

PUBLIC VERSION



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

Exporter Questionnaire

Product: Zinc coated (galvanised) steel
From: the People's Republic of China and Taiwan
Period of Review: 1 July 2015 to 30 June 2016
Response due by: **29 October 2016¹**

Important note: The timeliness of your response is important. Please refer below for more information.

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OR

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Anti-Dumping Commission
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Please note that a non-confidential version of the reply to this questionnaire must also be provided.

¹ As this falls on a Saturday, the effective due date is the next business day, being 31 October 2016.
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BACKGROUND AND GENERAL INSTRUCTIONS

Background

The Anti-Dumping Commission (the Commission) has initiated reviews of the anti-dumping measures applying to certain zinc coated (galvanised) steel (the goods) exported to Australia from the Republic of China (China) and Taiwan. The review will be limited to examining whether the variable factors relevant to the taking of anti-dumping measures as they affect Yieh Phui (China) Technomaterial Co. Ltd (YPT) and Chung Hung Steel Corporation.

The anti-dumping measures were initially imposed by public notice on 5 August 2013 by the then Attorney-General following consideration of *International Trade Remedies Branch Report No. 190* (REP 190), Anti-Dumping Notice No. 2013/66 refers.

Anti-Dumping Notice (ADN) No. 2016/101 outlines the details of the reviews. The procedures to be followed during a review can be accessed on the Commission's website at www.adcommission.gov.au.

The goods under consideration (GUC)

The goods subject to anti-dumping measures, in the form of a dumping duty notice are:

flat rolled products of iron and non-alloy steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc; and

flat rolled products of alloyed steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc exported from:

- *China by Angang Steel Co, Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co., or*
- *Taiwan by Yieh Phui Enterprise Co., Ltd.*

The goods subject to the anti-dumping measures do not include:

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel

Goods identified as galvanised steel, as per the description above, are classified to the following tariff subheadings in Schedule 3 to the Customs Tariff Act 1995:

- 7210.49.00 statistical code 55, 56, 57 and 58;
- 7212.30.00 statistical code 61;
- 7225.92.00* statistical code 38*; and
- 7225.92.00* statistical code 71*.

*The last two tariff subheadings only apply to the following exporters/suppliers:

- Angang Steel Co, Ltd;
- Benxi Iron and Steel (Group) International Economic & Trading Co.; and
- Yieh Phui Enterprise Co., Ltd.

The goods exported to Australia from Taiwan are subject to a 5 per cent customs duty. The goods exported to Australia from China under tariff subheadings 7210.49.00 and 7212.30.00 are subject to a 3 per cent rate of customs duty. As a result of the Australia and China Free Trade Agreement the customs duty is progressively reducing by 1 per cent at the beginning of each calendar year, and will be duty free from 1 January 2019. Similarly the goods exported to Australia from China under tariff subheading 7225.92.00 are subject to a 1.7 per cent rate of customs duty. As a result of the Australia and China Free Trade Agreement the customs duty will be duty free from 1 January 2017.

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 your review:

Head Office:

Name: *Mr. Pan, Che Jen*
Position in the company: *Manager, Commercial Administration Department*
Address: *317, Yu Liao Road, Chiao Tou District Kaohsiung City 825, Taiwan.*
Telephone: *886-7-6117171 Ext. 3531*
Facsimile number: *886-7-6130471*
E-mail address of contact person: *ch25290@chsteel.com.tw*

Factory:

Address: *No. 576, Hsing Lung Street, Chia Hsing Li, Gangshan District, Kaohsiung City 825, Taiwan.*
Telephone: *886-7-6117171 Ext. 3531*
Facsimile number: *886-7-6130471*
E-mail address of contact person: *ch25290@chsteel.com.tw*

A-2 Representative of the company for the purpose of the review

If you wish to appoint a representative to assist you in your review, provide the following details:

Name: *Mr John Bracic*
Address: *J.Bracic & Associates
PO Box 3026
Manuka, ACT 2603*
Telephone: *+61 499 056 729*
Facsimile/Telex number:
E-mail address of contact person: *john@jbracic.com.au*

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in your review 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 (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

Chung Hung Steel Corporation ("CHS").

CHS is a company limited by shares established in accordance with the Company Law of Taiwan.

CHS has no other business names.

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).

CHS is a publicly traded company and listed in the Taiwan Stock Exchange. As such, the holding of each shareholder may vary by trading in the stock market. CHS is a subsidiary of China Steel Corporation ("CSC"), which is also a publicly traded company and listed in Taiwan Stock Exchange.

Based on the shareholders' roster dated as of June 30 2016, only one shareholder, CSC, owns more than 5% of CHS's shares as indicated below.

Name of shareholder	Percentage of shareholding	Activity of shareholder
<i>China Steel Corporation (CSC)</i>	[REDACTED]	<i>Integrated Mill</i>

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

CSC is a publicly traded company and listed in the Taiwan Stock Exchange. As such, the holding of each shareholder may vary by trading in the stock market.

Based on the shareholders' roster dated June 30, 2016, only one shareholder owns more than 5% of CSC's shares as indicated below.

Name of shareholder	Percentage of shareholding	Activity of shareholder
[REDACTED]	[REDACTED]	[REDACTED]

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

Not applicable. CSC is not a subsidiary of another company.

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

CHS became an affiliate of CSC since February 21, 2000 when CSC purchased CHS's shares and became the largest shareholder of CHS. Please refer to Exhibit A-3.5.a for CHS's subsidiaries. Other than the companies listed in Exhibit A-3.5.a, the affiliated companies of CSC are provided in Exhibit A-3.5.b.

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

No. CHS does not afford any management fees occurring from its affiliated companies.

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

CHS was established in 1983 as a manufacturer of steel products. In 1987, the cold rolling plant and pipe plant were constructed and started production. The hot rolling plant was constructed in 1995 and started production in 1997. CHS's main products include Hot Rolled Coil, Cold Rolled Coil, Pickled and Oiled Coil, Galvanized Coil, Black Pipe, Rectangular Pipe, Galvanized Pipe, API Pipe, PE Coated Pipe, etc.

8. If your business does not perform all of the following functions in relation to the goods under consideration, 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.

CHS produces and sells the goods in domestic market and to Australia and other countries.

Please note that Hung Li Steel Corporation (HLS), one of CHS's subsidiaries,

[Redacted]

[Redacted]

[Redacted]

[Confidential production details and relationships]

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

*CHS is organized into 3 divisions and 12 departments, which are structured based on functions. Please refer to **Exhibit A-3.9** for the Internal Organization Chart.*

Marketing Department is the unit involving in sales of the GUC.

Hot Rolling and Cold Rolling Departments are the production units involving producing the upstream inputs of GUC

[Redacted]

[Confidential production details and relationships]

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

Please refer to *Exhibit A-4.3.b(1)* for CHS's Audited Financial Statements for 2015. CHS is a manufacturer of hot rolled products, cold rolled products, galvanised steel products as well as pipes and tubes.

[Confidential production details and relationships]

Please refer to *Exhibit A-3.10* for CHS's product catalogue of hot rolled, cold rolled and galvanised products.

A-4 General accounting/administration information

1. Indicate your accounting period.

Our normal corporate financial accounting period is calendar year (from January 1st to December 31st).

2. Indicate the address where the company's financial records are held.

The accounting records are kept at No. 317, Yu Liao Road, Chiao Tou District, Kaohsiung City 825, Taiwan.

3. Please 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;

*Please refer to **Exhibit A- 4.3.a** for the chart of accounts of CHS.*

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Please refer to:

- ***Exhibit A-4.3.b(1)** for CHS's audited unconsolidated financial statements for 2015 and 2014, with English translation;*
- ***Exhibit A-4.3.b(2)** for CHS's English audited consolidated financial statements for 2015 and 2014;*
- ***Exhibit A-4.3.b(3)** for CHS's audited consolidated financial statements for the first half year of 2016 and 2015, with English translation; and*
- ***Exhibit A-4.3.b(4)** for HLS's audited unconsolidated financial statements for 2015 and 2014, with an English translation.*

- 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 consideration.

*CHS's internal income statements for 2014, 2015 and the first half of 2016 are provided in **Exhibit A-4.3.c(1)** and HLS's internal income statements for the same period are provided in **Exhibit A-4.3.c(2)**.*

These documents should relate to:

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

Neither CHS nor HLS has divisional, factory/facility or product-specific income statements. All the documents relate to the company as a whole.

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 taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

CHS has audited financial statements, so 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.

No. CHS's accounting practices are consistent with the General Accepted Accounting Principles (GAAP) adopted in Taiwan.

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 (eg last in first out –LIFO, first in first out- FIFO, weighted average);

CHS uses the weighted average method to value the inventory of raw materials, work-in-process, and finished goods in its cost accounting and financial accounting processes.

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

In CHS's ordinary cost accounting system, costs are tracked and cumulated at cost centers on an aggregate, actual basis and by the processing cost method. In other words, one average cost for the product produced at a given cost center. When one product is introduced as input to the production of another product, the input cost is the average production cost of the upstream product. Within a product group, CHS does not calculate or maintain detailed cost for different specifications or types.

When a direct cost center is involved with more than one product, its total costs (including its own costs and the costs allocated from indirect cost centers) would be allocated to the different products produced at that cost center by the output quantity of each product.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Damaged goods or sub-standard goods are treated as deduction of the current input cost by their recovery value. The recovery values are set at a standard cost based on the selling prices.

- valuation methods for scrap, by products, or joint products;

There is no by-product or joint product generated in the production of the subject goods.

Scraps valued at a standard cost (based on sales value) are subtracted from the total cost of manufacturing and then the difference between standard cost and the actual sales value are treated as an adjustment to the COGS.

- valuation and revaluation methods for fixed assets;

Land is stated at cost or cost plus revaluation increment and other properties are stated at cost less accumulated depreciation. Expenses incurred for major repairs and maintenance will be capitalized and depreciated over the service lives of equipment / assets, while maintenance and repairs are expensed currently.

- average useful life for each class of production equipment and depreciation method and rate used for each;

Depreciation is calculated by the straight-line method over the service lives of equipment / assets ranged as follows: buildings and improvement, 8 to 60 years; machinery and equipment, 3 to 30 years; and miscellaneous equipment, 3 to 20 years.

- treatment of foreign exchange gains and losses arising from transactions;

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur (take export sales for example, the date would be on-board date (when products are loaded onto shipping vessels)). Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized as non-operating income or expense.

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

At the balance sheet date, foreign-currency monetary assets and liabilities are re-valued using prevailing exchange rates and the exchange differences are recognized in profit or loss account.

- inclusion of general expenses and/or interest;

CHS does not capitalize general and administrative expenses.

Interest expenses incurred during the construction and acquisition period are capitalized as cost of the property.

- provisions for bad or doubtful debts;

An allowance for doubtful accounts is provided on the basis of a review of the collectability of accounts receivable. CHS assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and economic conditions provided by customers.

- expenses for idle equipment and/or plant shut-downs;

Not applicable, as this expense does not occur to CHS.

- costs of plant closure;

Not applicable, as CHS did not close its facility.

- restructuring costs;

Not applicable, as CHS did not incur any restructuring costs.

- by-products and scrap materials resulting from your company’s production process; and

There is no by-product generated in the production of the subject goods.

Scraps valued at a standard cost (based on sales value) are subtracted from the total cost of manufacturing and then the difference between standard cost and the actual sales value are treated as an adjustment to the COGS.

- effects of inflation on financial statement information.

Not applicable.

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.

There was no change in accounting methods over the last two financial years.

As for applicability of the new and revised regulations regarding the preparation of financial Reports, please see CHS’s 2015 unconsolidated financial statements (CHS-Exhibit A-4.3.b(1)), at pp 11~20.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration (‘goods under consideration’ (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

	Most recent completed financial year (specify)		Review period	
	All products	Goods Under Consideration	All products	Goods Under Consideration
Gross Sales (1)				
Sales returns, rebates and discounts (2)				
Net Sales (3=1-2)				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				

Total cost to make (9=4+5+6+7+8)				
OPERATING INCOME (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12=13)				
INCOME FROM NORMAL ACTIVITIES (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
PROFIT BEFORE TAX (20)=(15+16+17+18+19)				
Tax (21)				
NET PROFIT (22)=(20-21)				

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.

Prepare this information on a spreadsheet named "**Income statement**".

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.

Please see [Exhibit A-5.a](#) for CHS's income statement spreadsheet and [Exhibit A-5.b](#) for HLS's income statement spreadsheet.

A-6 Sales

State your company's net turnover for the review period (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

	Most recent completed financial year (specify)		Review period	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "TURNOVER".

This information will be used to verify the cost allocations to the goods under consideration 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.

*Please see **Exhibit A-6** for Turnover spreadsheet.*

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 the Commission may also compare prices at the ex factory level.

*You should report prices of **all** goods under consideration (the goods) **shipped** to Australia during the review 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 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 review period.*

B-1 For each customer in Australia to whom you shipped goods in the review period list:

name;
address;
contact name and phone/fax number where known; and
trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

*Please refer to **Exhibit B-1** for list of customers in Australian market.*

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.

*Please see **Exhibit B-2.a** for flow chart indicating terms of sale to customers. CHS's export customers during the POR were [REDACTED].*

- (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.

*Please see **Exhibit B-2.a** for the requested information.*

[REDACTED] *[Confidential export details]*

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

The delivery term agreed between CHS and the customer is [REDACTED], and CHS will pass ownership and transfer risk to the buyer [REDACTED].

- (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).

[REDACTED] *[Confidential export details] as stated in above reply to B-2.(b), are included in **Exhibits B-9.a** and **B-9.b** for two selected shipment to Australia.*

- (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.

For Australia sales, the customers would send their inquiries for price quotation, either by fax or by email. After completing the price negotiation with the customer, a sales contract will be sent to the customer to confirm the quantities, prices and the delivery schedule for the ordered products. The goods will be shipped to the customers along with the commercial invoice and other shipping documents. Please see Exhibit B-2.e.(1) for the chronological flowchart of sales process.



Please see Exhibit B-2.e.(2). [Confidential export details]

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

CHS is not related to any of its Australian customers.

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

CHS does not have forward orders. This question is not applicable.

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.

for export sales to Australia during the POR.

B-4 Prepare a spreadsheet named “Australian sales” listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the review period. You must provide this list in electronic format. Include the following export related information:

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Related / Non Related	Indicate whether the customer is related or not related to your organisation
Level of trade	the level of trade of your domestic customer
Base Metal Thickness (BMT)	Relates to Commercial model grade or type
Coating Mass	Relates to Commercial model grade or type
Standard / Grade	Relates to Commercial model grade or type
Quality	Indicate whether the sale is for Prime, Seconds, or Downgrade product
Width	Relates to Commercial model grade or type
Type	Coil / Sheet
Finish	Relates to Commercial model grade or type
Base Steel	Please indicated whether product is made from hot rolled or cold rolled steel
Product Code	Code used in your records for the model/grade/type identified. A product code must be a unique identifier of that product. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you

	consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity (pcs)	Number of pieces of sold (if shown on the invoice).
Units of Quantity	Weight of this product shown on the invoice.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the review period. Freight allocations must be checked for consistency.

* All of these costs are further explained in section E-1.

Please see Exhibit B-4 for "Australian Sales" spreadsheet.

For product coding information, please refer to Section C.

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 (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.

If these exist, they have been reported as instructed.

B-6 For each type of discount, rebate, 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.

[Redacted] *[Confidential export details]*

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.

[Redacted] *[Confidential export details]*

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. 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 brokers, port and other costs incurred (itemise)

Not applicable. For all Australian sales during the POR, the delivery term was [Redacted].

B-9 Select two shipments, in different quarters of the review 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.

The Commission will select additional shipments for payment verification at the time of the visit.

Please see Exhibits B-9.a and B-9.b for documentation relating to the following two selected shipments to Australia.

- *Invoice number [REDACTED]; and*
- *Invoice number [REDACTED].*

SECTION C - EXPORTED GOODS & LIKE GOODS

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

During the POR, the specifications of the GUC (non-TCO product) CHS exported to Australia are listed in the following table:

<i>Product Code</i>	<i>Specification</i>
[REDACTED]	[REDACTED]

Please see Exhibits B-9.a and B-9.b for 2 sample mill certificates, with specifications in details.

C-2 List each type of goods exported to Australia (these types should cover all types listed in spreadsheet “Australian sales” – see section B of this questionnaire).

The goods exported to Australia are clearly identified by the model numbers shown in the Australian sales spread sheet set out in Exhibit B-4.

For column "Model", CHS assigned the control number in order to properly demonstrate the likeness and similarity among various GUC which were sold in Australian and domestic market. The model control numbers consist of the following 4 parameters: [REDACTED]. The illustration of "model" coding is provided in Exhibit C-2, and the list of models exported to Australian is also provided in the same Exhibit.

C-3 If you sell like goods on the domestic market, for each type that your company has exported to Australia during the review period, list the most comparable model(s) sold domestically;

- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate “YES”. Otherwise “NO”	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

CHS has identified exactly the same models and reported those sales in its domestic sales spreadsheet at Exhibit D-4.

Please see Exhibit C-3 for "Like goods".

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.

*Please refer to **Exhibit A-3.10** for the product catalogue, and **Exhibit C-4** for sample mill certificates of [REDACTED] and [REDACTED] for goods sold on the domestic market.*

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 made during the review 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 officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the review 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 review period.*
- *If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.*

D-1 Please provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;

CHS sells the goods in the domestic market [REDACTED]

- [REDACTED]; and

- [REDACTED].

[Confidential details of domestic customers]

*Please see **Exhibit D-1** for a chart showing distribution channels and indicating delivery and payment terms.*

- information concerning the functions/activities performed by each party in the distribution chain; and

[REDACTED] *[Confidential details of domestic transactions]*

For the two categories of customers, CHS conducts similar selling activities and services, such as warranty service and delivery arrangement.

- a copy of any agency or distributor agreements, or contracts entered into.

[REDACTED] *[Confidential details of domestic transactions]*

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.

[REDACTED] *[Confidential details of domestic transactions]*

CHS's terms of sale and prices do not vary as between affiliated and unaffiliated customers.

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.

[Redacted] *[Confidential details of domestic transactions]*

D-3 Please 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

Please see Exhibit D-3.a for the chronological flowchart of sales process.

Customers would place the order via email, telephone or fax.

Once ordered, CHS enters the quantity/specifications for the customer into its system.

Once the product is ready for delivery, CHS would notify the customers to make payments and a delivery sheet will be issued for shipment record. Upon shipment, CHS would issue Government Uniform Invoice ("GUI") to customers.

- whether price includes the cost of delivery to customer.

Selling price includes freight expenses if customers ask CHS to deliver the goods.

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

[Redacted] *. Please see Exhibit D-3.b. [Confidential details of domestic transactions]*

D-4 Please prepare a spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the review period. The listing must be provided electronically. Include all of the following information.

Column Heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Related / Non Related	Indicate whether the customer is related or not related to your organisation
Level of trade	the level of trade of your domestic customer
Base Metal Thickness (BMT)	Relates to Commercial model grade or type
Coating Mass	Relates to Commercial model grade or type
Standard / Grade	Relates to Commercial model grade or type
Quality	Indicate whether the sale is for Prime, Seconds, or Downgrade product
Width	Relates to Commercial model grade or type

Type	Coil / Sheet
Base Steel	Please indicated whether product is made from hot rolled or cold rolled steel
Finish	Relates to Commercial model grade or type
Product code	Code used in your records for the model/grade/type identified. A product code must be a unique identifier of that product. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity (pcs)	Number of pieces of sold (if shown on the invoice).
Unit of Quantity	Weight of this product shown on the invoice.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Explain in your response to this question in detail in D-6.
Other factors*	any other costs, charges or expenses incurred in relation to the sale. (include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

Please see Exhibit D-4 for "Domestic Sales" spreadsheet.

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.

There were no other costs, charges, or expenses incurred in respect of the sales listed in Exhibit D-4.

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.

CHS usually grants the following types of rebate/rebate to all domestic market customers:

(1) [REDACTED], (2) [REDACTED], (3) [REDACTED], (4) [REDACTED], and (5) [REDACTED].

(1) [REDACTED] adjustments

During the POR, [REDACTED]
[REDACTED]

(2) [REDACTED] rebate

[REDACTED]

(3) [REDACTED] rebate

[REDACTED]

(4) [REDACTED] program:

[REDACTED]

(5) [REDACTED]

[REDACTED]

The above rebate policy may be adjusted from time to time based on market conditions.

CHS reported the above (1) in Column 15.1 [REDACTED] of Exhibit D-4, (2)~(4) in Column 15.2 [REDACTED], and (5) in Column 19 [REDACTED].

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.

*All the credit notes related to the listing have been reported in **Exhibit D-4**.*

D-7 Select two domestic sales, in different quarters of the review 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.)

The Commission will select additional sales for verification at the time of our visit.

*Please see **Exhibits D-7.a** and **D-7.b** for domestic sales documentation in relation to these two sales:*

- *invoice number* [REDACTED]; *and*
- *invoice number* [REDACTED].

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 (ie. 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. The Commission 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 the Commission 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 review 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. The Commission 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.

CHS has reported the actual inland freight expenses (in NTD) by taking the actual NTD freight expense per shipment, divided by all product types delivered in the same shipment by weight.

The general ledger account for this expense is "[REDACTED]".

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.

Please see *Exhibit E-1.2* for the list of the handling, loading & ancillary expenses and the relevant general ledger accounts.

CHS has reported all expenses listed in *Exhibit E-1.2* separately in *Exhibit B-4*.

(1) [REDACTED]

(2) [REDACTED]

(3) [REDACTED]

- [REDACTED]
- [REDACTED]

[Confidential details of export expenses incurred]

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the review period. Explain the nature of the interest rates most applicable to these export sales eg, 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.

The payment terms for Australian sales during POR were [REDACTED]

[Confidential details of extended credit on exports]

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'.

Packing costs are [REDACTED] *and recorded in factory overheads. The packing cost reported in* *Exhibit B-4 Australian Sales is* [REDACTED] *based on the packing cost* [REDACTED].

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.



[Confidential details regarding export arrangements]

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.

Not applicable, as no warranty expenses were paid in CHS's export sales to Australia.

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.



[Confidential details regarding export arrangements]

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 period of review (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 review period.

Not applicable. CHS does not claim currency conversion adjustment.

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.

CHS has identified the same models as those assigned to the export sales and reported the same in its domestic sales spreadsheet at Exhibit D-4.

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 adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Export to Australia is not subject to any tax exemption or drawback. Thus, CHS does not claim such adjustment.

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.

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.

Not applicable. There are no relevant trade level differences and no adjustment is necessary or claimed.

4. **Credit**

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission 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 review 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 system², 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*

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.

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

Please see Exhibit E-2.4 for CHS's monthly interest rate on NTD short-term borrowings.

The payment terms for domestic sales include [REDACTED].

[REDACTED]

Therefore, for domestic sales with payment term [REDACTED], the credit cost is calculated as below:

Credit Cost = [REDACTED]

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.

Inland freight has been reported on an actual basis and allocated by quantity for the goods shipped in the same shipment.

The general ledger account for inland freight is [REDACTED].

6. **Handling, loading and ancillary expenses**

² 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.

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.

Not applicable, as CHS did not incur other selling expenses with respect to the domestic sales.

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**”.

Packing costs are [REDACTED] and recorded in factory overheads. The packing cost reported in Exhibit D-4 Domestic Sales is [REDACTED], based on the packing cost [REDACTED].

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.

Not applicable.

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.

CHS has reported such expense as instructed.

As stated above, CHS does provide warranty services for the product concerned. CHS does not have written warranty agreements with its customers. Warranty services have been provided as an established practice of CHS to stand by the quality of its products.

Please note that there is no separate account for warranty expenses in CHS's accounting ledgers. The refund would be recorded under "[REDACTED]", same as other discounts for domestic sales.

A sample warranty record is provided in Exhibit E-2.9.

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.*

In the time available CHS has done its best to identify costs, charges or expenses which would need to be considered for adjustment purposes. CHS reserves the right to present further information before or during the verification process if such information is properly identified.

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.

Not applicable. No duplication is evident.

SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

Your response to this part of the questionnaire may be used by the Commission 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. The Commission 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 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the review period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the review period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate quantity, in units, exported to the third country over the review period.
Unit of quantity	Show unit of quantity eg kg
Value of sales	Show net sales value to all customers in third country over the review period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

Please see Exhibit F-1.

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

There may be a number of differences between CHS's sales to Australia and to other third countries which would affect any comparison of them.

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 goods under consideration (the goods) - ie 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 (the goods) 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 (eg. 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 review 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-1. Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. 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.

CHS manufactures the GUC either from hot-rolled coil or from cold rolled coil that is transformed from hot rolled coil. The hot-rolled and cold-rolled coils are mainly produced by CHS itself in CHS's hot-rolling factory and cold rolling factory. The production process of hot-rolled and cold-rolled products is provided at pages 12-13 of Exhibit A-3.10.

For galvanizing (zinc coating) process, [REDACTED]. Please see pages 12-13 of Exhibit A-3.10 for Hot Dipped Galvanized Steel Manufacturing Processes and Exhibit G-1 for flow chart of [REDACTED].

[REDACTED]

[Confidential details of production and cost determinants]

G-2. Provide information about your company's total production in the following table:

	PREVIOUS FINANCIAL	MOST RECENT FINANCIAL	Review Period
--	--------------------	-----------------------	---------------

	YEAR	YEAR	
A – Production capacity (eg kg, tonnes)*			
B – Actual production in volume (eg kg, tonnes)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

Provide this information on a spreadsheet named "**Production**".

Please see Exhibit G-2 for CHS's Production spreadsheet.

G-3. 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.

CHS's cost accounting system adopts the processing cost system.

Our cost accounting system is an integral part of our financial accounting system used for the audited financial statements.

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 (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Not applicable. CHS does not adopt standard costs.

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

There are no such cost variances occurring during the POR.

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

Please refer to Exhibit G-3.4 for the list of direct and indirect cost centres related to the GUC.

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. 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.

In CHS's ordinary cost accounting system, costs are tracked and cumulated at cost centres on an aggregate, actual basis and by the processing cost method. In other words, one average cost for the product produced at a given cost centre. When one product is introduced as input to the production of another product, the input cost is the average production cost of the upstream product. Within a product group, CHS does not calculate or maintain detailed cost for different specifications or types.

When a direct cost centre is involved with more than one product, its total costs (including its own costs and the costs allocated from indirect cost centres) would be allocated to the different products produced at that cost centre by the output quantity of each product.

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

CHS does not calculate costs separately for each specific specification or type of the subject goods (or non-subject goods). In ordinary cost accounting records, it maintains production and inventory costs on the basis of product group, such as galvanized hot rolled coils (GHRC), galvanized cold rolled coils (GCRC).

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

Not applicable. All production costs are valued in the same methods for cost accounting purposes and for financial accounting purposes.

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

Not applicable. CHS did not engage in any start-up operation in relation to the goods.

- 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.

Not applicable.

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.³

- Please provide (in the format shown in the table below) 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 review 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.

	Quarter X	Quarter X	Quarter X	Quarter X
Like Domestic Model/Type – from spreadsheet LIKE GOOD (section C-3)				
Material Costs ¹				
Direct Labour				
Manufacturing Overheads				
Other Costs ²				
Total Cost to Make				

³ The Commission 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.

Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses ³				
Other Costs ³				
Unit Cost to Make and Sell				

Prepare this information in a spreadsheet named "**Domestic CTMS**".

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods under consideration** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the review.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this review at the address shown on the cover of this questionnaire.

Please specify unit of currency.

*Please see **Exhibit G-4.1** for the actual domestic unit cost of each product model in each month during IP.*

*CHS's domestic sales includes the GUC produced by CHS and HLS, so in **Exhibit G-4.1**, 2 worksheets are provided, one is CHS's Domestic CTMS, and the other is HLS's Domestic CTMS.*

*Also, please see **Exhibits G-4.2.a and G-4.2.b** for cost reconciliations of CHS and HLS respectively from **Exhibit G-4.1** to internal cost reports and, further, to the audited financial statements.*

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

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

	Quarter X	Quarter X	Quarter X	Quarter X
Model/Type exported to Australia – from spreadsheet LIKEGOOD				
Material Costs ¹				
Direct Labour				
Manufacturing Overheads				
Other Costs ²				
Total Cost to Make				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses ³				
Other Costs ³				
Unit Cost to Make and Sell				

Prepare this information in a spreadsheet named "**Australian CTMS**".

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the review.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this review at the address shown on the cover of this questionnaire.

Please specify unit of currency.

Please see CHS's "Australian CTMS" at Exhibit G-5.

1 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.

The goods sold in domestic market and sold to Australia have identical cost to make (material, labour and manufacture overheads).

*As for selling costs, the worksheet for calculating CHS and HLS's ratio of SGA and other expenses is provided in **Exhibit G-5.2.a** and **Exhibit G-5.2.b**.*

- 2 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.

In ordinary cost accounting records, CHS maintains production and inventory costs on the basis of product group, such as galvanized hot rolled coils (GHRC), galvanized cold rolled coils (GCRC).

[Confidential details of production and cost determinants]

The aggregate cost of all models under GHRC and GCRC would be the same as CHS's cost in the inventory ledger.

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

Regarding the cost to make, the allocation methods used is stated above.

*For the unit cost of SGA and other expenses, except direct selling expenses, CHS's and HLS's expense ratio is allocated based on turnover, and the calculation worksheet is provided in **Exhibit G-5.2.a** and **Exhibit G-5.2.b** respectively.*

G-6 Major raw material costs

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 (eg market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company the Commission 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 *Customs 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.

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

Please see **Exhibit G-6.a** for

[REDACTED]
Please refer to *Exhibit G-6.b* for [REDACTED].

[REDACTED] are provided in *Exhibits G-6.a* and *Exhibit G-6.b*, including [REDACTED].

Please see *Exhibit G-6.c* for [REDACTED]
[REDACTED]

[Confidential details of production and cost determinants]

SECTION H
EXPORTER'S DECLARATION



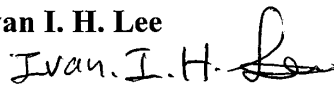
I hereby declare that..... Chung Hung Steel Corporation.....(company)

did, during the period of review, export the goods under consideration 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.



I hereby declare that.....(company)

did not, during the period of review, export the goods under consideration and therefore have not completed the attached questionnaire.

Name : Ivan I. H. Lee
Signature : 
Position
in Company : Vice President of Commercial Department
Date : 2016/10/24

SECTION I 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	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – declaration	<input checked="" type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	<input checked="" type="checkbox"/>
TURNOVER – sales summary	<input checked="" type="checkbox"/>
AUSTRALIAN SALES – list of sales to Australia	<input checked="" type="checkbox"/>
DOMESTIC SALES – list of all domestic sales of like goods	<input checked="" type="checkbox"/>
THIRD COUNTRY – third country sales	<input checked="" type="checkbox"/>
PRODUCTION – production figures	<input checked="" type="checkbox"/>
DOMESTIC COSTS – costs of goods sold domestically	<input checked="" type="checkbox"/>
AUSTRALIAN COSTS – costs of goods sold to Australia	<input checked="" type="checkbox"/>