



Australian Government

Australian Customs and  
Border Protection Service

International Trade Remedies Branch

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**SUPPLEMENTARY EXPORTER QUESTIONNAIRE**  
**PARTICULAR MARKET SITUATION – CHINA**

**PRODUCT CONCERNED:** ZINC COATED (GALVANISED) STEEL AND  
ALUMINIUM ZINC COATED STEEL FROM THE  
PEOPLE'S REPUBLIC OF CHINA, THE  
REPUBLIC OF KOREA AND TAIWAN

**INVESTIGATION PERIOD:** 1 JULY 2011 TO 30 JUNE 2012

**RESPONSE DUE BY:** 27 OCTOBER 2012

**ADDRESS FOR RESPONSE:** International Trade Remedies Branch  
Australian Customs and Border Protection  
Service  
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Attention: Director Operations 2

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Please note that a public record version of the reply to this questionnaire must also be provided.

## PARTICULAR MARKET SITUATION

*The applicant claims that a 'particular market situation' exists in respect of galvanised steel and aluminium zinc coated steel (the goods) from China due to government influence on both the prices of the goods and the major raw material inputs including hot rolled coil (HRC), iron ore, coal, and cold-rolled steel 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.*

### PART 1 GENERAL INFORMATION

#### 1. Ownership and management

- a) Has the Government of China (GOC)<sup>1</sup> 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:

Our company, Wuhan Iron and Steel Company Limited (hereafter referred as "our company" or "WISCO") is a limited liability company publicly listed on the Shanghai Stock Exchange. The first majority shareholder of our company is Wuhan Iron and Steel (Group) Corp. (hereafter referred as "Wuhan Steel Group"). It currently holds 65.32% of the stock of our company. [Confidential].

List all the directors and major shareholders of your business and identify any

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<sup>1</sup> 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).

common directors and executive officers between your business and related businesses.

Answer:

**WISCO**

The Major 10 largest shareholder	Shareholding Percentage
WISCO Iron & Steel Group Co., Ltd.	65.32%
Shenzhen Jifu Chuangye Investment Stock Co., Ltd.	1.15%
Zhang Wenmin	0.22%
Jiashi Hushen 300 Index Securities Investment Fund	0.22%
Ningbo Au Ke Si Real Estate Co., Ltd.	0.17%
Datong Securities Stock Co., Ltd.	0.14%
Huaxia Hushen 300 Index Securities Investment Fund	0.14%
Shangzheng 180 Exchange Open Index Securities Investment Fund	0.12%
CITIC Securities Stock Co., Ltd. Customers Credit Exchange Warrant Securities Account	0.12%
Jiashi Zhongzheng Ruilian Jibenmian 50 Index Securities Investment Fund (LOF)	0.11%

Director's Name	Position
Deng Yulin	Chairman of Board
Wang Zhenyou	Vice-Chairman of Board
Hu Wangming	Director
Ma Qilong	Director
Peng Chen	Director
Zou Jixin	Director
Yu Xinhe	Director
Kong Jianyi	Independent Director
Zhang Longping	Independent Director
Xiao Wei	Independent Director
Zhang Jichang	Independent Director

**IETC**

Shareholder	Shareholding Percentage
[Confidential]	[Confidential]

Please kindly note that IETC has no Board of Director so that we listed the member of administration as follows.

Administrator's Name	Position
[Confidential]	Administrator
[Confidential]	Administrator
[Confidential]	Administrator
[Confidential]	Administrator
[Confidential]	Administrator

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

- c) 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.

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

Answer:

No, there has been no change in the ownership structure of our company over the

last 5 years. However, as a publicly listed company, there are always minor changes to the shareholding from time to time.

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

Answer:

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

- f) Explain whether there are any GOC requirements by law and/or any internal 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 our business.

- g) 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:

There is no GOC representative or other person appointed by the GOC to our company's board of directors or who acts as senior executive of our company. No such veto rights exist.

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

Answer:

According to the Articles of Association, the Board of Directors or the General Manager, within their respective authority, has the ability to reward, hire, fire or discipline our company's senior managers and executives.

- i) 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:

None of our company's senior managers holds a position in any GOC department or organisation.

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

Answer:

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

- k) 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.

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

Answer:

There's no restriction to trade these securities. However, individuals who are not Chinese nationals cannot purchase the shares directly in her/his own name. But they can do so through a mechanism called Qualified Foreign Institutional Investors.

## 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:

Based on respective authorities stipulated by the Articles of Association, the Board of Shareholders, the Board of Directors, the General Manager and other relevant departments have the freedom to make decisions on business areas for which they are responsible.

These bodies conduct the decision making activities based solely on market conditions, i.e. the demand and supply of the products, the price changes of raw materials, energy and labour, 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 our 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 our manufacture, sale or purchase of steel products.

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

Answer:

Please refer to [Annex 1-2-d](#)) - 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 WISCO has been removed]***

***[The copies of minutes of the Board of Directors and Board of Shareholders meetings of WISCO 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:

Please refer to [Annex 1-2-e](#)) - the copy of meeting notes regarding the pricing decisions on steel products for June 2012.

***[Copies of meeting notes regarding the pricing decisions on steel products has been removed]***

***[The copies of meeting notes regarding the pricing decisions on steel products are not susceptible to a meaningful non-confidential summary as it includes as it includes pricing decisions which are commercially sensitive. Disclosure of such information will damage the Company's interests.]***

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

Answer:

There is no such document of business plan in our company.

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



Answer:

Yes, in the last 5 years, our Company completed the acquisition of four companies:

[Confidential]

[Confidential]

[Confidential]

[Confidential]

***[Name of companies acquired by WISCO omitted]***

***[The above information of companies acquired by WISCO 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) Has your business undergone any major restructuring in the last 5 years? Is so, provide details.

Answer:

We did not undergo any major restructuring in the last 5 years.

h) Is your business currently, or in the last 5 years, been involved in a joint venture? If so, provide details.

Answer:

We have not been involved in any joint venture in the last 5 years.

### 3. Licensing

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

Answer:

Please refer to [Annex 1-3-a](#)) - the copy of our Business License.

***[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 Company's interests.]*

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

Answer:

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

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 business licence in advance of approval of its name, and then submit all the documents required by the Regulation. Within the time limit regulated, the company registration authority shall make a decision of approval or refusal to register, 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 for the public to look up or make copies of the business licence.

b) 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 to meet all of the general requirements in the Company Law, including satisfying the capital contribution threshold, have an operation premises and managing configuration. Besides, where there are items in a company's business scope 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.

c) 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 shall be deemed unlicensed business activities, and banned by corresponding industry and commerce authorities. Also, unlawful incomes will be confiscated, additional fines and other administrative penalties will be imposed.

But since there's no limit for applying for a wide range/scope of business activities except those prohibited or restricted by laws and regulations (e.g. drug dealing, production and trade of weapon and dangerous goods, etc.), there is basically no restriction on the business scope in a business license.

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

Answer:

According to the relevant regulations, any company can engage in business activities in its own name but only after being approved to register by the company registration authority and only after it is issued with its business license. On obtaining its business licence, company has all of the rights and benefits conferred by the Chinese Company Law and other regulations, which are equally enjoyed by all the legally operated entities.

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

Answer:

The Applicant has not experienced any such withdrawal.

However, it wishes to note that if a company should 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 could be withdrawn. However, if that happens, legal procedural requirements must be observed.

- f) 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 shall accept the annual examination within the fixed time, and submit an annual examination report and other documents contain financial conditions of the company. The relevant authority is Wuhan 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:

The capital investment activities our company has undertaken in the last 5 years includes:

- [Confidential]
- [Confidential]
- [Confidential]
- [Confidential]
- [Confidential]
- [Confidential]
- [Confidential]
- [Confidential]

There's no government approval for these investments.

***[Capital investment activity omitted]***

***[The above information of capital investment activity 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) 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.

**5. Financing and investment activities**

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

Answer:

The list of all major lenders is summarized as follows.

1	[Confidential]
2	[Confidential]
3	[Confidential]
4	[Confidential]
5	[Confidential]
6	[Confidential]
7	[Confidential]

***[Major lenders omitted]***

***[The above information of capital investment activity 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) What is the rate of interest paid by your business on all debt instruments over the last 5 years?

Answer:

Please refer to Annex 1-5-b).

- c) Has your business benefited from any concessional interest rates for your

loans/debts in the last 5 years? If so, provide details.

Answer:

We did not benefit from any concessional interest rates for our 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:

Yes, during last 5 years, there are:

- (1) Corporate bonds, issued on March, 2012
- (2) Capital Increase and rights issue (Endowment match) in 2011;
- (3) Corporate bonds , issued on March, 2009

There is no government guarantee.

The reason for raising the capital by corporate bonds in 2009 was to raise the capital investment for the 3rd silicon steel project and the 3rd cold rolled project, etc. The new corporate bond issue in 2012 was to pay back the 2009 bonds, which had matured.

The reason for the Capital Increase and rights issue was to raise capital for acquisition assets and to fund its working capital.

- 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 has been made in either government or non-government debt securities.

**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:

Our company is a member of the China Iron and Steel Association. We joined the association in January 1999. Payment of a membership fee is required.

This association is established and operated by enterprises from the Chinese steel industry. It is market-oriented and provides services including information to its members concerning the steel industry and its domestic and export markets to assist its members in avoiding building up excess capacity, over production and other similar matters. 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 network together and discuss issues such as technology and advanced business principles and, consequently, improve their own performance.

There is no restriction or conditions for being a member of the association. Companies only need to pay a 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 requirements exist for our company. The only obligation for our company to fulfil is to submit documents designated by relevant laws for the annual examination to the industry and commerce authority, tax authority and quality inspection authority (e.g. annual reports, etc.).

- 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, Wuhan Steel Group that has contact with the government agencies in charge of above mentioned matters. Accordingly, our company does not have any 'contact information' for GOC agencies.

- c) How has the *GOC's National Steel Policy*<sup>2</sup> impacted on your business and how do you ensure compliance with this policy?

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<sup>2</sup> also referred to as the Steel and Iron Industry Development Policy, as well as by several other titles



Answer:

Our company has not been impacted by the National Steel Policy, which is a macro-economic policy, as business decisions on production, purchase of raw materials and sales of the GUC are made in response to market signals. We believe that the broad objectives of this policy, including the advocacy of clean technology, environmentally friendly production, saving resources and a sound industrial structure, etc., also the long term objectives of our company but they have little to do with day-to-day business decisions, which are based on market considerations.

- 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:

We have no contact with either of these two agencies. Usually it is our parent company, Wuhan Steel Group that has contact with government agencies, but we do not know if it has had any dealings or communications with these organizations.

- g) 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.

Answer:

Please refer to below table:

S. No.	Type of tax	Tax rate	reduced rate ?	Tax authority
1	VAT	17% or 13%	No	National tax bureau of Qingshan District, Wuhan, Hubei
2	business tax	3% or 5%	No	Local tax bureau of Qingshan District, Wuhan, Hubei

3	urban maintenance and construction tax	7%	No	Local tax bureau of Qingshan District, Wuhan, Hubei
4	corporate income tax	25%	No	National tax bureau of Qingshan District, Wuhan, Hubei

- h) 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:

Please see table below for the required information:

An audited Financial Report, an audited Tax Report and a Capital Examination Report have to be filed every year.

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

Answer:

We don't provide such price information to outside agencies or participate in any price surveys. There are some business websites that use prices of WISCO to conduct surveys of steel prices. However, they obtain such price information from public source as these prices are available to all potential customers.

## **PART 2 THE GALVANISED STEEL AND ALUMINIUM ZINC COATED 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 [Annex 2-1-a](#)).

*[List of domestic customers of subject goods removed]*

*[The above information of capital investment activity 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) Does your business need to obtain approval or a licence to manufacture and sell the goods? If so, provide details.

Answer:

Our company 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 on the production of the goods.

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

Answer:

No export licence is needed for our company to export its 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:

No export restrictions exist on our goods.

- 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 changed in the last 5 years. Please refer to Exhibit G-1.2 for the spreadsheet titled "Production" in WISCO's response to the exporter questionnaire.

## 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 marketing management department of our company will draft a price scheme every month. Other departments, such as the Financial Department, occasionally will join in to discuss the price scheme. The scheme will be approved finally by the management team of the Company. During the whole process, no restrictions, limitations or other considerations will take place.

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

Answer:

Generally, we set our price completely based on market/price conditions in the market. We also pay attention to prices of several major steel makers in the market, such as Bao Stee, but there is no price leader in the steel industry in China. The steel price is market-oriented.

- 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:

Our company does not have pricing committee in respect of this product. As mentioned before, our marketing management department will formulate a price scheme containing the price of all the products including the subject goods. WISCO's management team will review it and make the final determination.

- 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 marketing management department of WISCO usually formulates the price scheme once a month. Please refer to [Annex 1-2-e\)](#) for the pricing document for June, 2012.

*[Copies of meeting notes regarding the pricing decisions removed]*

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

- 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 marketing management department will formulate the price scheme once a month for approval by the management team of WISCO. The sales personnel of our company then can determine 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 our products are completely market based. No laws or regulations regulate or affect the prices of our products. Thus this question is not applicable.

### **3. HRC purchases**

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

- a) Provide a detailed listing of you HRC purchases by completing the *HRC Purchases* tab of the attached spread sheet).

Answer:

Since we do not purchase HRC, this question is not applicable.

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

Answer:

Since we do not purchase HRC, this question is not applicable

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

Answer:

This question is not applicable.

- d) If HRC is imported by your business, or related businesses:
- i. Provide details including a description of the HRC imported, the supplier and country of origin.
  - ii. Explain the process required to import HRC (e.g. obtaining an import licence, import declarations).
  - iii. Provide details of any conditions to importing the HRC (e.g. customs and/or quarantine).
  - iv. Is your business eligible for a duty drawback? If so, provide details.

Answer:

This question is not applicable.

**PART 3 HOT ROLLED COIL STEEL (HRC)**

**1. Sales and production**

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

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

Answer:

Please refer to [Annex 3-1-a](#)).

***[List of domestic customers of HRC removed]***

***[The above information of capital investment activity 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) Are you required to obtain approval or a licence to sell HRC? If so, provide details.

Answer:

No such approval or licence is needed for selling HRC.

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

Answer:

There are no restrictions and/or conditions in relation to the quantity of HRC that is 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 HRC? If so, provide details.

Answer:

No such export licence is required for exports of HRC.

- e) Is 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 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 HRC.

Answer:

No other restriction exists upon our business on the sale of HRC.

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

Answer:

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

## 2. Selling price

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

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

Answer:

The marketing management department will formulate a price scheme every month. Other departments of our company will occasionally join in to discuss the price scheme. The scheme will be approved finally by the management team of the company. During the whole process, there are no restrictions, limitations or other considerations imposed by the government or any other external entities.

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



Answer:

In the relevant industry, no entity can act as a price leader. The price of HRC is completely market-oriented.

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

Answer:

The marketing management department will initiate the price setting procedure. Our sales subsidiary or branches will join in to help set the prices of various HRC products. The final price scheme will be submitted to the management team of the company to get approval. Thus, according to the whole price setting mechanism within our company, no price committee is specially set up for HRC products in our company.

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

Answer:

In order to carry out price setting, a meeting is held lead by the marketing management department and joined by other sales persons to discuss pricing. It is held about once every month to update our price scheme based on market conditions.

Please refer to [Annex 1-2-e\)](#) for the decision of such meeting in June 2012.

***[Copies of meeting notes regarding the pricing decisions removed]***

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

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

Answer:

The monthly price scheme mentioned in question d), which plays a guiding role, is formulated by sales personnel and get approved by WISCO's management team. As for the specific sales terms, including prices, so long as they are within the range of the price guiding scheme, they can be determined directly by relevant branch managers of WISCO's sales companies, since these personnel are directly aware of prevailing market conditions.

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

Answer:

As mentioned earlier above, the price of HRC and other products of our company are completely market-based. No laws or regulations regulate or affect our prices. Thus this question is not applicable.

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

Answer:

The prices adopted for customers of HRC located in different regions may be different but such differences are due to varied 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 HRC***

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

Answer:

Please refer to [Annex 3-3-a.1](#)) and [Annex 3-3-a.2](#)) for the listing of iron ore purchases and coke purchases. Annex 3-3-a.1) includes two worksheets for both iron ore purchases in the domestic market and in the overseas market.

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

***[The above information of capital investment activity 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) Do you have more than one supplier of the raw materials? If so, provide an explanation of the reasons of price differences between these suppliers?

Answer:

We do have more than one supplier of the raw materials. There are price differences among these suppliers. The price difference in raw materials (e.g. iron ore) is caused by the quality, such as the purity content, as well as transaction dates and quantity. These materials are always fluctuating. When the raw materials are purchased from domestic suppliers, the 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 criterions/conditions.

Answer:

We purchase domestic raw materials (e.g. iron ore) through tenders or bid negotiations. All potential suppliers go through our qualification evaluation before the next step. We usually hold a comprehensive review of their qualifications, such as whether they have legal qualification, whether they have mining resources for long-term stability of supply, whether they have timely delivery capacity, and whether they have good reputation. After qualified candidates are selected, we usually hold price negotiations once a month with them in accordance with market price conditions. After all the preparation work is done, we will conclude contracts with the final partners with the mutually agreed purchase quantity and prices.

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

Answer:

WISCO imported iron ore. Please see below for required information:

Supplier	Name of the iron ore	% of iron	origin
[Confidential]	powder	[Confidential]	[Confidential]
	powder	[Confidential]	[Confidential]
	lump	[Confidential]	[Confidential]
	lump	[Confidential]	[Confidential]
[Confidential]	powder	[Confidential]	[Confidential]

	powder	[Confidential]	[Confidential]
	powder	[Confidential]	[Confidential]
[Confidential]	powder	[Confidential]	[Confidential]
[Confidential]	powder	[Confidential]	[Confidential]
[Confidential]	Iron ore	[Confidential]	[Confidential]
[Confidential]	powder	[Confidential]	[Confidential]
	lump	[Confidential]	[Confidential]
	granular	[Confidential]	[Confidential]

***[Information of imported iron ore omitted]***

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

- vi. 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.

- vii. 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 our raw materials, must go through customs and, if necessary, quarantine.

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

Answer:

There is no duty drawback on imported iron ore.

Interest rates table for bank loan for last five years ( % )

terms	2012/7/6	2012/6/8	2011/7/7	2011/4/6	2011/2/9	2010/12/26	2010/10/20	2008/12/23	2008/11/27	2008/10/30	2008/10/9	2008/9/16	2007/12/21	2007/9/15	2007/8/22	2007/7/21	2007/5/19	2007/3/18
6 months	100	104	109	104	100	96	91	87	90	108	109	111	117	116	111	108	104	101
1 year	100	105	109	105	101	97	93	89	93	111	116	120	125	122	117	114	110	107
1-3 years	100	104	108	104	99	95	91	88	92	110	114	119	123	121	117	114	110	107
3-5 years	100	104	108	104	101	97	93	90	93	110	114	118	121	120	115	113	108	105
over 5 years	100	104	108	104	101	98	94	91	93	110	114	118	120	120	115	113	110	109



List of Domestic Customers on HRC Purchase

Series No.	Customer Name (CN)	Customer Name (EN)	Location Address (EN)	Company Type (EN)
1	[Confidential]	[Confidential]	[Confidential]	[Confidential]
2	[Confidential]	[Confidential]	[Confidential]	[Confidential]
3	[Confidential]	[Confidential]	[Confidential]	[Confidential]
4	[Confidential]	[Confidential]	[Confidential]	[Confidential]
5	[Confidential]	[Confidential]	[Confidential]	[Confidential]
6	[Confidential]	[Confidential]	[Confidential]	[Confidential]
7	[Confidential]	[Confidential]	[Confidential]	[Confidential]
8	[Confidential]	[Confidential]	[Confidential]	[Confidential]
9	[Confidential]	[Confidential]	[Confidential]	[Confidential]
10	[Confidential]	[Confidential]	[Confidential]	[Confidential]
11	[Confidential]	[Confidential]	[Confidential]	[Confidential]
12	[Confidential]	[Confidential]	[Confidential]	[Confidential]
13	[Confidential]	[Confidential]	[Confidential]	[Confidential]
14	[Confidential]	[Confidential]	[Confidential]	[Confidential]
15	[Confidential]	[Confidential]	[Confidential]	[Confidential]
16	[Confidential]	[Confidential]	[Confidential]	[Confidential]
17	[Confidential]	[Confidential]	[Confidential]	[Confidential]
18	[Confidential]	[Confidential]	[Confidential]	[Confidential]
19	[Confidential]	[Confidential]	[Confidential]	[Confidential]
20	[Confidential]	[Confidential]	[Confidential]	[Confidential]
21	[Confidential]	[Confidential]	[Confidential]	[Confidential]
22	[Confidential]	[Confidential]	[Confidential]	[Confidential]
23	[Confidential]	[Confidential]	[Confidential]	[Confidential]
24	[Confidential]	[Confidential]	[Confidential]	[Confidential]
25	[Confidential]	[Confidential]	[Confidential]	[Confidential]
26	[Confidential]	[Confidential]	[Confidential]	[Confidential]
27	[Confidential]	[Confidential]	[Confidential]	[Confidential]
28	[Confidential]	[Confidential]	[Confidential]	[Confidential]
29	[Confidential]	[Confidential]	[Confidential]	[Confidential]
30	[Confidential]	[Confidential]	[Confidential]	[Confidential]
31	[Confidential]	[Confidential]	[Confidential]	[Confidential]
32	[Confidential]	[Confidential]	[Confidential]	[Confidential]
33	[Confidential]	[Confidential]	[Confidential]	[Confidential]
34	[Confidential]	[Confidential]	[Confidential]	[Confidential]
35	[Confidential]	[Confidential]	[Confidential]	[Confidential]
36	[Confidential]	[Confidential]	[Confidential]	[Confidential]
37	[Confidential]	[Confidential]	[Confidential]	[Confidential]
38	[Confidential]	[Confidential]	[Confidential]	[Confidential]
39	[Confidential]	[Confidential]	[Confidential]	[Confidential]
40	[Confidential]	[Confidential]	[Confidential]	[Confidential]
41	[Confidential]	[Confidential]	[Confidential]	[Confidential]
42	[Confidential]	[Confidential]	[Confidential]	[Confidential]
43	[Confidential]	[Confidential]	[Confidential]	[Confidential]
44	[Confidential]	[Confidential]	[Confidential]	[Confidential]
45	[Confidential]	[Confidential]	[Confidential]	[Confidential]





Non Confidential

WISCO  
Annex 3-1-a)

94	[Confidential]	[Confidential]	[Confidential]	[Confidential]
95	[Confidential]	[Confidential]	[Confidential]	[Confidential]
96	[Confidential]	[Confidential]	[Confidential]	[Confidential]
97	[Confidential]	[Confidential]	[Confidential]	[Confidential]
98	[Confidential]	[Confidential]	[Confidential]	[Confidential]
99	[Confidential]	[Confidential]	[Confidential]	[Confidential]
100	[Confidential]	[Confidential]	[Confidential]	[Confidential]
101	[Confidential]	[Confidential]	[Confidential]	[Confidential]
102	[Confidential]	[Confidential]	[Confidential]	[Confidential]
103	[Confidential]	[Confidential]	[Confidential]	[Confidential]
104	[Confidential]	[Confidential]	[Confidential]	[Confidential]
105	[Confidential]	[Confidential]	[Confidential]	[Confidential]
106	[Confidential]	[Confidential]	[Confidential]	[Confidential]
107	[Confidential]	[Confidential]	[Confidential]	[Confidential]
108	[Confidential]	[Confidential]	[Confidential]	[Confidential]
109	[Confidential]	[Confidential]	[Confidential]	[Confidential]
110	[Confidential]	[Confidential]	[Confidential]	[Confidential]
111	[Confidential]	[Confidential]	[Confidential]	[Confidential]
112	[Confidential]	[Confidential]	[Confidential]	[Confidential]
113	[Confidential]	[Confidential]	[Confidential]	[Confidential]
114	[Confidential]	[Confidential]	[Confidential]	[Confidential]
115	[Confidential]	[Confidential]	[Confidential]	[Confidential]
116	[Confidential]	[Confidential]	[Confidential]	[Confidential]
117	[Confidential]	[Confidential]	[Confidential]	[Confidential]
118	[Confidential]	[Confidential]	[Confidential]	[Confidential]
119	[Confidential]	[Confidential]	[Confidential]	[Confidential]
120	[Confidential]	[Confidential]	[Confidential]	[Confidential]
121	[Confidential]	[Confidential]	[Confidential]	[Confidential]

COMMERCIAL IN CONFIDENCE (when complete)











WISCO

HOT ROLLED STEEL RAW MATERIAL PURCHASE PRICES - Coke

Date of purchase	Material type (HRC, narrow strip, etc) (CN)	Material type (HRC, narrow strip, etc) (EN)	Country of manufacture	Supplier (CN)	Supplier (EN)	Is the supplier a state owned enterprise (SOE) YES/NO? [2]	Does the supplier manufacture/produce the HRS?	Manufacturer/producer (if not the supplier)	Is the manufacture/producer a state owned enterprise (SOE) YES/NO? [2]	Quantity (tonnes)	Purchase price (excl. VA)	Unit price (excl. VA)	Currency	Delivery terms
采购日期	材料种类(中文)	材料种类(英文)	生产国家	供应商名称(中文)	供应商名称(英文)	供应商是否为国有企业(是或否)	供应商是否自己制造或生产?	制造商或是生产商名称(假设该产品不是由供应商自身生产)	制造商或是生产商是否为国有企业(是或否)	数量(吨)	采购价格(除去VA增值税后)	单价(除去VA增值税后)	币种	送货条款
/07/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/07/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/07/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/07/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/08/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/08/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/08/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/09/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/09/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/09/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/09/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 0/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 0/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 0/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 0/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 0/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/ 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/0 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/0 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/0 2/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/02/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/02/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/02/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]
/03/20	焦炭	Coke	P.R. China	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]	[Confidential]