ii. how the goods are produced;
 - iii. how much is produced;
 - iv. the quantity of inputs (such as raw materials and energy) purchased and how it is allocated to the manufacture of different products;
 - v. the location of your production facility;
 - vi. how your business' profit is distributed (e.g. dividends, share buyback etc); and
 - vii. how you make decisions regarding your companies' growth target and other strategic decisions (e.g. expansions, mergers, acquisitions, restructures).

Answer:

Under the Articles of Association, the Shareholders, the Board of Directors, the General Manager and other relevant departments have the decision making powers on those business areas for which they are responsible.

These bodies make decisions based solely on market considerations, i.e. the demand and supply of the products, the price changes of raw materials, energies and labours, and other factors that may affect the profits of the company.

- b) Provide a description of any GOC input/guidance into the decision-making process regarding your manufacturing, marketing and sale of steel products.

Answer:

There is no GOC input/guidance into the decision-making process regarding the company's manufacturing, marketing and sale of steel products.

- c) Provide a list of all government departments/offices that are involved, either directly or indirectly, in your manufacture, sale or purchase of steel products.

Answer:

There are no government departments/offices that are involved, either directly or indirectly, in the manufacture, sale or purchase of steel products. This question is not applicable.

- d) Provide copies of the minutes of your Board of Directors and Board of Shareholders meetings over the investigation period.

Answer:

Please refer to Confidential Exhibit I-1-2.d) for the copies of minutes of the Board of Directors and Board of Shareholders meetings over the investigation period.

[Copies of minutes of the Board of Directors and Board of Shareholders meetings of JIGANG removed]

The copies of minutes of the Board of Directors and Board of Shareholders meetings of JIGANG are not susceptible to a meaningful non-confidential summary as it includes the director's and shareholder's information which is commercially sensitive. Disclosure of such information will damage the Company's interests.

- e) Provide copies of the notes to business meetings where pricing decisions on steel products have been made over the investigation period.

Answer:

The company does not keep notes of business meetings relating to pricing decisions. Instead, pricing documents including price lists, were published over the investigation period. Please refer to Confidential Exhibit D-3 in dumping section of the questionnaire response.

- f) Provide the copies of your Business and/or Corporate Plan that were effective during the Investigation period.

Answer:

There are no such documents prepared by the company.

- g) Has your business been involved in any mergers and/or acquisitions in the last 5 years? Is so, provide details.

Answer:

Yes, please refer to the response to question I-1-1.a).

- h) Has your business undergone any major restructuring in the last 5 years? Is so, provide details.

Answer:

Yes, please refer to the response to question I-1-1.a).

- i) Is your business currently, or in the last 5 years, been involved in a joint

venture? If so, provide details.

Answer:

No.

3. Licensing

- a) Provide a copy of your business license(s).

Answer:

Please refer to the business license as Confidential Exhibit I-1-3.a.

[Copies of business licenses removed]

The copies of business licenses are not susceptible to a meaningful non-confidential summary as it includes the Registered Capital which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) Identify the GOC departments or offices responsible for issuing the license(s).

Answer:

It is the Industry and Commerce Administration Authorities at different levels that are responsible to issue the business license.

- c) Describe the procedures involved in applying for your business license(s).

Answer:

According to the Regulation of the People's Republic of China on Administration of Registration of Companies, in order to get registration, the company shall first file an application for the in advance approval of its name, and then submit all the documents required by the Regulation. Within the prescribed time limit, the company registration authority is required to make a decision to approve or refuse registration and, subsequently, notify the company of the decision. The company will or will not get a Business License of Enterprise Legal Person based on the decision. The company registration authority also shall record the company's registered items that have been approved on a public register for the public to search.

- d) Describe all requirements and/or conditions that must be met in order to obtain the license(s).

Answer:

To get the license, a candidate needs meet all the general requirements in the Company law, including the capital contribution threshold, have a business premise and managing configuration. In addition, where there are items in a company's business scope that is being applied for registration that should be submitted for examination and approval in accordance with any other law or administrative regulations,

preliminary examination and approval should be obtained from the relevant state departments before applying for registration.

- e) Describe any sanctions and/or restrictions imposed on your business if you act outside the scope of your business license(s).

Answer:

According to the Measures of Investigation and Banning on the Unlicensed Business Activities, companies running businesses that are outside the scope of its license are deemed to be unlicensed business activities and banned by corresponding industry and commerce authorities. In addition, unlawful income will be confiscated and additional fines and other administrative punishment measures will be imposed.

However, as there is no limit for applying for a wide range/scope of business activities other than those that are prohibited or restricted by law (e.g. drug dealing, production and trade of weapon and dangerous goods, etc.), there is basically no restriction on the business scope that can be applied for and set out in the license.

- f) Describe and explain any rights or benefits conferred to your business under the license(s).

Answer:

According to the relevant regulations, a company could engage in business activities in its own name only after being registered by the company registration authority and granted its business license. Once registered and licensed, the company can have the rights and benefits conferred by the Chinese Company Law and other regulations, which are equally enjoyed by all lawfully constituted companies.

- g) Describe the circumstances under which your business license(s) can be revoked, and who has the authority to revoke the license(s).

Answer:

The company has not experienced any such withdrawal.

However, it wishes to note that if a company would violate the applicable laws in conducting its commercial activities, for example, because it sold illegal items or failed to comply with the requirements of the laws pertaining to the legal person, the business license would be withdrawn. For that to occur, there are certain procedural requirements that must be observed by the relevant government authorities.

- h) What are the on-going conditions and/or requirements of your business license? Name the authority that manages the compliance of these conditions and/or requirements?

Answer:

According to the requirements of the company registration authority, a

company is required to undergo an annual examination within the fixed time and submit an annual examination report and other documents setting out the financial condition of the company (i.e. an annual financial report). The relevant authority is Shandong Province Administration for Industry and Commerce and Jinan City Administration for Industry and Commerce.

4. Capital investment activities

- a) List all capital investment activities (e.g. new production line, upgrades) your business has undertaken in the last 5 years and provide details of the approval process and any conditions placed upon the approval. Provide all relevant documentation, including copies of application forms and approval letters.

Answer:

JIANG has a new [Confidential]. With regard to upgrades, please refer to the notes relating to construction in progress in the Audit Reports.

[Capital investment information removed]

The Capital investment information is not susceptible to a meaningful non-confidential summary as it includes the Registered Capital which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) If an application for your capital investment activity was not approved, provide details and documentation for the refusal.

Answer:

No, there are no such events taking place.

- c) Identify all relevant authorities responsible for approving capital investments including the office address, phone and fax numbers. Also provide a brief description of the role of the authority in the approval process.

Answer:

There's no government approval for these investments, thus this question is not applicable.

5. Financing and investment activities

- a) How is your business debt funded? Provide a list of all major lenders.

Answer:

Please refer to Confidential Exhibit I-1-5.a) for the list of lenders.

[Lenders information removed]

The lenders information is not susceptible to a meaningful non-

confidential summary as it includes the Registered Capital which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) What is the rate of interest paid by your business on all debt instruments over the last 5 years?

Answer:

Please refer to Confidential Exhibit I-1-5.b) for the rates of interest paid over the last 5 years.

[Interest rate information removed]

The Interest rate information is not susceptible to a meaningful non-confidential summary as it includes the Registered Capital which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- c) Has your business benefited from any concessional interest rates for your loans/debts in the last 5 years? If so, provide details.

Answer:

JIGANG did not benefit from any concessional interest rates for the loans/debts in the last 5 years.

- d) Has your business raised any capital using issuance of shares, preferential shares, rights issue, bonds, warrants, debentures, sub-ordinate loans or any other debt and/or equity instruments in the last 5 years? If so:
- i. explain what instruments were used;
 - ii. identify the type (e.g government guarantee) and provider of the security; and
 - iii. explain the reasons for raising the capital.

Answer:

In March 2012, [Confidential]:

[Capital investment information removed]

The Capital investment information is not susceptible to a meaningful non-confidential summary as it includes the Registered Capital which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- e) Does your business have policies on how cash reserves are to be invested? If so, provide details.

Answer:

No such investment has taken place in the past.

- f) Has your business invested in either government or non-government debt

securities (such as bonds, quasi-government bonds)? If so provide details (e.g. type of instrument, amount invested and the expected rate of return).

Answer:

No debt or securities investment, either of a government or non-government nature.

6. Industry associations

- a) Are you a member of any industry association (either governmental or non-governmental)? If so, for each association provide details including:
- i. The name of the association.
 - ii. When your business joined the association.
 - iii. Whether there are any membership fees.
 - iv. The purpose of the association.
 - v. The benefits of the association.
 - vi. Any restrictions or conditions placed on your business by being a member of the association.
 - vii. Any other on-going requirements for the association.

Answer:

Shangang is a member of China Iron and Steel Association. The company joined the association since its establishment. A membership fee is payable.

This association is established and operated by enterprises from the Chinese steel industry. It is market-oriented and provides services including provision of information to its members and help them establish a self-discipline mechanism in the industry. Also it builds a bridge between enterprises, as well as enterprises and governments to strengthen relevant communication, in order to improve the competitiveness and further the productivity of the whole steel industry. Through the association, members can exchange information on improvements in technology and advanced business principles and, thereby, improve their own performance and competitiveness.

There are no restrictions or conditions on being a member of the association. Companies only need to pay the membership fee.

7. Interaction with the GOC

- a) Provide details of all interactions that your business has with the GOC including reporting requirements to the GOC.

Answer:

No such interaction has occurred.

The only obligation is for the company to prepare and submit its

documents designated by relevant laws for the annual examination of the company to the industry and commerce authority, tax authority and quality inspection authority.

- b) Provide contact details of any GOC departments, bureaus or agencies that your business has had any dealings with that are responsible for the administration of measures in the steel industry.

Ensure that your response includes contact information regarding the following areas:

- i. industrial policy and guidance on the steel industry sector;
- ii. market entry criteria for the steel industry sector;
- iii. environmental enforcement for the steel industry sector;
- iv. management of land utilization;
- v. the China Banking Regulatory Commission for the steel industry sector;
- vi. investigation and inspection of new steel expansion facilities;
- vii. the section in the National Development and Reform Commission that is responsible for the steel industry sector; and
- viii. import licensing for iron ore, steel and other steel raw materials.

Answer:

Usually it is the parent company, Jigang Group, who makes contact with the government agencies in charge of above mentioned issues. Consequently, JIGANG does not have contact details for these agencies.

- c) How has the GOC's National Steel Policy⁵ impacted on your business and how do you ensure compliance with this policy?

Answer:

JIGANG has not been impacted by the National Steel Policy. We believe that the purpose of the policy, including the advocacy on clean technology, environmental friendly production, saving resources and a sound industrial structure, etc. is also our company goal of long term development.

- d) Have you had dealings or communications with the National Development and Reform Commission (NDRC) and/or the Ministry of Industry and Information Technology (MIIT) in the last 5 years? If so, provide details.

Answer:

JIGANG has not had dealings with either of these two agencies.

- e) Provide details of all the taxes paid by your business in the last 5 years (e.g company tax, sales tax, levies, royalties). Ensure that you include the tax rate, whether it is a reduced rate and the name of the authority that it is paid to.

⁵ also referred to as the Steel and Iron Industry Development Policy, as well as by several other titles

Answer:

JIGANG paid corporate income tax 25% to National Tax Bureau, VAT 17% to National Tax Bureau and business tax 5% to Local Tax Bureau.

- f) List and describe all reports that are required to be submitted to the GOC? How often such reports are required? Identify the government department/office where each report is filed.

Answer:

JIGANG is required to submit Tax return, Audit Report and Capital Examination Report to the National Taxation Bureau every year.

- g) Does your business provide selling price information or participate in surveys to an external agency? If so, provide details.

Answer:

No.

PART 2 THE HOT ROLLED PLATE STEEL**1. Sales and production**

- a) Provide a list of all your domestic customers of the goods, include the location (city and province) of the customer and indicate whether each customer is an SIE.

Answer:

Please refer to Confidential Exhibit I-2-1.a for the list of domestic customers.

[List of domestic customers of subject goods removed]

The list of domestic customers of subject goods is not susceptible to a meaningful non-confidential summary as it includes the customers' information which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) Does your business need to obtain approval or a licence to manufacture and sell the goods? If so, provide details.

Answer:

JIGANG does not need to obtain any approval or licence to manufacture and sell the goods.

- c) Are there any restrictions and/or conditions in relation to the quality or quantity of the production of the goods placed upon your business? If so, provide details.

Answer:

There's no such restriction or condition in relation to the quality or quantity of the production of the goods.

- d) Does your business require an export licence? If so, provide details.

Answer:

No export licence is needed for the company to export products.

- e) Are the goods sold by your business subject to any export restrictions and/or limits during the previous 5 year? If so, provide details.

Answer:

The goods sold by JIANG are not subject to any export restrictions or limitations during the previous 5 years.

- f) Provide details regarding any other restrictions (e.g., geographic/regional, downstream, end use) placed upon your business on the sale of the goods.

Answer:

There is no such restriction.

- g) Have there been any changes to your production capacity of the goods over the last 5 years? If so, provide details.

Answer:

Yes, the production capacity has been increased. Prior to 2010, there were [Confidential] production lines, [Confidential]. In 2010, the new [Confidential] production line started with the capacity of [Confidential] per year.

[Production capacity information removed]

The Production capacity information is not susceptible to a meaningful non-confidential summary as it includes the customers' information which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

2. Selling price

- a) Describe in detail how the selling price of the goods is determined. In particular, provide details of any restrictions, limitations, or other considerations imposed on your business.

Answer:

The Sales Management Department will draft a price scheme. There is no fixed time within such price schemes are prepared. The scheme will be approved by the management team of the Company. During the whole process, no restrictions, limitations, or other considerations take place.

- b) Which organisation/business entity do you consider as the price leader of the goods?

Answer:

Generally, JIGANG set its price based on market/price conditions. It also has regard to prices of several major steel producers in the market. However, there is no price leader in the steel industry in China. The steel price is determined by the market.

- c) Does your business have a pricing committee in respect of the goods? If so provide the names and positions of all members of the Committee.

Answer:

JIGANG does not have pricing committee in respect of the goods.

- d) How often does the pricing committee meet to discuss selling prices of the goods? Provide the minutes or any other relevant documents of all meetings of the pricing committee during the investigation period.

Answer:

The Sales Management Department of JIGANG formulates the price scheme in accordance with market conditions. Please refer to Confidential Exhibit D-3 in dumping section for the pricing document of 2012.

- e) Identify the person who authorises the sales terms, prices and other contract provisions for the sale of the goods by your business.

Answer:

The Sales Management Department determines the specific sales terms, prices and other contract provisions for the sale of the goods within the limits of the price scheme.

- f) If you have production facilities of the goods in more than one region and/or province, are the laws and regulations in each region the same with respect to pricing of the goods? If not, provide details on the differences.

Answer:

As we mentioned above, the prices of JIGANG's products, including the GUC, are based on market conditions. No laws or regulations regulate or affect the prices of the company's products. Thus this question is not applicable.

3. HRC and steel slab purchases

Only answer the following questions if your business, or related businesses, purchase HRC or steel slab

- a) Provide a detailed listing of your HRC and steel slab purchases by completing the HRC and steel slab Purchases tab of the attached spreadsheet).

Answer:

JIGANG does not purchase any HRC or steel slab. Instead, it produces these products itself.

- b) Do you have more than one supplier of HRC or steel slab? If so, provide an explanation of the reasons of price differences between these suppliers?

Answer:

No.

- c) Describe in detail your business' purchase procedures of HRC and steel slab and the considerations in selecting a supplier. If it is by tenders, provide details of the criteria/conditions.

Answer:

Not applicable

- d) If HRC and steel slab is imported by your business, or related businesses:

i. Provide details including a description of the HRC/steel slab imported, Hot Rolled Plate Steel – investigation no.198 - exporter questionnaire - China 8595784/170

the supplier and country of origin.

- ii. Explain the process required to import HRC/steel slab (e.g. obtaining an import licence, import declarations).
- iii. Provide details of any conditions to importing the HRC/steel slab (e.g. customs and/or quarantine).
- iv. Is your business eligible for a duty drawback? If so, provide details.

Answer:

Not applicable

PART 3 STEEL SLAB AND HOT ROLLED COIL STEEL (HRC)**1. Sales and production**

Only answer the following questions if your business, or related businesses, sell steel slab and/or HRC

- a) Provide a list of all your domestic customers of steel slab and HRC and indicate whether each customer is an SIE.

Answer:

Please refer to Confidential Exhibit I-3-1.a for the list of domestic customers of steel slab.

[List of domestic customers of steel slab removed]

The list of domestic customers of steel slab is not susceptible to a meaningful non-confidential summary as it includes the customers' information which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) Are you required to obtain approval or a licence to sell steel slab or HRC? If so, provide details.

Answer:

No such approval or licence needed for selling steel slab or HRC.

- c) Are there any restrictions and/or conditions in relation to the quality or quantity of the production of steel slab or HRC placed upon your business? If so, provide details.

Answer:

There are no restrictions and/or conditions in relation to the quantity of HRC produced. The company must follow the company and national standard to ensure the quality of its products.

- d) Do you have an export licence for exports of steel slab or HRC? If so, provide details.

Answer:

No such export licence is required for exports of steel slab or HRC.

- e) Is steel slab or HRC sold by your business subject to any export restrictions and/or limits during the previous 5 year? If so, provide details.

Answer:

No export restriction existed on steel slab or HRC during the previous 5 years.

- f) Provide details regarding any other restrictions (e.g., geographic/regional,

downstream, end use) placed upon your business on the sale of steel slab or HRC.

Answer:

There are no any other restriction exists upon the business on the sale of steel slab or HRC.

- g) Have there been any changes to your production capacity of steel slab or HRC over the last 5 years? If so, provide details.

Answer:

No changes to the production capacity of steel slab or HRC have taken place over the last 5 years.

2. Selling price

Only answer the following questions if your business, or related businesses, sell steel slab or HRC

- a) Describe in detail how the selling price of steel slab/HRC is determined. In particular, provide details of any restrictions, limitations, or other considerations faced by your business.

Answer:

The Sales Management Department will draft a price scheme based on market conditions. The scheme will be approved by the management team of the company. There are no restrictions or other limitations on the company in setting prices for its products.

- b) Which organisation/business entities do you consider as the price leader of steel slab and HRC?

Answer:

While there are a number of major steel producers in China, there is no price leader. Prices are determined by the market.

- c) Does your business have a pricing committee in respect of steel slab or HRC? If so provide the names and positions of all members of the Committee.

Answer:

JIGANG does not have pricing committee in respect of the steel slab or HRC.

- d) How often does the pricing committee meet to discuss selling prices of steel slab or HRC? Provide the minutes or any other relevant documents of all meetings of the pricing committee during the investigation period.

Answer:

As previously advised, the Sales Management Department of JIGANG formulates the price scheme based on market conditions. No such minutes exist.

- e) Identify the person who authorises the sales terms, prices and other contract provisions for the sale of steel slab or HRC by your business.

Answer:

The Sales Management Department determines the specific sales terms, prices and other contract provisions for the sale of the goods within the limits of the price scheme.

- f) If you have production facilities of steel slab or HRC in more than one region and/or province, are the laws and regulations in each region the same with respect to pricing of steel slab/HRC? If not, provide details on the differences.

Answer:

As mentioned above, the price of HRC and other products of JIANG is based solely on market conditions. No laws or regulations regulate or affect prices. Thus this question is not applicable.

- g) If you have customers of steel slab/HRC located in more than one region and/or province, are the selling prices of these products different? If so, explain the reasons on the differences.

Answer:

The prices adopted for customers of steel slab/HRC located in different regions may be different. But such differences are due to different delivery terms, shipment distances and transaction dates, rather than deliberate price discrimination.

3. Raw material purchases

Only answer the following questions if your business, or related businesses, manufacture steel slab and/or HRC

- a) Provide a detailed listing of you raw material purchases (e.g. iron ore, coking coal, lime) by completing the Raw Material Purchases tab of the attached spreadsheet).

Answer:

Please refer to Confidential Exhibit I-3-3.a) for the listing of purchase of iron ore, coking coal and lime during the investigation period.

[List of iron ore purchases and coking coal purchases removed]

The list of iron ore purchases and coking coal purchases is not susceptible to a meaningful non-confidential summary as it includes the customers' information which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- b) Do you have more than one supplier of the raw materials? If so, provide an
- Hot Rolled Plate Steel – investigation no.198 - exporter questionnaire - China 8595784/174

explanation of the reasons of price differences between these suppliers?

Answer:

JIGANG does have more than one supplier of the raw materials. There are price differences among these suppliers. The price difference of raw materials such as, for example, iron ore, is caused by the quality, such as the purity content, as well as transaction dates and quantity. The price of these materials always fluctuate. When the raw materials are purchased from domestic suppliers, shipments at different distances will affect the transaction price as well.

- c) Describe in detail your business' purchase procedures of the raw materials and the considerations in selecting a supplier. If it is by tenders, provide details of the criteria/conditions.

Answer:

JIGANG purchases raw materials, through tenders or bid negotiations. All the potential suppliers go through qualification evaluation before the next step. JIANG usually holds a comprehensive review on their qualifications, such as whether they have legal qualification, whether they have mining resources for long-term stability of the exploitation, whether they have timely delivery, and whether they have good reputation. After qualified candidates are selected, JIANG usually holds price negotiations with them in accordance with market price conditions. After all the preparing work is done, JIANG will conclude contracts with the final suppliers with the mutually agreed purchase quantity and prices.

- d) If any of your raw materials for the production of steel slab or HRC are imported by your business, or related businesses :
- i. Provide details including a description of the raw material imported, the supplier and country of origin.

Answer:

Please refer to Confidential Exhibit I-3-3.d) for the list of imported iron ore.

[List of iron ore imported removed]

The list of iron ore imported is not susceptible to a meaningful non-confidential summary as it includes the customers' information which is commercially sensitive. Disclosure of such information will damage the Applicant's interests.

- ii. Explain the process required to import the raw materials (e.g. obtaining an import licence, import declarations).

Answer:

The process for importation of iron ore is as follows:

To reach a long term cooperation agreement with suppliers, to

negotiate annual prices, to obtain insurance for the agreement, confirm date of loading and shipment with suppliers, to prepare the letter of credit, make the down payment, customs declaration, receive the goods, settle the payment, etc.

- iii. Provide details of any conditions to importing the raw materials (e.g. customs and/or quarantine).

Answer:

According to relevant Chinese customs laws and regulations, all goods to be imported, including the raw materials imported by the company, must go through customs declaration and clearance and potentially quarantine clearance.

- iv. Are you eligible for a duty drawback? If so, provide details.

Answer:

There is no duty drawback on imported iron ore.

SECTION J – EXPORTER/PRODUCER’S DECLARATION

I hereby declare that.....(company)
did, during the investigation period export the GUC and have completed the
attached questionnaire and, having made due inquiry, certify that the
information contained in this submission is complete and correct to the best of
my knowledge and belief.

or

I hereby declare that.....(company)
did, during the investigation period, produce the GUC which were exported to
Australia by another company and have completed the attached questionnaire
and, having made due inquiry, certify that the information contained in this
submission is complete and correct to the best of my knowledge and belief.

Name :.....

Signature:

**Position in
Company** :.....

Date :.....

SECTION K - CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – General information	
Section B – Export price	
Section C – Like goods	
Section D – Domestic price	
Section E – Fair comparison	
Section F – Exports to third countries	
Section G – Costing information	
Section H – Countervailing	
Section I – Market situation	
Section J – Declaration	

Electronic Data	Please tick if you have provided spreadsheet
HRC & STEEL SLAB PURCHASES – purchase cost of Hot Rolled Coil and Steel Slab during the investigation period	
RAW MATERIAL PURCHASES – purchase cost of raw materials during the investigation period	
INCOME STATEMENT	
TURNOVER – sales summary	
AUSTRALIAN SALES – list of sales to Australia	
DOMESTIC SALES – list of all domestic sales of like goods	
THIRD COUNTRY – third country sales	
PRODUCTION – production figures	
DOMESTIC COST TO MAKE & SELL – costs of goods sold domestically	
AUSTRALIAN COST TO MAKE & SELL – costs of goods sold to Australia	