## STAUGHTONS

ABN 40 156 647 988

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# ZONGCHENG

## **PUBLIC RECORD VERSION**

response on

**Particular Market Situation** 

Re:

Zinc & Aluminium Zinc Coated steel Exports

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### **International Trade Remedies Branch**

# 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

5 Constitution Avenue Canberra act 2601

Australia

**Attention: Director Operations 2** 

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Please note that a public record version of the reply to this questionnairemust 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 thissupplementary 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 <u>translated English</u> 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.

#### Response:

Jiangyin Zongcheng Steel Co., Ltd. (hereinafter referred to as "Zongcheng") was originally established on March 2nd, 2004 as a wholly foreign owned enterprise. And Government of China (GOC) had not been a shareholder in Zongcheng in the previous 5 years.

<sup>&</sup>lt;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).

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

#### Response:

Please refer to Conf Exhibit 1 for list of directors and major shareholders, Conf Exhibit 2 for world-wide corporate structure.

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.

#### Response:

Zongcheng is a wholly foreign owned enterprise and there are no employees, or otherwise affiliated with the GOC.

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.

#### Response:

Zongcheng has no directors or employees are 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.

#### Response:

Please refer to Conf Exhibit 3 for changes in ownership structure from May 18th, 2004 to December 14th, 2011.

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

#### Response:

Zongcheng is a wholly foreign owned enterprise and all positions are appointed or designated to act on behalf of board of directors authorities. There are no positions within Zongcheng that are appointed or designated to act on behalf of GOC authorities.

g) 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.

#### Response:

Zongcheng is a wholly foreign owned enterprise and there are no GOC requirements by law and/or any internal business policy to have GOC representation in our 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.

#### Response:

This question is not applicable since Zongcheng is a wholly foreign owned enterprise and there are no 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. Please refer to Conf Exhibit 1 for list of directors and major shareholders.

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

#### Response:

Board of directors of Zongcheng has the ability to reward, hire, fire or discipline senior managers and executives. Generally, for the principle of efficiency, ....., the General Manager of Zongcheng, is able to make the decision.

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.

#### Response:

Zongcheng has no senior managers hold positions in any GOC departments or organisations, associations or Chambers of Commerce.

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

#### Response:

Zongcheng is not a publicly listed or traded company on a securities exchange. Please refer to Conf Exhibit 4 for business license and Conf Exhibit 5 for certificate of approval of foreign investment.

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

#### Response:

This question is not applicable since Zongcheng is not a publicly listed or traded company on a securities exchange.

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

#### Response:

This question is not applicable since Zongcheng is not a publicly listed or traded company on a securities exchange.

#### 2. Business planning

 Explain your business' decision-making process in general and in respect of steel products in relation to:

i.what goods are produced;

#### Response:

Zongcheng's decision-making process is according to the demand of purchase order to decide what product will be produced.

ii.how the goods are produced;

#### Response:

Zongcheng's products are produced through three production lines: pickling, cold-roll mill and coated aluminium zinc.

Pleases refer to Conf Exhibit 6 for production process flowchart.

iii. how much is produced;

#### Response:

Zongcheng's decision-making process on production quantity is in accordance with the demand of purchase orders.

iv. the quantity of inputs (such as raw materials and energy) purchased and how it is allocated to the manufacture of different products;

#### Response:

The quantity of inputs purchased is determined by the demand of how much the product will be produced; such as raw materials and energy are allocated to different products in accordance with the actual consumption and the production quantity of different products.

v.the location of your production facility;

#### Response:

The production facilities of Zongcheng are located at No. 568 Wuxing Road, Jiangyin, China.

vi.how your business' profit is distributed (e.g. dividends, share buyback etc.); and

#### Response:

Zongcheng's profit is distributed by the proportion of investment.

vii.how you make decisions regarding your companies' growth target and other strategic decisions (e.g. expansions, mergers, acquisitions, restructures).

#### Response:

Zongcheng's General Manager and shareholders refer to yearly market situation to makes decision on companies' growth target.

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

#### Response:

This question is not applicable since there are no GOC input/guidance into the decision-

making process regarding Zongcheng'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.

#### Response:

This question is not applicable since there are no GOC department/offices involved, either directly or indirectly, in Zongcheng's manufacture, marketing, purchase and sale of steel products.

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

#### Response:

Please refer to Conf Exhibits 7 (a) and (b) for the minutes of board of directors and Conf Exhibits 8 (c) and (d) for board of shareholders meetings over the investigation period.

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

#### Response:

Generally, Zongcheng make price decisions on case by case basis. Since Zongcheng does not have price list we therefore provide email of price negotiation with customers during the IP.

Please refer to Conf Exhibit 9 for price negotiation mails correspondences.

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

#### Response:

please refer to Conf Exhibit 10 for Zongcheng 2012 business plan.

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

#### Response:

This question is not applicable since Zongcheng has not been involved in any mergers and/or acquisitions in the last 5 years.

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

#### Response:

This question is not applicable since Zongcheng has not undergone any restructuring in the last 5 years.

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

#### Response:

This question is not applicable since Zongcheng has not been involved in a joint venture in the last 5 years.

#### 3. Licensing

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

#### Response:

Please refer to Conf Exhibits 4 (1) and (2) for business license.

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

Response:-detail provided.

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

#### Response:

The procedures involved in applying for business license(s) are five steps.

- 1) Feasibility analysis:
- 2) Company name reservation and approval
- 3) Pre-approval

- 4) Jiangsu Province Department of Business approval.
- 5) Jiangsu Province Bureau of Industrial and Commercial registration.
- d) Describe all requirements and/or conditions that must be met in order to obtain the license(s).

#### Response:

- 1. Company name is not duplicated with other companies.
- 2. Have the approval authorities to approve the articles of incorporation.
- 3. The company has a fixed business location and employees.
- 4. The registered capital is verified by certified public accountant.
- 5. Scopes of business are in accordance with national laws, regulations and policies; having a sound accounting system; able to conduct business accounting independently; assume sole responsibility for its profits or losses.
- 6. Paying income tax and etc.
- e) Describe any sanctions and/or restrictions imposed on your business if you act outside the scope of your business license(s).

#### Response:

If Zongcheng engaged in business activities outside the scope of business license which involved the project must to be approved by laws, administrative regulations, or decisions of State Council and the circumstances are serious, the business license will be revoked.

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

#### Response:

Zongcheng obtains the qualification of enterprise as a legal person and is able to engage in operations within the scope of business.

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

#### Response:

Jiangsu Province Administration of Industry and Commerce can revoke the license under those situations:

#### 1. False registration

The Company uses false registration or deception to obtain business license, and if the circumstances are serious, its business license may be revoked.

#### 2. Act outside the scope of business license

The Company engages in related business activities outside the scope of business license which involved the project must to be approved by laws, administrative regulations, or decisions of State Council and the circumstances are serious, its business license will be revoked.

#### 3. Not opening or closing for no reason

The Company without proper reason fails to commence business more than six months after the establishment or stops operation by themselves more than six months after opening; its business licensee will be revoked by the registration authority.

#### 4. Fail to attend annual inspection procedures

The Company fails to attend annual inspection procedures; its business license will be revoked.

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?

#### Response:

Zongcheng needs to operate the company within the scope of the business stipulated by the business license and in accordance with the related regulations to submit annual inspection report to participate annual inspection. Jiangsu Province Administration of Industry and Commerce is responsible for managing the compliance of these conditions and/or requirements.

#### 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.

#### Response:

Please refer to Conf Exhibit 11 for construction project application form. Please refer to Conf Exhibit 12 for approval letter.

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

#### Response:

This question is not applicable since all capital investment activities of Zongcheng were approved.

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.

#### Response:

Please refer to Conf Exhibit 13 for capital investments approving authorities.

#### 5. Financial investment activities

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

#### Response:

Zongcheng borrowed long-term loans and short-term loans from domestic and foreign banks.

Zongcheng has provided a list of weighted average interest rate paid to the banks over the last 5 years and indicate the interest rate in RMB and in USD respectively. Please refer to Conf Exhibit 14 for details.

Please note, Zongcheng reports the loans from domestic banks for 5 years and report the loans from overseas banks for the most recent one year.

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

#### Response:

Zongcheng provided a list of weighted average interest rate paid to the banks from domestic banks over the last 5 years and indicate the interest rate in RMB and in USD

respectively. Please refer to Conf Exhibit 14 for details. Please note that the interest rates paid to domestic banks are higher than overseas banks, for example Taiwan.

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

#### Response:

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

Zongchen borrowed funds from banks according to the prevailing market interest rate. Most of the lending banks of Zongcheng are foreign banks and/or from its afflicted company.

- 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.

#### Response:

Since the increase of production and sales, Zongcheng need to increase the registered capital by the contribution of cash and conversion of equity.

Issuance of shares is to increase paid-in capital to USD .....in past years.

Pleases refer to Conf Exhibit 3 for changes in register capital structure.

Zongcheng's debts are long-term loans, short-term loans and borrowing from affiliated company.

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

#### Response:

Zongcheng has no policies on how cash reserves are to be invested.

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

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

#### Response:

Zongcheng has not invested 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.

#### Response:

Zongcheng is not a member of any industry association.

#### 7. Interaction with the GOC

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

#### Response:

Zongcheng is required to submit audit report to participate in AIC's annual inspection. It also needs to file tax return to National Tax Bureau, Local Tax Bureau in May of each year.

Zongcheng is required to submit value-added tax return and report to National Tax Bureau before ...th monthly.

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.

#### Response:

This question is not applicable since Zongcheng has no dealings with any GOC departments, bureaus or agencies that are responsible for the administration of measures in the steel industry. Zongcheng does not own import licensing for iron ore, steel and other steel raw materials.

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?

#### Response:

Zongcheng has continuously operated within the scope permitted by law since the corporation is founded. Therefore, the GOC's National Steel Policy has not impacted on Zongcheng normal course of business.

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.

#### Response:

Zongcheng has no 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.

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

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.

#### Response:

Please refer to Conf Exhibit 15 for details of all the taxes paid by Zongcheng in the last 5 years.

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.

Response:

Report	Frequency	GOC
Annual Audit Report		
VAT Return and		
Report		
Annual Enterprise		
Income Tax Return		

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

#### Response:

Zongcheng does not provide selling price information or participate in surveys to an external agency.

#### 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.

#### Response:

Please refer to Conf Exhibit 16 for domestic customers list.

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

#### Response:

Zongcheng needs to obtain business license to manufacture and sell the goods. Please refer to Conf Exhibit 11 for construction project application form and Conf Exhibit 12 for approval letters.

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.

#### Response:

Pleases refer to Conf Exhibit 17 for factory setup application and approval letters.

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

#### Response:

Zongcheng does not require an export license.

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.

#### Response:

Zongcheng's products have no export restrictions and/or limits during the previous 5 year.

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

#### Response:

Zongcheng has no any other restrictions (e.g., geographic/regional, downstream, end use) placed upon our business on the sale of the goods.

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

#### Response:

Zongcheng has had no changes to production capacity of the goods over the last 5 years.

#### 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.

#### Response:

Zongcheng determined the selling price based on the purchase cost of hot-rolled coils, manufacture overhead and prevailing market price. There are no restrictions, limitations, or other considerations imposed on our business.

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

#### Response:

Zongcheng have no idea who is the price leader of the goods.

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.

#### Response:

Zongcheng has no 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.

#### Response:

Zongcheng has no pricing committee in respect of the goods.

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

#### Response:

Tthe General Manager of Zongcheng authorises the sales terms, prices and other contract provisions for the sale of the goods.

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.

Response:

This question is not applicable since all of Zongcheng's production facilities of the goods are only in Jiangyin.

#### 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).

Response:

Please refer to Conf Exhibit 18 for details of HRC Purchases.

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

Response:

Zongcheng has more than one supplier of HRC. The price differences between these suppliers are according to the offer provided by different steel plants, the quantity and quality we demanded to produce our steel products.

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.

#### Response:

- 1. Work out purchasing plan according to the raw materials requirement.
- 2. Determine the purchasing quantities of which suppliers according to the stability of the product quality.
- 3. Place purchase order and pay deposit to the supplier according to the timing of the goods delivery.
- 4. Expedite the production schedule.
- 5. Pay for the purchase and book ships or trucks for delivery.
- 6. Notice logistics to continuously track the goods until into the factory after shipping out.
- 7. Expedite the invoices from the supplier.

  Zongcheng selected suppliers based on those criterions such as quality of goods,

speed of deliver the goods, profit margins, after-sale service and credit rating.

- 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.

#### Response:

This question is not applicable since Zongcheng did not import HRC during the investigation period.

#### 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.
- b) Are you required to obtain approval or a licence to sell HRC? If so, provide details.
- 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.
- d) Do you have an export licence for exports of HRC? If so, provide details.
- e) Is HRC sold by your business subject to any export restrictions and/or limits during the previous 5 year? If so, provide details.
- f) Provide details regarding any other restrictions (e.g., geographic/regional, downstream, end use) placed upon your 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.

#### Response:

This question is not applicable since Zongcheng does not manufacture and sell HRC during the IP.

#### 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.
- b) Which organisation/business entity do you consider as the price leader of HRC?
- 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.
- 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.
- e) Identify the person who authorises the sales terms, prices and other contract provisions for the sale of HRCby your business.
- 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.
- 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.

Response:

This question is not applicable since Zongcheng does not manufacture and sell HRC during the IP.

#### 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 spreadsheet).
- 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?
- 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.
- d) If any of your raw materials for the production of HRCare imported by your business, or related businesses:
  - v. Provide details including a description of the raw material imported, the

supplier and country of origin.

- vi. Explain the process required to import the raw materials (e.g. obtaining an import licence, import declarations).
- vii. Provide details of any conditions to importing the raw materials (e.g. customs and/or quarantine).
- viii. Are you eligible for a duty drawback? If so, provide details.

#### Response:

This question is not applicable since Zongcheng does not manufacture HRC.