



## EXPORTER QUESTIONNAIRE

### CERTAIN HOLLOW STRUCTURAL SECTIONS EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

1 JULY 2016 – 30 JUNE 2017

**Response due by:** **September 4<sup>th</sup> 2017**

**Important note:** The Commissioner will reject all requests for a longer period to provide a response to this exporter questionnaire received after this date. Extensions requested before this date will *only* be agreed to where necessary and reasonable.

#### CASE CONTACT

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**Anti-Dumping  
Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

#### RETURN OF QUESTIONNAIRE DETAILS

**By mail  
(on CD-ROM or USB):** Attn: Director Operations 2  
Anti-Dumping Commission

GPO Box 1632  
Melbourne VIC 3001

**By email:** [operations2@adcommission.gov.au](mailto:operations2@adcommission.gov.au)

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**THE GUC**

**Goods Description**

The GUC (“the goods”) i.e. the goods exported to Australia at allegedly at dumped prices are:

*“Certain electric resistance welded pipe and tube made of steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes, whether or not including alloys. The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections). Finish types for the goods include pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.*

*Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 950.0 mm. CHS with other than plain ends (such as threaded, swaged and shouldered) are also included within the goods coverage.”*

The applicants provide the following additional information:

*The goods covered by this application include all electric resistance welded pipe and tube made of steel meeting the above description of the goods (and exclusions), regardless of whether or not the pipe or tube meets a specific structural standard or is used in structural applications.*

*Goods excluded from this application include:*

- *conveyor tube made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1mm on outer surface and 0.25mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6mm in order to maintain vibration free rotation and minimum wind noise during operation);*
- *precision RHS with a nominal thickness of less than 1.6 mm (i.e. not used in structural applications); and*
- *stainless steel CHS and RHS sections.*

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**Tariff classification**

The application stated that the GUC are classified to the following tariff subheadings under Schedule 3 of the *Customs Tariff Act 1995*:

<b>Tariff code</b>	<b>Statistical code(s)</b>	<b>Unit</b>	<b>Description</b>	<b>Duty rate</b>
7306.30.00	31, 32, 33, 34, 35, 36, 37.	Tonnes	Other welded, of circular cross-section, of iron or non-alloy steel	5% DCS: 4% <sup>1</sup> DCT: 5% <sup>2</sup>
7306.50.00	45	Tonnes	Other welded, of circular cross-section, of other alloy steel	5% DCS: 4% DCT: 5%
7306.61.00	21, 22, 25, 90.	Tonnes	Square or rectangular cross-section of iron or non-alloy steel	5% DCS: 4% DCT: 5%
7306.69.00	10	Tonnes	Other non-circular cross-section	5% DCS: 4% DCT: 5%
7306.90.00	12	Tonnes	Other	5% DCS: 4% DCT: 5%

There are numerous Tariff Concession Orders applicable to the relevant tariff subheadings.

The goods are subject to the Customs duty indicated below:

<b>China</b>
From 20 December 2015: 4%
From 1 January 2016: 3%
From 1 January 2017: 2%
From 1 January 2018: 1%
From 1 January 2019: Free

<sup>1</sup> 'DCS' denotes the rate for countries and places listed in Part 4 of Schedule 1 of the *Customs Tariff Act 1995*.

<sup>2</sup> 'DCT' denotes the rate for Hong Kong, the Republic of Korea, Singapore and Taiwan.

**BACKGROUND AND GENERAL Instructions**

**Why you have been asked to fill out this questionnaire?**

The Anti-Dumping Commission (the Commission) is responsible for investigating the allegations that hollow structural sections have been exported to Australia from China at prices less than their normal value (ie dumping), that producers of such hollow structural sections have received countervailable subsidies and that such dumping and subsidisation have caused material injury to the Australian industry.

The Commission will use the information you provide to determine normal values and export prices over the inquiry period. This information will determine whether hollow structural sections are dumped. You may make separate submissions concerning any other matter, for example injury.

The Commission inquiry will be carried out under the provisions of the Part XVB of the *Customs Act 1901*.

**What happens if you do not respond to this questionnaire?**

You do not have to complete the questionnaire. However, if you do not respond, do not provide all of the information sought, do not provide information within a reasonable time period, or do not allow the Commission to verify the information, we may deem you uncooperative. In that case, the Commission may be required to rely on information supplied by other parties (possibly information supplied by the Australian industry), and it may assess a dumping margin for your company based upon normal values that may be the highest determined in your country during the inquiry period.

It is in your interest, therefore, to provide a complete and accurate response, capable of verification.

**Due date for response**

Manufacturers and exporters are requested to respond to this questionnaire and return it to the Commission within the time specified on the cover page.

The Commissioner must follow the direction from the Minister for Industry, Innovation and Science as set out in the *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Direction). This Direction sets out the particular considerations that the Commissioner must take into account when:

- deciding whether a longer period is reasonably required or practicable under subsection 269TC(6) and 269TC(9) of the *Customs Act 1901* (the Act), or considering whether to allow any interested party a longer period to give any response;
- considering an insufficient response from an interested party;
- determining whether to have regard to a late response;
- determining whether an exporter is an uncooperative exporter;

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- determining whether or not an entity is a non-cooperative entity for the purposes of section 269TAACA; and
- determining whether an entity has significantly impeded a case.

The full text of the Direction and the accompanying explanatory statement is available on the Comlaw website at [www.comlaw.gov.au](http://www.comlaw.gov.au). This and other reforms to Australia's anti-dumping system are explained in Anti-Dumping Notice 2015/129, available on the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au). Manufacturers and exporters are requested to respond to this questionnaire and return it to the Commission within the time specified on the cover page. There is a statutory time limit imposed for the investigation. The Commission may not be able to consider responses received after the due date.

If you cannot lodge your response by the due date please advise the inquiry Case Manager (identified on the front page of this document) as soon as possible.

### **Confidential and non-confidential responses**

You are required to lodge one confidential version (for official use only) and one non-confidential version (for public record) of your response by the due date.

Please ensure that *each page* of information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your response will be placed on the public record.

Please note, Australia's anti-dumping and countervailing legislation requires that to the extent that information given to the Commission is claimed to be confidential or whose publication would adversely affect a business or commercial interest, the person giving the information must ensure that a summary of that information contains sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

The legislation allows that a person is not required to provide a summary for the public record if the Commission can be satisfied that no such summary can be given that would allow a reasonable understanding of the substance of the information. However, such a summary would add considerably to an interested party's understanding of information contained in a document.

As provided for in Australia's anti-dumping and countervailing legislation, all responses are required to have an explanation of deleted or blacked out information for the non-confidential version of the response. Note that if such an explanation is not provided, the Commission may disregard the information in the response. An example of a statement to accompany deleted/blacked out text is:

**[explanation of cost allocation through the divisions].**

If, for some reason, you cannot produce a non-confidential summary, please contact the Case Manager.

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### **Exporter's declaration**

At Section J, you are required to make a declaration that the information contained in your response is complete and correct. Alternatively, if you did not export the goods during the period of investigation, you may make a declaration to that effect.

You must return a signed declaration with your response to the questionnaire.

### **Verification of the information that you supply**

The Commission will seek to verify the information provided in your response. Where there are a large number of exporters, the Commission may have to verify information from selected exporters only. The purpose of a verification visit is to verify the information submitted in response to this questionnaire. It is not meant to be a chance for you to provide new or additional information. The Commission expects your response to the questionnaire to be complete and accurate.

Verification visits take several days. We will want to examine in detail your company's records in respect of the goods and will ask for copies of documents relating to the manufacture and sale of the goods. We will need to consult with your staff, particularly your financial controller (or accountant) and your domestic and export sales people. We may also need to see your factory, in which case we will need to consult with your operational managers.

After gathering the information we will prepare a report of the visit. We will provide you with a draft of the report and then respond to any questions you have. We will ask you to prepare a non-confidential copy of the report for the public record.

### **If you do not manufacture the goods**

You may export but not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods). In such cases it is important that you forward a copy of this questionnaire to the relevant manufacturers **immediately**. You should also inform the Case Manager of the contact details for these manufacturers.

You should complete those sections of the questionnaire that you are reasonably able to complete. If, for example, you are unable to supply details of production costs, you should clearly explain why the section does not apply to your company.

### **If you do not export the goods**

Depending on the arrangement for sale of the goods to Australia, for example through an intermediary, the Commission will have to determine who is the exporter of the goods for the purpose of this investigation.

In any case, information (such as cost of production data) supplied by the manufacturer will be relevant to establishing the normal value of the goods. In the



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absence of verified information, the Commission may use other available information. This information may result in a decision less favourable to your company.

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### **Outline of information required by this questionnaire**

- Section A** General information relating to your company including financial reports.
- Section B** A complete list of your company's exports to Australia over the inquiry period.
- Section C** A list of goods sold on the domestic market of the country of export (like goods) that may be compared to the GUC (the goods).
- Section D** A detailed list of all of your company's sales of like goods in your domestic market.
- Section E** Information to allow a fair comparison between export and domestic prices.
- Section F** Information in relation to your company's exports of like goods to countries other than Australia.
- Section G** Costs to make and sell, for exports to Australia and for the domestic market.
- Section H** Market Situation.
- Section I** Countervailing
- Section J** Exporter's Declaration
- Section K** Exporter Questionnaire response checklist
- Appendix 1** A glossary of terms used in this questionnaire

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### **Some general instructions for preparing your response**

- When answering the questionnaire please carefully read all instructions. The Commission requires a response to *all* sections of this questionnaire. Please provide an explanation if you consider a question is not relevant to your situation.
- Answer questions in the order presented in the questionnaire. Please ensure that information submitted conforms to the requested format and is clearly labelled. Please repeat the question to which you are responding and place your answer below it.
- Identify source documents and advise where they are kept. During on-site verification you should be prepared to substantiate all the information you have submitted. Every part of the response should be traceable to company documents that are used in the ordinary course of business.
- We recommend that you retain all work sheets used in answering the questionnaire, in particular those linking the information supplied with management and accounting records. This will help us to verify the information.
- Clearly identify all units of measurement and currencies used. Apply the same measurement consistently throughout your response to the questionnaire.

### **Instructions on providing electronic data**

- It is important that information is submitted in electronic format.
- Electronic data should be emailed, or submitted on a CD-ROM or USB, or via email.
- The data must be created as spreadsheet files, preferably in Microsoft Excel, or alternatively in an Excel compatible format (for example, Excel can normally access data in Dbase or as an ASCII file). Excel files must be compatible with the USA version.
- An Excel workbook, *Exporter Questionnaire spreadsheets – HSS* accompanies this questionnaire and forms a template for your response to the data requested. The workbook is referred to throughout this questionnaire. This workbook should be completed and used to provide the requested data where possible.
- If you cannot present electronic data in the requested format contact the inquiry Case Manager as soon as possible.

### **Further information**

- Before you respond to the questionnaire you should read all the key documentation related to this application including the applicant's non-confidential response and the Anti-Dumping Notice notifying the initiation of the investigation. These documents are available on the Commission's website, [www.adcommision.gov.au](http://www.adcommision.gov.au)

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- We also advise that you read the attached glossary of terms.

If you require further assistance, or you are having difficulties completing your response, please contact the Case Manager. The Commission will need to know the reasons.

**SECTION A – COMPANY STRUCTURE AND OPERATIONS**

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

**A-1 Identity and communication**

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

**Answer A-1: TIANJIN YOUFA STEEL PIPE GROUP CO., LTD (hereinafter referred to as “the Group”) includes 7 factories involved in production of GUC (companies no.1 to no.7), 1 domestic distributor (no.8), 1 exporter (no.9), 1 processing factory (no.10) as well as 1 material supplier (no.11). For contact information, please refer to the following list, we also provide Annex A-1 List of Youfa’s Branches and Subsidiaries related to GUC for your convenience to check.**

**Head office:**

**Name:** [REDACTED]  
**Position in the company:** Chief Financial Officer  
**Address:** No 33, Baiyidao, Daqiuzhuang Town, Jinghai County, Tianjin, China, PC 301606.  
**Telephone:** +86-13802109398  
**Facsimile number:** +86-22-5833 8808  
**E-mail address of contact person:** [REDACTED]

**Factories:**

- 1. Tianjin Youfa Steel Pipe Group Co., Ltd-NO.1 Branch Company (hereinafter referred to as “Branch No.1”):**  
**Address:** Youfa industrial park, Daqiuzhuang, Jinghai, Tianjin, China  
**Telephone:** +86-22-28899777  
**Facsimile number:** +86-22-68589710  
**Contact person:** [REDACTED]  
**E-mail address of contact person:** [REDACTED]
- 2. Tianjin Youfa Steel Pipe Group Co., Ltd-NO.2 Branch Company (hereinafter referred to as “Branch No.2”):**  
**Address:** No. 33 Baiyi Street, Daqiuzhuang, Jinghai, Tianjin, China  
**Telephone:** +86-22-28899619  
**Facsimile number:** +86-22-28899619  
**Contact person:** [REDACTED]  
**E-mail of contact person:** [REDACTED]
- 3. Tianjin YouFa Dezhong Steel Pipe Co., Ltd. (hereinafter referred to as “Dezhong”):**  
**Address:** Caigongzhuang Industrial park, Jinghai, Tianjin,  
**Telephone:** +86-22-68568321

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**Contact person:** [REDACTED]  
**E-mail address of contact person:**

**4. Tangshan Youfa Steel Pipe Manufacture Co., Ltd. (hereinafter referred to as “Tangshan Youfa”):**

**Address:** Chaoyang Street, Fengnan Development Zone, Tangshan City

**Telephone:** +86-315-8159977

**Facsimile number:** +86-315-8155997

**Contact person:** [REDACTED]

**E-mail address of contact person:** [REDACTED]

**5. Tangshan Zhengyuan Steel Pipe Co., Ltd (hereinafter referred to as “Zhengyuan”):**

**Address:** Coastal Industrial Park, Fengnan District, Tangshan

**Telephone:** +86-315-8535111

**Facsimile number:** 0086-0315-8532555

**Contact person:** [REDACTED]

**E-mail address of contact person:** [REDACTED]

**6. Tangshan Youfa Xinlida Steel Pipe Co., Ltd. (hereinafter referred to as “Xinlida”):**

**Address:** Sanjiaodi of Daodi town, Fengnan, Tangshan

**Telephone:** +86-315-8356659

**Facsimile number:** 0086-0315-8356712

**Contact person:** [REDACTED]

**E-mail address of contact person:** [REDACTED]

**7. Handan Youfa Steel Pipe Co., Ltd (hereinafter referred to as “Handan Youfa”):**

**Address:** Shangcheng Industrial park, Chengan, Handan city, Hebei Province

**Telephone:** +86-310-5236888

**Facsimile number:** +86-310-5236777

**Contact person:** [REDACTED]

**E-mail address of contact person:**

**8. Tianjin Youfa Steel Pipe Group Sales Co., Ltd (hereinafter referred to as “Youfa Sales”):**

**Address:** No 33, Baiyidao, Daqiuzhuang Town, Jinghai County, Tianjin

**Facsimile number:** +86-22-5833 8808

**Contact person:** [REDACTED]

**E-mail address of contact person:** [REDACTED]

**9. Tianjin Youfa International Trade Co., Ltd (hereinafter referred to as “Youfa International Trade” )**

**Address:** 7<sup>th</sup> floor, National Investment Building (Shui You Cheng), Dafeng Road, Hongqiao District, Tianjin City

**Facsimile number:** +86-22 5833 8808

**Contact person:** [REDACTED]

**E-mail address of contact person:**

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**10. Tianjin Youfa Hongtuo Steel Pipe Manufacture Co., Ltd (hereinafter referred to as “Youfa Hongtuo”)**

**Address: Youfa industrial park, Daqiuzhuang, Jinghai, Tianjin, China**

**Facsimile number: +86-22-6872 9557**

**Contact person: [REDACTED]**

**E-mail address of contact person:**

**11. TEWOO Youfa Industrial Development Co., Ltd (hereinafter refers to TEWOO Youfa)**

**Address: Youfa industrial park, Daqiuzhuang, Jinghai, Tianjin, China**

**Contact person: [REDACTED]**

**E-mail address of contact person: [REDACTED]**

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

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

**Answer A-2:**

**Name: [REDACTED]**

**Organisation: [REDACTED]**

**Position: Senior Partner**

**Phone: [REDACTED]**

**E-mail address of contact person:**

**Please also copy:**

*Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this 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.

**Answer A-3-1: The legal name of the Group is TIANJIN YOUFA STEEL PIPE GROUP CO., LTD which is company limited by shares, as mentioned above, the Group owns two (2) branches and eight (8) subsidiaries as well as one (1) sub-subsidiary which produces and sells products concerned, each entity sell goods on their own 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).

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**Answer A-3-2: The Group is a privately-owned corporation. Most of its main shareholders are natural persons, please refer to the following table, which lists the principal shareholders who own over five percent (5%) shareholding:**

<b>Name</b>	<b>Shareholding</b>
[REDACTED]	21.24%
[REDACTED]	10.37%
[REDACTED]	7.84%
[REDACTED]	5.63%
[REDACTED]	5.5%
[REDACTED]	49.42%

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

**Answer A-3-3: Not applicable, the Group is not a subsidiary of another company.**

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

**Answer A-3-4: Not applicable, the Group 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.

**Answer A-3-5: Please refer to Annex A-3.5 Corporate Structure and Affiliation Chart.**

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

**Answer A-3-6: Not applicable, there are no management fees/corporate allocations charged to your company by your parent or related companies.**

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

**Answer A-3-7: Youfa Group produces GUC with narrow steel strip as the raw materials and sells welded pipes in both domestic and international market. In the response of A-1, we've listed companies related to GUC. No.1-No.7 are factories who manufactures GUC and sells in domestic market. No.8 Youfa Group Sales is the distributor who sells Youfa pipes in domestic market. No.9 Youfa International Trade is the exporter who sells Youfa pipes in international market. No.10 Youfa Hongtuo is processing factory help Youfa International Trade (No.9) processing pipes like painting, marking and packing according orders from customers. No.11 TEWOO Youfa is a distributor of raw materials, which purchase narrow strip from local suppliers**



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**and distribute to factories under Youfa Group.**

8. If your business does not perform all of the following functions in relation to GUC, then please provide names and addresses of the companies which perform each function:

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

**Answer A-3-8: Youfa Group performs all the functions mentioned above.**

**In the response of A-1, we've listed companies related to the products concerned. No.1-No.7 are factories who manufactures GUC and sells in domestic market. No.8 Youfa Group Sales is the distributor who sells Youfa pipes in domestic market. No.9 Youfa International Trade is the exporter who sells Youfa pipes in international market including both Australia and other countries. No.10 Youfa Hongtuo is a finishing factory help Youfa International Trade processing pipes like painting, marking and packing according orders from customers. No.11 TEWOO Youfa is a distributor of raw materials, which purchase narrow strip from local suppliers and distribute to factories under Youfa Group.**

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

**Answer A-3-9: Please refer to Annex A-3.9 Internal Organisation Chart.**

**Shareholder's meeting of Youfa Group establishes Board of Directors and appoints Chairman of the Board as well as General Manager to manage daily operation of the Group.**

**Under Board of Directors, Youfa Group also sets Human Resource Centre in charge of employee management, Management Centre in charge of operation strategy, Financial Centre in charge of corporate finance, Audit Centre in charge of internal review, Administrative Centre in charge of logistics management as well as party and community office in charge of labour union development.**

**Also, under the group each entity also has its internal organisation. Normally general manager of entity who is appointed by the group shall be responsible for operation management. Under general manager, each entity will has production department in charge of workshops, financial department in charge of daily operation accounts, sales department in charge of domestic or international sales, as well as administrative department in charge of logistics.**

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

**Answer A-3-10: Please refer to Annex A-3.10 Brochure of the Group.**

**A-4 General accounting/administration information**

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1. Indicate your accounting period.

**Answer A-4-1: The accounting period of the company is from January 1st to December 31st.**

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

**Answer A-4-2: Each entity involved in this case keeps their financial records themselves in their own factory address mentioned in the answer to “A-1 Identity and communication” and consolidated statements of the Group are kept in the Head Quarter, address No 33, Baiyidao, Daqiu Zhuang Town, Jinghai County, Tianjin, China, PC 301606.**

3. Provide the following financial documents for the two most recently completed financial years (2015-2016) plus all subsequent monthly, quarterly or half yearly statements (2015.1-2017.6):

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor’s opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the GUC.

These documents should relate to:

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

**Answer A-4-3: Please refer to Annex A-4.3 Chart of Account & Financial Report & Financial Statement.**

**Note:**

**1. Each factory under the group has separate financial statement but no separate auditor’s report. Only the Group Company appointed third party to audited consolidated financial statement and issue auditors' report each year. Financial principles for each factory shall be in line with the Group.**

**We provided both Group's auditors' report in 2015 and 2016 as well as annual financial statement for each subsidiary in 2015 and 2016.**

**Besides, since the investigation period is July 2016 to June 2017, we also provided monthly financial statement for each subsidiary in the most two complete financial year 2015 and 2016 as well as the first six months in 2017 (January to June) to cover all the investigation period.**

**2. No.9 Youfa International Trade Co., Ltd, No. 10 Tianjin Youfa Hongtuo Steel Pipe Manufacture Co., Ltd and No.11 TEWOO Youfa**

**However, the accounting method in these two companies shall also in line with the Group.(confidential information)**

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

**Answer A-4-4: Companies under Youfa Group do not have individual audited report, for unaudited financial statements please refer to Annex A-4.3 Chart of Account & Financial Report & Financial Statement.**

**Each company under Youfa Group shall report Value Added Tax (hereinafter referred to as "VAT") as well as Income Tax to local tax bureau, so for each company we have provided both VAT taxation returns (report monthly) as well as Income Tax taxation returns (report quarterly) for the most two recent complete years 2015 and 2016 as well as first 6 months in 2017 to cover the investigation period.**

**Please refer to Annex A-4.4 VAT & Income Tax Taxation Returns.**

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

**Answer A-4-5: Not applicable, the accounting practices adopted by the Group and the entities under it are in line with PRC GAAP.**

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);

**Answer A-4-6: The Group and entities under it adopt weighted method for inventories.**

- 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);

**Answer A-4-6: For the cost of raw material, work-in-process, and finished goods inventories is determined by the actual purchased or entered cost. The cost of delivered inventories uses the weighted average price method.**

**For direct labour expense and manufacturing expense, the company will allocate the expenses according to monthly production quantity.**

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

**Answer A-4-6: Sub-standard goods like “downgraded pipes” generated at the stage of HSS production are to be valued using weighted average method as prime goods.**

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

**Answer A-4-6: The Group and entities under it use market scrap value method, and sales revenue of scraps, by products, or joint products are to be recorded in the Non-operating income.**

- valuation and revaluation methods for fixed assets;

**Answer A-4-6: "Fixed assets" refer to tangible assets held for the purpose of production, referring service, renting or operation. The "fixed assets" is recognized based on the cost and the residual value deducted before. "Fixed assets" shall start to be depreciated on the basis of composite life depreciation method.**

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

**Answer A-4-6: please refer to the following table:**

Categories	Useful Life	Residual Rate(%)	Annual Depreciation Rate(%)
buildings	20	■	■
Machinery equipment	10	■	■
Transport equipment	4	■	■
office equipment and others	3-5	■	■

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

**Answer A-4-6: The Group and entities under it [REDACTED] and there are no foreign exchange gains and losses generated.**

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

**Answer A-4-6: The Group and entities under it [REDACTED], and there are no foreign exchange gains and losses generated.**

- inclusion of general expenses and/or interest;

**Answer A-4-6: Interest gain and loses arising from the translation of balance sheet items are accounted in financial expenses.**

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- provisions for bad or doubtful debts;

**Answer A-4-6: At the end of the year the Company needs to account Receivables provision for bad debts.**

**At the end of the year if there is objective evidence shows that account receivable occurs impairment, the book value shall be reduced to recoverable amount, the written down amount shall be recognized as assets impairment loss and accounted into current profit and loss.**

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

**Answer A-4-6: Not applicable, because there is no idle equipment or plant shut-down in the Group**

- costs of plant closure;

**Answer A-4-6: Not applicable, because there are no costs of plant closure in the Group.**

- restructuring costs;

**Answer A-4-6: Not applicable, because there are no restructuring costs in the Group.**

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

**Answer A-4-6: There are no by-products resulting from the company's production process. For the scrap materials, the Group and entities under it will sell them and record the sale in the Other Operation Income account.**

- effects of inflation on financial statement information.

**Answer A-4-6: Not applicable, there is no effect of inflation on financial statement information of the Company.**

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

**Answer A-4-6: Not applicable, none of the accounting methods used by the Group have been changed over the last two years.**

#### **A-5 Income statement**

Complete the spreadsheet entitled '**Income statement**' within the *HSS Exporter Questionnaire – CHINA– accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email)

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with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

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

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

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

**Answer A-5: Please refer to A-5 Income Statement.**

**Note:**

- 1. No.1 to No.10 has business with production and sells GUC, each entity submits their own income statement. No.11 [REDACTED], it is not related to this question.**
- 2. Figures for the column of "GUC" have been allocated according to the proportion of GUC revenues to the total revenue of the company.**

### **A-6 Sales**

Complete the spreadsheet entitled 'Turnover' within the *HSS Exporter Questionnaire – CHINA– accompanying spreadsheet* provided alongside this questionnaire.

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

In completing the sheet, use the currency in which your accounts are kept.

This information will be used to verify the cost allocations to the GUC in Section G.

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

**Answer A-6: Please refer to Annex A6-Turnover.**

**Note: No.1 to No.10 has business with production and sells of GUC, each of them submits their own income statement. No.11 [REDACTED], it is not related to this question.**

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**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 another level (e.g. ex factory).*

*You should report prices of all GUC (the goods) shipped to Australia during the inquiry period.*

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

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

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

**Note: In Youfa Group, only Tianjin Youfa International Trade Co., Ltd has exports to Australia. Youfa International Trade considers date on Commercial Invoice as the date of sales.**

**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).
- 

**Answer B-1:** Please refer to **Annex B-1 Contact List of Australian Customers.**

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

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

**Answer B-2a:** Please refer to **Annex B-2 Diagram of Export to Australia.**

**Youfa Group open Australia market since it worked together with [REDACTED] w [REDACTED]. [REDACTED] has been the main client of Youfa Group in Australia since then. Youfa International trade gets orders from [REDACTED] regularly as one or two times per month, then it will reply with quoted price. After negotiation, Youfa will issue Proforma Invoice to list all the terms and [REDACTED] will confirm by emails or phone calls as well as open**

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a L/C to Youfa at the same time. Next, Youfa International Trade will arrange production in Youfa Group, and some of the products were processed by [REDACTED]

[REDACTED]. After production, Youfa International Trade will prepare Commercial Invoice & Packing List for export and will contact transportation agency to book cargo space, report to Chinese Customs and transfer the products to the Port. After deliver product on board, Youfa International Trade will send documents to Notification Bank and collect payment by [REDACTED]. (commercially sensitive information)

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

**Answer B-2b: Not applicable. There is no other company involved during distribution chain. Youfa sells products to Australian customers directly.**

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

**Answer B-2c: Australian customers of Youfa prefer purchase under delivery terms of FOB. Under the term of FOB, Youfa International Trade shall deliver products on the boat. After products delivered over the side of boat, ownership of GUC is transferred to customers.**

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

**Answer B-2d: Not applicable. There is no other company involved during distribution chain. Youfa sells products to Australian customers directly.**

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

**Answer B-2e: Please refer to Annex B-2 Diagram of Export to Australia. Youfa Group open Australia market since it worked together with [REDACTED]. Youfa International trade gets orders from [REDACTED] regularly as one or two times per month, then it will reply with quoted price. After negotiation, Youfa will issue Proforma Invoice to list all the terms and [REDACTED] will confirm by emails or phone calls as well as [REDACTED] Youfa at the same time. Next, Youfa International Trade will arrange production in Youfa Group. During IP, some of the products [REDACTED]**

**After production, Youfa International Trade will prepare Commercial Invoice & Packing List for export and will contact transportation agency to book cargo space, report to Chinese Customs and transfer the products to the Port.**



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**After deliver product on board, Youfa International Trade will send documents to Notification Bank and collect payment [REDACTED] (commercially sensitive information)**

- (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).

**Answer B-2f: Not applicable. Youfa Group does not related to any Australian customers.**

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

**Answer B-2g: Please refer to Annex B-4 Australian Sales.**

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

**Answer B-3: Not applicable. Youfa International Trade export GUC to both end user and trading companies, but there is no difference of the price.**

**B-4** Complete the spreadsheet entitled ‘Australian sales’ within the HSS Exporter Questionnaire –CHINA– accompanying spreadsheet provided alongside this questionnaire.

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

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

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

<b>Column heading</b>	<b>Explanation</b>	<b>Notes</b>
Customer name	names of your customers	<b>Please refer to Annex B-4 Australian Sales</b>
Level of trade	the level of trade of your customers in Australia	<b>Please refer to Annex B-4 Australian Sales</b>
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.	<b>We use product name + outer diameter (width x height) x thickness x length to represent product code.</b>
Type (CHS / RHS)	Indicate whether it is a circular or rectangular (including	<b>Commercially sensitive information</b>

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	square) type HSS	
Standard	Production standard of the HSS (TIS 107, AS/NZ 1163 etc.)	Normally Youfa adopts AS 1163, AS 1074 for Australian exports.
Width	Width of the tube (or insert radius if circular pipe)	Please refer to Annex B-4 Australian Sales
Height	Height of the tube (leave blank if circular pipe)	Please refer to Annex B-4 Australian Sales
Length	Length of the product	Please refer to Annex B-4 Australian Sales
Nominal Thickness	Nominal (theoretical) thickness	Commercially sensitive information
Actual Thickness	Actual (or target) thickness	Please refer to Annex B-4 Australian Sales
Grade	Grade of product i.e. 350CL0 or 250C etc.	Normally Company exported xxxxxxxx to Australia.
Finish	identify the finish of the HSS sold	Normally Company exported xxxxxxxxxxxx to Australia.
Invoice number	invoice number	Please refer to Annex B-4 Australian Sales
Invoice date	invoice date	Please refer to Annex B-4 Australian Sales
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.	Company adopts Invoice date as sales 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.	Please refer to Annex B-4 Australian Sales
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)	Company normally adopts FOB to Australia.
Payment terms	agreed payment terms eg. 60 days=60 etc	We use terms shown on Profoma Invoice as payment terms, Company normally adopts xxxxxxxxxxxxxxxx which means no gap between sales and payment.
Quantity (pcs)	Number of pieces of HSS sold (if shown on the invoice).	Not applicable. Australian customers used Tonne as unit of quantity
Theoretical Weight	Weight of this product shown on the invoice.	Some of transactions agreed upon xxxxxxxxxxxxxxxx, which is outer diameter deduct wall thickness, timing wall thickness timing xxxxxxxx
Target Weight	Total target weight of this product in the shipment	We use gross weight shown on Packing List as Target Weight.
Actual Weight	Total actual weight of this shipment (from scale readings)	Please refer to Annex B-4 Australian Sales

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HRC Code	The raw material code of the HRC used in production of this product (the code in your accounting and/or MRP systems for the type of HRC used in manufacturing of this product)	<b>Youfa Group adopts narrow steel strip to product HSS, narrow steel grade is xxxxxx &amp; xxxxxxxx</b>
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>	<b>Please refer to Annex B-4 Australian Sales</b>
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.	<b>Not applicable. There is no discount occurred in Australia sales during IP.</b>
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.	<b>Not applicable. There is no rebate occurred in Australia sales during IP.</b>
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.	<b>Not applicable. There is no other charge occurred in Australia sales during IP.</b>
Invoice currency	the currency used on the invoice	<b>Australian sales are calculated in xxx.</b>
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system	<b>Company adopts monthly exchange rate to account xxx into xxxx. Monthly exchange rate is the rate published by Bank of China on the first day of each month.</b>
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system	<b>Since no discount, rebate and other charge, net invoice value is equal to gross invoice value.</b>
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.	<b>Not applicable. There is no other discount occurred in Australia sales during IP.</b>
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.	<b>Not applicable. Australian customer adopts FOB as delivery term, there is no Ocean freight paid by Youfa</b>
Marine insurance	Amount of marine insurance	<b>Not applicable. Australian customer adopts FOB as delivery term, there is no Marine insurance paid by Youfa</b>
FOB export price**	the free on board price at the port of shipment.	<b>Please refer to Annex B-4 Australian Sales</b>
Packing*	Packing expenses	<b>We calculated packing cost based on cost for each ton of products timing net weight. For the calculation of each Ton of</b>

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		products, we added all packing materials together dividing by total quantity of product sold please refer separate sheet of packing cost.
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.	Some of Inland Transportation is paid by xxxxxxxxxxx since xxxxxxx processed HSS according to customers' orders and delivered products to the Port. During IP, average cost for delivery is xxxxx RMB/MT. Inland transportation for each item shall use quantity timing unit price.
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.	Handling Charge is paid by Youfa International Trade on transaction basis. Handling charge for different items in the same transaction shall be allocated by quantity.
Warranty & guarantee expenses*	warranty & guarantee expenses	Not applicable. There is no Warranty or Guarantee occurred to Australian sales during IP.
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.	Not applicable. There is no Technical Assistance & Other Services Fee occurred to Australian sales during IP.
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.	Not applicable. There is no Commission occurred to Australian sales during IP.
Other factors*	<b>any other</b> costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.	Not applicable. There is no other cost occurred to Australian sales during IP.

Notes

\* These costs are further explained in section E-1.

\*\* 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

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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.

**Answer: Please refer to Annex B-4 Australian Sales.**

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

**Answer B-5: Not applicable. There is no other cost occurred to Australian sales during IP.**

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

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

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

**Answer B-6: Not applicable. There is no discount, rebate or allowance occurred to Australian sales during IP**

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

**Answer B-7: Not applicable. There is no credit notes to customers in Australia.**

**B-8** If the delivery terms make you responsible for arrival of the GUC 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	Custom brokers, port and other costs incurred

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costs	(itemise)
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**Answer B-8: Not applicable. Australian sales were under the term of [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:

- 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 GUC 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.

**Answer B-9: Please refer to *Annex B-9 Sampling Australian Sales Documents.***

**Supplementary Note: In order to tracing and comparing products with domestic sales, we also indicate supplier of each transaction of pipes sold to Australia. During IP, [REDACTED]**

**(commercially sensitive information)**

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**SECTION C – EXPORTED GOODS AND LIKE GOODS**

**C-1** Fully describe all of the GUC 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.

**Answer C-1: Youfa International Trade exports welded circular pipe (CHS) outer diameter from [REDACTED] mm to [REDACTED] mm with finish of plain, galvanized, painted, oiled as well as rectangular welded pipe (RHS) size from [REDACTED] to [REDACTED] with finish of plain, galvanized, painted, oiled.**

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

**Answer C-2: Please refer to Annex B-4 Australian Sales.**

**C-3** If you sell like goods on the domestic market, for each model/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 the GUC exported to Australia. This should be done by completing the spreadsheet entitled ‘Like goods’ within the HSS Exporter Questionnaire – CHINA– accompanying spreadsheet provided alongside this questionnaire, detailing as follows:

**Answer C-3: Not applicable. Youfa International Trade sold CHS, RHS, HDG CHS and HDG RHS which all can find same type in domestic sales from Branch No.2, Youfa Dezhong and Tangshan Youfa.**

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

**Answer C-4: Not applicable. [REDACTED]. Youfa apply to separate products only into 4 categories which are CHS, RHS, HDG CHS and HDG RHS.**

**SECTION D – DOMESTIC SALES**

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

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

*If the Case Manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets 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 Manager who will explain the information the Commission requires for determining a normal value using alternative methods.*

**D-1 Provide:**

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

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

**Answer D-1: Please refer to Annex D-1 Diagram of Domestic Sales.**

**Domestic customers have been worked very long time of Youfa Group. Domestic Customers prefer order big batch of products for a year and ask Youfa regularly producing. After each batch of production Youfa will notify customers to pick up at the factory and issue VAT invoices according to current value.**

**The distribution channel is from factories under the Group to the customers, and entities under the Group don't employ any intermediaries**



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**or distributors.**

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

**Answer D-2: Not applicable, the selling prices don't vary according to the distribution channel.**

**D-3** Explain in detail the sales process, including: the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and whether price includes the cost of delivery to customer.

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

**Answer D-3: In most cases, factories under the Group sells the products directly to customers, prices fluctuated batch to batch according to current narrow strip price, manufacturing over heads and direct labour for each batch of products, price may be negotiated through phones, emails, fax, short messaging service (SMS).After the prices settled down, the Company will check the inventory first, if the inventory is not enough for the sales, it will arrange production based on orders.**

**After the products are ready, the customers will arrange carriers to the company to pick the goods sold, before that payments normally shall be paid in advance, and VAT invoices are to be issued before the carriers leave the factories.**

**D-4** Complete the spreadsheet entitled 'Domestic sales' within the HSS Exporter Questionnaire – CHINA– accompanying spreadsheet provided alongside this questionnaire.

This spreadsheet is to list all domestic sales of like goods (i.e. transaction by transaction) in the review period (do not include non-GUC items) sold by your company and through your related companies.

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

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

<b>Column Heading</b>	<b>Explanation</b>	<b>Notes</b>
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a	<b>Please refer to Annex D-4 Domestic Sales</b>

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	customer code number and in a separate table list each code and name.	
Level of trade	the level of trade of your domestic customer	<b>Youfa Group sold to both trading companies and end users, but there is no difference for prices to different level of trade.</b>
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.	<b>We use product name + outer diameter (width x height) x thickness x length to represent product code.</b>
Type (CHS / RHS)	Indicate whether it is a circular or rectangular (including square) type HSS	<b>We use HDG CHS to represent galvanized CHS and HDG RHS to represent galvanized RHS, except for CHS and RHS for plain pipes.</b>
Standard	Production standard of the HSS (TIS 107, AS/NZ 1163 etc.)	<b>In domestic sales standard for CHS/HDG CHS is GBT-3091; For RHS/HDG RHS is</b>
Height	Height of the tube (leave blank if circular pipe)	<b>Please refer to Annex D-4 Domestic Sales</b>
Length	Length of the product	<b>Please refer to Annex D-4 Domestic Sales</b>
Nominal Thickness	Nominal (theoretical) thickness	<b>Not applicable. There is no Nominal Thickness adopts in domestic sales</b>

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Actual Thickness	Actual (or target) thickness	Please refer to Annex D-4 Domestic Sales
Grade	Grade of product i.e. 350CL0 or 250C etc.	Domestic sales adopt xxxx-xxxx as steel grade.
Finish	identify the finish of the HSS sold	Domestic sales adopt plain or galvanized as surface finish.
Invoice number	invoice number	Please refer to Annex D-4 Domestic Sales
Invoice date	invoice date	Please refer to Annex D-4 Domestic Sales
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.	Company adopts date of VAT invoice as date of sales.
Dispatch Date	Date of dispatch	Company adopts date of VAT invoice as date of sales.
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.	Please refer to Annex D-4 Domestic Sales
Delivery terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)	Domestic sales adopt the term of EXW
Payment terms	agreed payment terms eg. 60 days=60 etc	Domestic sales adopt payment on rolling basis.
Quantity (pcs)	Number of pieces of HSS sold (if shown on the invoice).	Not applicable. Youfa group sold pipes in Metric Tons.
Theoretical Weight	Weight of this product shown on the invoice.	Not applicable. Domestic sales do not adopt

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		XXXXXXXXX (weight factor)
Target Weight	Total target weight of this product in the shipment	Not applicable. Domestic sales does not adopt
Actual Weight	Total actual weight of this shipment (from scale readings)	Please refer to Annex D-4 Domestic Sales
HRC Code	The raw material code of the HRC used in production of this product (the code in your accounting and/or MRP systems for the type of HRC used in manufacturing of this product)	XXXXX & XXXXX
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>	Please refer to Annex D-4 Domestic Sales
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.	Please refer to Annex D-4 Domestic Sales
Rebates	The amount of any deferred rebates or allowances paid to the Importer in the currency of sale.	Not applicable. There is no rebate occurred in domestic sales during IP.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.	Not applicable. There is no other charge occurred in domestic sales during IP.
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system	Net invoice value is equal to gross invoice value since there is no discount, rebate and other charge.
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.	Not applicable. There is no other discount occurred in domestic sales

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		during IP.
Packing*	Packing expenses	Packing cost is xxxx RMB/Ton.
Inland transportation costs*	inland transportation costs included in the selling price.	Not applicable. Youfa sells under EXW.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses.	Not applicable. There is no recorded handling charge for domestic sales.
Warranty & guarantee expenses*	warranty & guarantee expenses	Not applicable. There is no Warranty or Guarantee for domestic sales.
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.	Not applicable. There is no Technical assistance or other service for domestic sales.
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.	Not applicable. There is no commission for domestic sales.
Other factors*	any other costs, charges or expenses incurred in relation to the sale. (include additional columns as required). See question B5.	Not applicable. There is no other factor for domestic sales.

Notes

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

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

**Answer D-5: Not applicable, there are no other costs, charges or expenses incurred in respect of the sales.**

**D-6** For each type of commission, discount, rebate, allowance offered on

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domestic sales of like goods:  
provide a description; and  
explain the terms and conditions that must be met by the customer to qualify for payment.

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

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

**Answer D-6: Normally, entities under the Group will grant discounts or rebates to long-cooperation customers through friendly negotiations, when such amount occurs, the sales department make sales stock-out lists to write-off the amount from the value of goods sold, and financial departments will issue VAT invoices according to the balance value.**

**When Reporting domestic sales in D4, rebates or discounts which correspond directly to specifications required by Goods Under Investigation have been reported on the basis of the actual figures, while other rebates or discount have been allocated using averaged weighted method to Goods Under Investigation.**

**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.

**Answer D-7: Please refer to Annex D-7 Sampling Sales Documents.**

**Note: As mentioned above, in most cases, entities under the Group make sales through telephone, emails, or walk-in customers, therefore, sales documents don't include contracts.**

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**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

**Answer E-1: Part E-1 is not applicable to the Group, since the Group [REDACTED] (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

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arrangements, not from an account item, provide details and evidence of payment.

**Answer E-1-1:** For the products processed by [REDACTED], inland transportation is paid by [REDACTED] to delivery products to the port; the average weighted price during IP is [REDACTED] RMB/MT. If the products is not processed by [REDACTED], inland transportation shall be paid by Youfa International Trade on transaction basis which depends on the distance between factories to the port. We provide inland transportation in Annex B-4 Australian Sales.

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

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

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

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

**Answer E-1-2:** Youfa International Trade paid handling charge to transportation agency on transportation basis. Youfa International Trade [REDACTED] (invoicing details)

**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.

**Answer E-1-3:** Not applicable. Company adopts [REDACTED] t there is no credit for payment of exporting sales.

**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**’.



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**Answer E-1-4:** We calculated packing cost based on cost for each ton of products timing net weight. For the calculation of each Ton of products, we added all packing materials together dividing by total quantity of product sold. Packing for each Ton of products is [REDACTED] RMB/MT.

**5. Commissions**

For any commissions paid in relation to the export sales to Australia:  
-provide a description; and explain the terms and conditions that must be met. Report the amount in the sales listing in question B-4 under the column headed “Commissions”.  
Identify the general ledger account where the expense is located.

**Answer E-1-5:** Not applicable. Youfa Group does not pay any commission since sales are directly from the Company to Australian customers.

**6. Warranties, guarantees, and after sales services**

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

**Answer E-1-6:** Not applicable. There is no Warranty, Guarantee or After Sales Service of Youfa.

**7. Other factors**

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

**Answer E-1-7:** Not applicable. There is no other factor occurred for export sales during IP.

**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.

**Answer E-1-8:** Please refer to Annex B-4 Australian Sales. W [REDACTED]  
[REDACTED] ((exchange rate factors))

2016	January	[REDACTED]
	February	[REDACTED]

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	March				
	April				
	May				
	June				
	July				
	August				
	September				
	October				
	November				
	December				
	2017	January			
		February			
March					
April					
May					
June					
July					
August					

**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 (ie. an amount for selling general and administrative costs (S G & A) plus profit).

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

**Answer E-2-1: Not applicable, there are no such adjustments.**

**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 GUC), or

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- 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 GUC sold *domestically* but is not borne by the exports to Australia;

### Substitution drawback systems

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

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

**Answer E-2-2: Not applicable, no such adjustments have been claimed for domestic sales.**

### 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

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which that company in turn sells the GUC and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment manufacturer.

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

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

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

- (a) *costs arising from*  
as that of the importer.

This requires the following information:

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

**or**

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

**Answer E-2-3: Not applicable. The Group does not vary its prices based on different level of trade. So that the level of trade is not requested to be adjusted**

#### **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

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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 system,<sup>3</sup> the average credit period may be determined as follows:

1. C  
*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. C  
*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.

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<sup>3</sup> 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.

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

**Answer E-2-4: Not applicable. The Group always got payment from domestic customers before transfer the products. No credit shall be adjusted.**

**5. Transportation**

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

**Answer E-2-5: Not applicable, no such costs have been claimed since the Group normally is not responsible for the delivery of the goods.**

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

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

**Answer E-2-6: Not applicable. There is no handling, loading or ancillary expense [REDACTED] domestic sales.(accounting method)**

**7. Packing**

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

**Answer E-2-7: Not applicable. For each model, packing methods are the same. The cost of material and labour associated with packing for domestic sales in the company have been recorded in the Production Cost Account and allocated based on the quantity.**

**8. Commissions**

For any commissions paid in relation to the domestic sales:

provide a description

explain the terms and conditions that must be met.

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

**Answer E-2-8: Not applicable, the Group does not pay any commission in relation to domestic sales.**

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### 9. Warranties, guarantees, and after sales services

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

**Answer E-2-9: Not applicable, the Group does not burden any warrant, guarantee or after sales service in relation to domestic sales.**

### 10. Other factors

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

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

**Answer E-2-10: inventory carrying cost consideration is being provided.**

### E-3 Other Possible Adjustment Factors

For the Commission to fully understand any other possible adjustment factors, please complete the tabs entitled ‘HRC Purchases’ and ‘Theoretical to Actual Weight’ tabs within the HSS Exporter Questionnaire – CHINA– accompanying spreadsheet provided alongside this questionnaire.

Please list all of your hot rolled coil (HRC) purchases starting from 01/07/2016 in the format shown at ‘HRC Purchases’ tab.

Please also provide a table with the format shown at ‘Theoretical to Actual Weight’ tab listing the theoretical weights and actual weights of all the products sold both domestically and sold to Australia during the review period.

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

The below table provides information as to what is meant by each column heading within the ‘HRC Purchases’ tab.

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**Answer: E-3: Please note Youfa Group adopts narrow steel strip rather than HRC as the raw material to produce pipes. We need to change all the HRC description to narrow steel strips in the table.**

**Note: Factories under Youfa Group (No.1-No.7) purchase NARROW STEEL STRIP from “distribution hub” Tianjin Youfa Products and Industrial Development Co., Ltd. Sales companies and processing factory under Youfa Group purchase finished products rather than NARROW STEEL STRIP**

<b>Column Heading</b>	<b>Explanation</b>	
NARROW STEEL STRIP Material Code	The raw material code of the NARROW STEEL STRIP in your accounting and/or MRP systems for this NARROW STEEL STRIP thickness - grade combination	Not applicable. Youfa Group does not adopt code for NARROW STEEL STRIP.
Date of purchase	Purchase date of NARROW STEEL STRIP. Please start list all NARROW STEEL STRIP purchases <b>from 1/1/2013</b>	Please refer to Annex E-3 NARROW STEEL STRIP purchase
Supplier name	Name of NARROW STEEL STRIP supplier. If purchased from a distributor rather than the manufacturer, write the distributor's name.	Please refer to Annex E-3 NARROW STEEL STRIP purchase
Domestic Purchase or Import?	Indicate whether it was purchased locally or imported	All NARROW STEEL STRIP are purchased domestically.
Supplier's Invoice No	Indicate the supplier's invoice number. If your accounting system do not keep track of the suppliers invoice number, put your order number or a similar unique identifier from your accounting system	Please refer to Annex E-3 NARROW STEEL STRIP purchase
Grade of NARROW STEEL STRIP	Indicate the grade of the NARROW STEEL STRIP purchased. If more than one grades are bought in one order, separate NARROW STEEL STRIP's with respect to their grades and thicknesses.	Normally xxxx & xxxx
Theoretical Weight of Quantity Purchased (tonnes)	The theoretical weight of NARROW STEEL STRIP purchased	Not applicable. NARROW STEEL STRIP adopts actual weight rather than Theoretical weight.
Actual Weight of Quantity	The actual weight of NARROW STEEL STRIP purchased	Please refer to Annex E-3



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Purchased (tonnes)		NARROW STEEL STRIP purchase
Nominal Thickness (mm)	Nominal thickness of NARROW STEEL STRIP purchased	Not applicable. NARROW STEEL STRIP does not adopt Nominal Thickness.
Actual Thickness (mm)	Actual thickness of NARROW STEEL STRIP purchased	Please refer to Annex E-3 NARROW STEEL STRIP purchase
Currency	The currency of the invoice	Purchase price is RMB
Price per Tonne	Purchase price per tonne	Please refer to Annex E-3 NARROW STEEL STRIP purchase
Total Price	Total invoice price for the grade and thickness of NARROW STEEL STRIP	Please refer to Annex E-3 NARROW STEEL STRIP purchase
Delivery terms	Indicate the delivery terms i.e FIS, ex-Factory etc.	Youfa Pick up NARROW STEEL STRIP from suppliers.
Additional purchase costs (e.g. Inland transport)	Indicate any additional costs incurred with this purchase like inland delivery costs. If the costs are incurred for a group of products purchased, distribute the cost per line in a meaningful way like according to their weight.	Not applicable. There is no other cost occurred to purchase of NARROW STEEL STRIP.

And the table provides information as to what is meant by each column heading within the ‘Theoretical to Actual Weight’ tab.

<b>Column Heading</b>	<b>Explanation</b>
Product Code	The code of product
Theoretical Weight	Theoretical weight of this product
Actual (Target) Weight	Actual weight of this product

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Product Standard	The standard the product manufactured to. Insert "Commercial" for commercial (non-standard) products.
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**Answer E-3: Not applicable.** [REDACTED]  
**(explanation)**

**E-4 Duplication**

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

For example:

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

Separate adjustment items must avoid duplication.

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

**Answer: noted.**

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**SECTION F – THIRD COUNTRY EXPORTS**

*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** Complete the spreadsheet entitled ‘Third country sales’ within the HSS Exporter Questionnaire – CHINA– accompanying spreadsheet provided alongside this questionnaire.

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

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

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

<b>Column heading</b>	<b>Explanation</b>
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.

**Answer: Please refer to Annex F-1 Third Country Sales.**

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

**Answer: Not applicable. There is no difference between sales to the third countries and that to Australia.**

**NON CONFIDENTIAL VERSION**

**SECTION G – COSTS AND CONSTRUCTED NORMAL VALUE**

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

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

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

*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 GUC. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the GUC. Also specify all scrap or by-products that result from producing the GUC.

**Answer G-1: Entities under the Group produce three main types of GUC (CHS, RHS, and HDG), please refer to production process as following:**

***Annex G-1-1 Production Process Flowchart for CHS;***

***Annex G-1-1 Production Process Flowchart for RHS;***

***Annex G-1-1 Production Process Flowchart for HDG;***

2. Complete the spreadsheet entitled ‘**Production**’ within the *HSS Exporter Questionnaire – CHINA*– accompanying spreadsheet provided alongside this questionnaire.

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

**Answer G-1-2: Please refer to Annex G-1-2 Production. Please note only [REDACTED] are factories who has production quantities. Production summary is not applicable to [REDACTED] (commercially sensitive information)**

### G-2. Cost accounting practices

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

**Answer G-2: The cost accounting flow in the entities under the Group is raw material purchase – raw material stock in – raw material input into production – work-in-process product stock in – work-in-process product input into production – finished product stock in – product sales – cost of product carried forward.**

**For the flowchart of cost accounting flow, please refer to Annex G-2-1 Management Accounting System.**

**To reconcile to audited financial statements, the companies make the financial vouchers according to the original documents, and the financial vouchers will automatically generate sub-ledger. Then monthly the sub-ledgers will generate a general ledger. At the end of the year, all the general ledgers in this year will generate the 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 GUC - and describe how those variances have been allocated.

**Answer G-2-2: Not applicable, cost accounting system is based on actual cost, and standard costs were not used in the response to this questionnaire.**

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

**Answer G-2-3: Not applicable, there are no such variances that occurred during the review period.**

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

**Answer G-2-4: Not applicable, entities under the Group don't employ profit/cost centre in the cost accounting system.**

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

**Answer G-2-5: The Costs for entities under the Group includes raw material expense,**

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director labour expense and the manufacturing expense. The cost is transferred for one time per month and allocated to different types of HSS based on the monthly production quantity.

For the cost of raw material, work-in-process, and finished goods inventories are determined by the actual purchased or entered cost. The costs inventories are accounted by weighted average price method. For direct labour cost and manufacturing cost, the Company allocates the actual cost according to the monthly production quantity.

There are no allowances made for capital expenditures and other development costs in IP.

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

**Answer G-2-6: Not applicable,** [REDACTED] (cost accounting method)

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

**Answer G-2-7: Not applicable, there are no such costs.**

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

**Answer G-2-8: Not applicable, no such start-up operation happens.**

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

**Answer G-2-9: Not applicable, no such start-up operation happens.**

**G-3 Cost to make and sell on domestic market**

*This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>4</sup>*

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

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

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

<sup>4</sup> 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.

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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 GUC. Provide documentation and worksheets supporting your calculations.

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

Please specify unit of currency.

### **Answer G-3: Please refer to Annex G-3 Domestic CTMS**

**Note:**

- 1. Factories No. ■-No. ■ has domestic cost including raw material, manufacture overheads, direct labor adding expenses. No ■ and No ■ are sales companies where domestic cost are purchase cost adding expenses. No ■ is a processing factory, cost of production for No. ■ is processing fees only.**
- 2. Difference for costs of same type product with different specifications is negligible, and entities under the Group normally account cost according to types of products, namely, CHS, RHS, and HDG, therefore, these tables have been reported according to types of the products.**
- 3. Unit of currency is Yuan.**

### **G-4 Cost to make and sell GUC (Australian exports)**

Complete the spreadsheet entitled ‘**Australian CTMS**’ within the *HSS Exporter Questionnaire – CHINA– accompanying spreadsheet* provided alongside this questionnaire.

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

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

Provide this cost data for each quarter over the 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 GUC. Provide documentation and worksheets supporting your calculations.

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

Please specify unit of currency.

**Answer: Please refer to Annex G-4 Australia CTMS. Please note only NO.9 Youfa International Trade has export sales, where export cost ■■■■■■■■■■**



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expenses. And No. [REDACTED] processed for export sales, so that [REDACTED] also provides processing fee for each unit of products.(export process detail)

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

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

**Answer G-5: Products sold in domestic market and to Australia is no difference. However, some of the expenses may occur in exports only as well as some processing fee is for export sales only. So that we provided Australia CTMS with different expense allocation compare to domestic CTMS. And in Annex B-4 Australia Sales, we also indicate process adopts for each transaction, for which the processing fee can be calculated based on unit processing fee cost provided by [REDACTED]**

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

**Answer G-6: Not applicable, there are no such differences.**

**G-7** 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.

**Answer G-7: The allocation method of the company hasn't changed over the past three years.**

**G-8** 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 GUC (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).

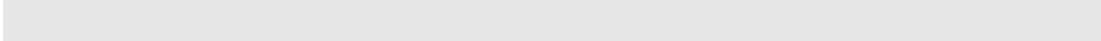
The term associate is defined in section 269TAA of the Act. Included in that definition are

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companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

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

**Answer G-8: Major raw material for the production of HSS is narrow steel strip, and major raw materials for the production of HDG are hot rolled strip and Zinc, which have been provided by unrelated companies. There are no PRE-GALV products. Value of major materials has been determined by transfer prices.**



## **SECTION H – PARTICULAR MARKET SITUATION**

*The applicants claim that a ‘market situation’ exists in respect of Hollow Structural Sections (HSS) from China due to government influence on both the prices of the goods and the major raw material inputs used in the manufacture of the goods.*

*The existence of a ‘market situation’ could affect the Commission’s approach to calculating 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 such domestic selling prices for this purpose is that the domestic selling prices are not an appropriate basis for normal value 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).*

*One of these situations may be where the domestic selling prices in the country of export have been materially affected by government influence rendering those prices unsuitable for use in establishing normal values.*

*Through this questionnaire, the Commission is providing producers/exporters of the subject goods in China the opportunity to supply evidence that the sector under inquiry is operating under market conditions. In examining the matter, the Commission will also send questionnaires to the Government of China and continue to examine information available from third-party sources.*

*It may be necessary for the Commission to request additional information following receipt and review of your response.*

There are three parts to this section:

PART H-1 - Requests information concerning the organization of your company and the Government of China’s involvement in the business of your company.

PART H-2 - Requests information concerning the Government of China’s measures with respect to the HSS industry in China.

PART H-3 - Requests information concerning the HSS sector in the region where your company is located.

### **PART H-1 GENERAL INFORMATION**

The information requested in this part will provide an overview of your corporate organization and the Government of China’s involvement in your business. In addition to your response to each of the questions, all necessary supporting documentation is requested.

1. Specific questions are asked throughout this questionnaire in relation to the Government of China’s interaction with your businesses. However, please describe generally all interaction that your business has with the Government of China at all levels, including (but not limited to):

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- a) reporting requirements;

**Answer H-1-1a: As private companies, Value Added Taxation Return are required to be monthly filed to the tax authorities of local government, and Income taxation return are required to be filed quarterly to the tax authorities of local government.**

- b) payment of taxes;

**Answer H-1-1b: Private companies in China are required to pay corporate income tax as well as value-added tax.**

- c) senior management representation within your business;

**Answer H-1-1c: Youfa Group and its subsidiaries are wholly private companies, and there are no government related senior management representation within the Group.**

- d) supervision by the State-owned Assets Supervision and Administration Commission (SASAC) or a body under the control of SASAC.

**Answer H-1-1d: Youfa Group and its subsidiaries are wholly private companies, and their business are not supervised by SASAC or any bodies under the control of SASAC.**

- e) approval/negotiation of business decisions (e.g. investment decisions, management decisions, pricing decisions, production decisions, sales decisions);

**Answer H-1-1e: Not applicable, Youfa Group and its subsidiaries are wholly private companies, and business decisions have always been made by their own managements, without any government involvement.**

- f) licensing;

**Answer H-1-1f: Upon the establishment, Chinese companies are required to file application of registry to get business license before starting to operation.**

- g) restrictions on land use;

**Answer H-1-1g: Not applicable, there are no restrictions on land use.**

- h) provision of loans; or

**Answer H-1-1h: The interest rates are set by the commercial banks providing the loans. The commercial banks determine their own rates based on the benchmark loan rate set by Central Bank-the People's Bank of China, taking the market condition into consideration.**

- i) provision of grants, awards or other funds.

**Answer H-1-1i: No grants, awards, other funds have been provided to Youfa Group**

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and its subsidiaries.

**2. Business structure, ownership and management**

a) Indicate whether your company is a state-owned or state-invested enterprise (SIE) (refer to the Glossary of Terms for definition).

**Answer H-1-2a: Negative, Youfa Group and its subsidiaries are privately owned enterprise.**

b) List the Board of Directors and Board of Shareholders of your business and all other entities/businesses your business is related to.

Indicate the names of common directors and officers between yours and related businesses, where applicable.

**Answer H--1-2b: Except [REDACTED], other subsidiaries have been invested solely by Youfa Group, therefore, Youfa Group is the only shareholder for subsidiaries, and there are no board of directors.**

**[REDACTED] has been invested by [REDACTED]. [REDACTED] which has been invested by Youfa Group.(commercially sensitive information)**

**Board of Directors:**

Number	Name of Stockholder	Investment Amount	Capital Contribution Ratio
1	[REDACTED]	252,526,000.00	21.24%
2	[REDACTED]	123,328,000.00	10.37%
3	[REDACTED]	93,255,000.00	7.84%
4	[REDACTED]	66,955,000.00	5.63%
5	[REDACTED]	65,383,000.00	5.50%
6	[REDACTED]	58,677,000.00	4.93%
7	[REDACTED]	53,229,000.00	4.48%
8	[REDACTED]	47,990,000.00	4.04%
9	[REDACTED]	31,749,000.00	2.67%
10	[REDACTED]	25,776,000.00	2.17%
11	[REDACTED]	22,399,000.00	1.88%
12	[REDACTED]	21,682,000.00	1.82%
13	[REDACTED]	18,861,000.00	1.59%
14	[REDACTED]	15,193,000.00	1.28%
15	[REDACTED]	14,145,000.00	1.19%
16	[REDACTED]	12,240,000.00	1.03%
17	[REDACTED]	19,489,000.00	1.64%
18	[REDACTED]	10,792,000.00	0.91%
19	[REDACTED]	11,092,000.00	0.93%
20	[REDACTED]	11,083,000.00	0.93%
21	[REDACTED]	11,607,000.00	0.98%
22	[REDACTED]	11,421,000.00	0.96%
23	[REDACTED]	7,730,000.00	0.65%
24	[REDACTED]	7,020,000.00	0.59%
25	[REDACTED]	6,706,000.00	0.56%
26	[REDACTED]	6,287,000.00	0.53%
27	[REDACTED]	6,077,000.00	0.51%

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Number	Name of Stockholder	Investment Amount	Capital Contribution Ratio
28		6,287,000.00	0.53%
29		5,449,000.00	0.46%
30		7,796,000.00	0.66%
31		5,115,000.00	0.43%
32		4,610,000.00	0.39%
33		4,506,000.00	0.38%
34		6,310,000.00	0.53%
35		4,286,000.00	0.36%
36		3,877,000.00	0.33%
37		5,701,000.00	0.48%
38		5,749,000.00	0.48%
39		4,377,000.00	0.37%
40		3,843,000.00	0.32%
41		4,586,000.00	0.39%
42		2,200,000.00	0.19%
43		2,200,000.00	0.19%
44		2,096,000.00	0.18%
45		2,696,000.00	0.23%
46		3,620,000.00	0.30%
47		2,096,000.00	0.18%
48		2,620,000.00	0.22%
49		2,620,000.00	0.22%
50		1,991,000.00	0.17%
51		1,886,000.00	0.16%
52		1,886,000.00	0.16%
53		2,200,000.00	0.19%
54		1,572,000.00	0.13%
55		1,467,000.00	0.12%
56		1,467,000.00	0.12%
57		2,172,000.00	0.18%
58		1,153,000.00	0.10%
59		1,048,000.00	0.09%
60		1,648,000.00	0.14%
61		1,048,000.00	0.09%
62		1,676,000.00	0.14%
63		1,548,000.00	0.13%
64		3,458,000.00	0.29%
65		2,972,000.00	0.25%
66		2,272,000.00	0.19%
67		1,757,000.00	0.15%
68		1,957,000.00	0.16%
69		1,257,000.00	0.11%
70		1,757,000.00	0.15%
71		1,257,000.00	0.11%
72		8,382,000.00	0.70%
73		6,287,000.00	0.53%
74		1,200,000.00	0.10%
75		1,200,000.00	0.10%
76		1,200,000.00	0.10%
77		1,200,000.00	0.10%
78		1,200,000.00	0.10%
79		1,200,000.00	0.10%
80		1,200,000.00	0.10%

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Number	Name of Stockholder	Investment Amount	Capital Contribution Ratio
81	██████████	1,200,000.00	0.10%
Total		1,189,050,000.00	100.00%

**Board of directors:**

██████████	Chairman of the Board
██████████	Chairman of the Group
██████████	Deputy Chairman
██████████	Deputy Chairman
██████████	Deputy Chairman

- c) Are any members of your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders representatives, employees, or otherwise affiliated with the Government of China (at any level, from any agency, party, or otherwise associated entity, including SASAC)?

If so, identify the individuals, their role on that Board and their affiliation with the Government of China.

**Answer H-1-2c: Negative, there are no members of our business' (and/or all other entities our business is related to) Board of Directors or Board of Shareholders representatives, employees affiliated with the Government of China.**

- d) Does your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders have a representative from the Chinese Communist Party (CCP)? If so, identify their name and title and indicate their position at the board level.

**Answer H-1-2d: Negative, Youfa Group and its subsidiaries are wholly private companies, and there are no representatives from the Chinese Communist Party (CCP) within Board of Directors or Board of Shareholders.**

- e) Are any members of your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders appointed, managed or recommended by the Government of China? If so, identify any relevant government department(s) they are affiliated with.

**Answer H-1-2e: Negative, Youfa Group and its subsidiaries are wholly private companies, and there are no members of Board of Directors or Board of Shareholders appointed, managed or recommended by the Government of China.**

- f) Indicate who owns what percentage of all shares in your business and identify whether they are:

- an affiliate, representative, agency or otherwise representative of the Government of China;
- employees of your business;
- foreign investors; or
- other (please specify).

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**Answer H-1-2f: Please refer to the Board of shareholders, and it is clarified that there are no affiliate, representative, agency or otherwise representative of the Government of China.**

**All of the shareholders are Chinese citizens, please see titles of the shareholders:**

- 1, Mr. Li Maojin is the Chairman of the Board of Youfa Group;**
- 2, [REDACTED] is the Chief Financial Officer of Youfa Group;**
- 3, [REDACTED] is the General Manager of Tianjin Youfa Pipeline Tenchnology Co., Ltd;**
- 4, [REDACTED] is the General Manager of Tianjin Youfa Dezhong Steel Pipe Co., Ltd;**
- 5, [REDACTED] is the General Manager of Tangshan Youfa Steel Pipe Manufacture Co., Ltd;**
- 6, [REDACTED] is the General Manager of Handan Youfa Steel Pipe Manufacture Co.,Ltd;**
- 7, [REDACTED] is the Financial Director of Tianjin Youfa International Trade Co., Ltd;**
- 8, [REDACTED] is the General Manager of Tangshan Youfa Xinlida Steel Pipe Co., Ltd and Tangshagn Zhengyuan Pipe Co., Ltd;**

Number	Name of Stockholder	Investment Amount	Capital Contribution Ratio
1	[REDACTED]	252,526,000.00	21.24%
2	[REDACTED]	123,328,000.00	10.37%
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23	[REDACTED]	7,730,000.00	0.65%
24	[REDACTED]	7,020,000.00	0.59%
25	[REDACTED]	6,706,000.00	0.56%
26	[REDACTED]	6,287,000.00	0.53%
27	[REDACTED]	6,077,000.00	0.51%
28	[REDACTED]	6,287,000.00	0.53%
29	[REDACTED]	5,449,000.00	0.46%
30	[REDACTED]	7,796,000.00	0.66%
31	[REDACTED]	5,115,000.00	0.43%



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Number	Name of Stockholder	Investment Amount	Capital Contribution Ratio
32		4,610,000.00	0.39%
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34		6,310,000.00	0.53%
35		4,286,000.00	0.36%
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58		1,153,000.00	0.10%
59		1,048,000.00	0.09%
60		1,648,000.00	0.14%
61		1,048,000.00	0.09%
62		1,676,000.00	0.14%
63		1,548,000.00	0.13%
64		3,458,000.00	0.29%
65		2,972,000.00	0.25%
66		2,272,000.00	0.19%
67		1,757,000.00	0.15%
68		1,957,000.00	0.16%
69		1,257,000.00	0.11%
70		1,757,000.00	0.15%
71		1,257,000.00	0.11%
72		8,382,000.00	0.70%
73		6,287,000.00	0.53%
74		1,200,000.00	0.10%
75		1,200,000.00	0.10%
76		1,200,000.00	0.10%
77		1,200,000.00	0.10%
78		1,200,000.00	0.10%
79		1,200,000.00	0.10%
80		1,200,000.00	0.10%
81		1,200,000.00	0.10%
Total		1,189,050,000.00	100.00%

**Board of Directors:**

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Mr. Li Maojin	Chairman of the Board
[REDACTED]	Chairman of the Group
[REDACTED]	Deputy Chairman
[REDACTED]	Deputy Chairman
[REDACTED]	Deputy Chairman

g) Provide the details of any significant changes in the ownership structure of your business during the inquiry period.

**Answer H-1-2g: Not applicable, there are no significant changes in the ownership structure of Youfa Group and its subsidiaries.**

h) Identify any positions within your business that are appointments or designated to act on behalf of Government of China authorities.

**Answer H-1-2h: Negative, there are no such positions.**

i) Explain whether there are requirements in law and in practice to have government representation at any level of your business. If there is such a requirement, explain the role of government representatives appointed to any level of your business.

**Answer H-1-2i: Negative, there are no such requirements.**

j) If your business is a publicly-traded company, what are the rules regarding the issuance of shares by your business? Identify any stock exchanges on which your business is listed.

**Answer H-1-2j: Negative, Youfa Group and its subsidiaries have always been private companies.**

k) Provide the monthly trading volume and average monthly trading price of your listed security between 1 July 2015 and 30 June 2016.

**Answer H-1-2k: Negative, Youfa Group and its subsidiaries have always been private companies. it did not go public so that Youfa does not have any listed security.**

l) Who has the ability to reward, fire or discipline your business' senior managers?

**Answer H-1-2l: Board of directors are decision-making unit who has the power to reward, fire, or discipline senior managers of Youfa Group.**

m) Do any of your company's senior managers hold positions in any Government of China departments or organisations, associations or Chambers of Commerce? If so describe the nature of these positions.

**Answer H-1-2m: Negative, there are no such senior managers.**

n) Provide the names and positions of your company's pricing committee.

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**Answer H-1-2n: Not applicable, there are no pricing committees, the prices of the subject merchandise have been priced according prices of raw materials.**

**3. Licensing**

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

**Answer H-1-3a: Please refer to Appendix H-3a Business Licenses.**

- b) Identify the Government of China departments or offices responsible for issuing the license(s).

**Answer H-1-3b: Business licenses are issued by Local Market and Quality Supervising Administration.**

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

**Answer H-1-3c: To apply for the license,  
-pre-register the name of the business.  
-prepare the articles of company and make a chop.  
-apply for the organization code.  
-apply for national and local tax registration.  
-open a basic bank account for transfers.  
The above is a whole procedure involved in applying for the license.**

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

**Answer H-1-3d: No special conditions needed to be met.**

**To apply for the license, the applicant should provide Pre-approval Company Name Notice, approval of responsible authority, certificate of financial situation, all shareholders' identification paper as well as the proof of business premises.**

- e) Describe and explain any restrictions imposed on your business by the business license(s).

**Answer H-1-3e: No any restrictions imposed on our business .Some business should be restricted by the Business license such as dangerous chemical product.**

- f) Describe any sanctions imposed on your business if you act outside the scope of your business license(s).

**Answer H-1-3f: No sanctions would be imposed unless the companies act those business which has specific restrictions.**

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

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**Answer H-1-3g: Under the business license, the company could operate legally. In China, if someone do business without a business license, the department of administration for industry and commerce will ban it and confiscate illegal gains.**

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

**Answer H-1-3h: The business licenses could be revoked under the following circumstances: (1) the company is declared bankrupt as provided by law; (2) pursuant to the provisions of the company's articles of association, the term of operation of the company expires, or one of the other events which are grounds for dissolution occurs; (3) a resolution of dissolution is passed by the shareholders; (4) dissolution is necessary due to a merger or division of the company; or (5) the company is ordered to close down in accordance with law.**

**Local Market and Quality Supervising Administration has right to revoke the business license.**

**4. Decision-making, planning and reporting**

- a) Provide a description of your business' decision-making structure in general and in respect of HSS products. This should identify the persons or bodies primarily responsible for deciding:
- (i) what goods are produced;
  - (ii) how the goods are produced;
  - (iii) how levels of inputs such as raw materials, labour and energy are set and secured;
  - (iv) how the use of your outputs, such as how your product mix is determined; and
  - (v) how your business' profit is distributed, etc., is determined.

**Answer H-1-4a: Youfa Group and its subsidiaries are comprehensive group of producers of different kinds of steel pipes, as wholly private companies, the power body of the Group are Board of shareholders, who has the power to make the most important decisions; and the executive body of the Group is the Board of directors, who is operating unit for normal business activities, makes the regular decisions for the daily business of the Group.**

**Normally, profits of the companies would be annually distributed according the profit distribution plan made by Board of directors and approved by Board of Shareholders.**

- b) Provide a description of any Government of China input into the decision-making process respecting your manufacture, marketing and sale of HSS.

**Answer H-1-4b: Not applicable, there are no government interference since Youfa Group has always been private company, business decisions of the Group has been totally made by the itself according to market situation.**

- c) Provide a list of all government departments/offices that are involved, either

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directly or indirectly, in your manufacture, sale or purchase of HSS.

**Answer H-1-4c: Negative, there are no government departments/offices that are involved in the companies' manufacture, sale or purchase of HSS.**

- d) List and describe all reports that must be submitted to the Government of China periodically by your company, and identify the government department/office where each report is filed.

**Answer H-1-4d: Private companies are required to report monthly financial statements, VAT taxation returns, Quarterly income tax to the Local tax agencies, including individual income tax, value-added tax as well as local tax.**

- e) Provide a copy of the last two Provincial/City Five Year Plans (including the appendices) for the province/city in which your business is located, whichever is applicable. The copies should be fully translated including the appendices, along with the original Chinese version.

**Answer H-1-4e: Not applicable, the Group and its subsidiaries are private companies, has nothing to do with the Five Year Plans.**

- f) Does your business develop any five-year plans or similar planning documents? If so, provide copies of these plans and advise whether these plans have been submitted, reviewed or approved by the Government of China (including the National Development and Reform Commission).

**Answer H-1-4f: Not applicable, the Group and its subsidiaries are private companies, has nothing to do with the Five Year Plans.**

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

**Answer H-1-4g: Please refer to Annex H-4-g Resolution of Board of Directors.**

- h) Provide copies of the notes to company meetings where pricing decisions on HSS have been made over the inquiry period.

**Answer H-1-4h: There are no pricing committees, as described above.**

### 5. Financial and investment activities

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

**Answer H-1-5a: Companies under Youfa Group lend money from local commercial banks according to Chinese Finance Regulation and upon market short-term loan rate. Please refer to Annex H-1-1-5a List of Loans for Youfa Group.**

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

**Answer H-1-5b: Please refer to Annex H-1-1-5a List of Loans for Youfa Group.**

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

**Answer H-1-5c: Not applicable, Youfa Group got bank loan according to base rate and some time floating upwards to ■%. The group didn't benefit from any concessional interests rates in the last 5 years.**

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

**Answer H-1-5d: Youfa Group never raise capital by issuance of shares, preferential shares, rights issue, bonds, warrants, debentures, sub-ordinate loans or any other debt and/or equity instruments .**

**Youfa Group is a private limited liability company, its capital has been raised by its shareholders, in the last 5 year, and shareholders have increased capitals several times for expanding the business scale.**

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

**Answer H-1-5e: Negative, Youfa Group has no such policies.**

- f) Has your business invested in either government or non-government debt securities (such as bonds, quasi-government bonds)? If so provide details (e.g. type of instrument, amount invested and the expected rate of return).

**Answer H-1-5f: Not applicable, Youfa Group and its subsidiaries have not invested in government or non-government securities.**

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**1.1 PART H-2 GOVERNMENT OF CHINA MEASURES IN THE HSS SECTOR**

The information requested in this part will allow for a better understanding of the Government of China's measures in respect of HSS in China, in addition to your response to each of the questions, all necessary supporting documentation is requested.

1. Are there any other Government of China opinions, directives, decrees, promulgations, measures, etc. concerning the HSS industry/sector that were put in place or operating during the inquiry period; for example but not limited to, the *Twelfth Five-Year Plan of HSS Industry* of the National Development and Reform Commission, Ministry of Industry and Information Technology, and the State Forestry Administration?

If yes, please provide a copy of that documentation and a translation as well. Also provide documentation concerning the Government of China or any association of the Government of China's notification of the measures concerning HSS to your company over the inquiry period.

**Answer H-2-1: Youfa Group and its subsidiaries are wholly private companies, who have no access to such policies as mentioned.**

2. Provide information concerning the name of any Government of China departments, bureaus or agencies responsible for the administration of all Government of China measures concerning the HSS industry in the regions, provinces or special economic zones where your company is located.

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

- industrial policy and guidance on the HSS sector;
- market entry criteria for the HSS industry sector;
- environmental enforcement for the HSS industry sector;
- management of land utilization;
- the China Banking Regulatory Commission for the HSS industry sector;
- investigation and inspection of new HSS expansion facilities;
- the section in the National Development and Reform Commission that is responsible for the HSS industry sector; and
- import licensing for raw materials relating to HSS manufacture.

**Answer H-2-2: The 13<sup>th</sup> Five-Year Plan for Economic and Social Development of the People's Republic of China was drafted by National Development and Reform Commission, proposed by State Council during Fourth session of the Twelfth National People's Congress and proved by National People's Congress in March 2015.**

**Local Five-Year Plan was drafted by Local Development and Reform Commission according to National Plan. Industry policy and guidance on HSS sector shall refer to Steel Industry Policy in 13<sup>th</sup> Five-Year Plan. For Youfa is Jinhai County Development and Reform Commission.**

**HSS sector does not have market entry criteria.**

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**Environmental enforcement for HSS industry shall be governed by local Environmental Protection Bureau of local government. For Youfa is Environmental Protection Bureau of Jinhai County.**

**Land utilization shall be proved by local land office, for Youfa is Jinhai County Land Office.**

**Banking Regulation shall in line with Regulation issued by China central bank- People's Bank of China. For Youfa it is governed by Jinhai County Financial Service Bureau.**

**investigation and inspection shall be governed by Safe production supervision and Administration Bureau of Jinhai County.**

**Import license shall be proved by local Customs. Youfa does not import any raw material so it does not have import license.**

**Ministry of national development and Industry Coordination Division metallurgy building materials department shall responsible for draft industrial policy for HSS sector. But national bureau does not in related to private company.**

3. Describe any role your company plays in the development of government's industrial plans and/or policies at all levels of government, including the *HSS making Industry Development 12th Five-Year Plan*. For example, does your company provide information for, or request inclusion in, any plans, policies, or measures?

**Answer H-2-3: Not applicable, Youfa Group is a private company, which plays no role in the development of government's industrial plans.**

4. Does your company provide information relating to assessments of the implementation of the plan, policy or measure?

**Answer H-2-3: Negative, Youfa Group doesn't provide such information.**

5. Has the Government of China designated your company and/or industry as "pillar," "encouraged," "honorable," or any other designation? If so, please answer the following questions.

(a) Explain the purpose of these designations, the criteria for receiving any such designation, and the benefits or obligations that arise from each such designation.

(b) Is there any connection between these designations and five-year plans or other industrial and/or economic policies or administrative measures?

(c) Please describe any instances in which your company cited Government of China plans, policies, or measures as support for receiving the financing that you report.

**Answer: Negative, Youfa Group has not been designated by Government of China.**

6. **Twelfth Five-Year Plan for HSS Industry**

The Commission is aware of the State Forestry Administration's *HSS making Industry Development 12th Five-Year Plan* (2011 to 2015) which includes an overarching strategy for the Chinese HSS industry and designates that industry as 'strategic' (i.e. encouraged). The following questions relate to that policy.



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- a) Explain in detail how the policy and any updates regarding the policy were communicated to your company.
- b) Identify the government department, association, or company official that communicated this policy or any related measures, to your company as well as the government office or association and the names of the officials who are responsible for the administration of this policy.
- c) Explain in detail the information that has been provided to you from official and unofficial channels concerning action to be taken by your company in relation to the policy.
- d) Do you have designated officials that have provided direction to your company regarding the Government of China's measures and how to proceed with your current project or future plans within the scope of the policy?
- e) Explain in detail if there are additional directives or measures from the Government of China that have been communicated to your company, since the inception of the policy.
- f) Explain in detail whether the policy has ever impacted your company's investment plans. This may include reference to specific measures considered or taken by your company to address issues and/or objectives raised by the policy. Such items may include but are not limited to items such as project approval process, credit and loans (including discounted interest payments), the environment, the scale of production, energy use, raw material inputs etc.
- g) Explain the ongoing mechanism used by the Government of China to measure your company's compliance with the policy directives and/or guidelines.
- h) Are review and approval decisions regarding investments in the HSS sector made by the central government or are they delegated to the regional or provincial level?
- i) Describe the role of the National Development and Reform Commission in terms of communicating, implementing and overseeing policies governing the HSS sector, including but not limited to, China's *HSS making Industry Development 12th Five-Year Plan*.

**Answer H-2-6: Youfa Group is a private group, its production, sales decision have been made based on market situation, and has received no directives or communications from Government of China.**

### 7. Other government approvals

The below questions address the approvals that are necessary from various Government of China agencies, including the National Development and Reform Commission, in order to continue or initiate HSS investments.

- a) Explain whether your company has undertaken an approval process through the Government of China for any HSS investments in the last 10 years.

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- b) Explain whether any applicable investments received the necessary approval and if so, provide documentation confirming this approval.
- c) If your investment was not approved, provide the reasons given for the refusal.
- d) Describe the process your company has to follow to obtain these approvals.
- e) Provide a translated copy of the application form along with the original Chinese version.
- f) Identify the office that sent communication of these requirements to your company along with the office address, contact names, phone numbers and fax numbers.

**Answers to H-2-7 Question a) to f): Youfa Group is a private group, its production, sales decisions have been made by the Group itself based on market situation, and has received no directives or communications from Government of China.**

**8. The restructure of the HSS industry in China**

The Commission is aware of the Government of China's key "Development Goals" relating to the HSS industry in China, including the elimination of *outdated capacity*. The following questions relate to these goals:

- a) Explain in detail if there were any directives, measures, or incentives from the Government of China that have been communicated to your business since the inception of these development goals? For example, closing certain plants or consolidating certain operations.
- b) Identify the Government department, association or company official that communicated these guidelines or any related measures to your business.
- c) Identify the Government department, association or company and names of officials who are responsible for the administration of these development goals.
- d) Explain in detail how these guidelines have or might impact on your business. This may include reference to specific measures considered or taken by your business. Such items may include but are not limited to items such as project approval process, credit and loans terms (including any preferential interest rates), the environmental issues, discounted rate of energy and raw materials.
- e) Explain any on-going mechanism used by the Government of China to measure your business compliance with the policy directives and/or guidelines.

**Answers to H-2-8 Question a) to e): Youfa Group is a private group, its production, sales decision have been made based on market situation, and has received no directives or communications from Government of China.**

**And Youfa's plant are in line with Environment protection and industry quality standard, there is no reason for government to shut down plants under Youfa Group.**

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**1.2 PART H-3 THE HOLLOW STRUCTURAL SECTION SECTOR**

The information requested in this part will assist in providing a better understanding of the Government of China measures and your business' sales and production of A4 HSS.

In addition to your narrative response to each of the questions, all necessary supporting documentation is requested.

**1. Taxation**

- a) Were there any export taxes on the exports of HSS during the inquiry period?

**Answer H-3-1a: According to Chinese Tax Regulations, exports of HSS are exempt from export taxes.**

- b) What was the VAT rebate applicable to HSS exports during the inquiry period?

**Answer H-3-1b: VAT rebate applicable to HSS exports during the injury period is 9%.**

- c) Have there been any changes to the value-added tax rebate applicable to HSS exports in the last 5 years? If yes, provide:

- i. a detailed chronological history of the value-added tax rebate rates;
- ii. products affected;
- iii. the effective dates of the rate changes;
- iv. fully translated copies of any Government of China notices regarding these changes, including the relevant appendices.

**Answer H-3-1c: It is confirmed that VAT rebate rate has not changed in the past five years for the exports of HSS.**

- d) Are you aware of any tax changes being planned that would impact the HSS sector?

**Answer H-3-1d: Negative, Youfa Group are not aware of any tax changes.**

**2. Sales terms**

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

**Answer H-3-2a: General Manager for every subsidiary company under Youfa Group is responsible for authorizing the sales terms, prices and other contract provisions for the sales of HSS.**

- b) Explain how the selling prices of HSS by your business are determined, including any Government of China involvement in your business' pricing decisions, and indicate if the goods are subject to Government of China direct or indirect pricing or

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government guidance pricing.

**Answer H-3-2b: Selling prices of HSS for each subsidiary company are determined according to material, manufacturing overheads, direct labour plus some benefit and the price shall be proved by general manager of each subsidiary company. There is no government interference on Youfa's price.**

- c) Does your business coordinate the selling prices or supply of HSS with other domestic producers or any Government of China departments? If so, provide details.

**Answer H-3-2c: Negative.**

- d) Explain whether your business provides information or data to the Government of China, other government officials or commercial/industry organisations, including those outside of China, which report on the HSS sector.

**Answer H-3-2d: Negative, no specific information or data are required to provide with the Government of China, except normal tax documents.**

- e) Explain whether your business provides HSS price data to any other person at the provincial, regional or special economic zone level of government.

**Answer H-3-2e: Negative, Youfa Group makes the price on their own, and they are not required to report to any agencies of Government of China.**

### 3. Industry associations

- a) Is your business a member of any business associations? If so, explain your business' relationship with the association and the involvement of the Government of China with the associations.

**Answer H-3-3a: Youfa Group is member of China Structure Steel Association and which is private associations without any links with Government of China.**

- b) If your business is a member of an industry association, indicate whether this membership is voluntary or compulsory. Explain the functions that the association provides for your business. Explain in detail the role of the association with respect to the directives as provided by the Government of China concerning the HSS industry.

**Answer H-3-3b: Membership is voluntary in China Structure Steel Association, which is a private association and focus on the technology research of structure steel products, and it has no links with Government of China.**

### 4. Other industry associations

- a) Is your business a member of any other industry associations? If so, explain your business' relationship with the association and the involvement of the Government of China with the association.

- b) If your business is a member of another industry association, indicate whether

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this membership is voluntary or compulsory. Explain the functions that the association provides for your business. Explain in detail the role of the association with respect to the directives as provided by the Government of China concerning the HSS industry.

**Answer H-4 a&b: Not applicable, Youfa Group and its subsidiaries are not member of any other industry associations.**

### 5. Statistics submission/recording

- a) Indicate if your business makes submissions<sup>5</sup> to the Chinese Bureau of Statistics and/or any other government organisation. If yes, explain the purpose of these submissions and the type of information submitted.

Answer:

- b) Provide a recent example of a submission that has been made to the Bureau of Statistics and/or any other government organisation. For example, monthly data relating to sales, production and costs.
- c) Do the organisations approve or assess your submission? If yes, provide a detailed explanation.
- d) Do the organisations provide feedback on your submission? If yes, provide a detailed explanation.

**Answer H-3-5 a&b&c: Youfa Group and its subsidiaries are required to make submissions to the Chinese Bureau of Statistics or any other government organization.**

### 6. Manufacturing inputs

- a) Is there a price difference in purchase price for raw materials between your suppliers?

**Answer H-3-6: Positive, cause different suppliers offer different prices according to grade, quality, and product type of raw materials, and the purchase prices have been negotiated with each supplier according to market price.**

- b) Is there a price difference between purchase price of raw materials from SIEs/SOEs and non-SIEs/SOEs? Provide explanation.

**Answer H-3-6b: Negative. Youfa can freely choose raw material supplier, if SIE offer lower price with private companies, Youfa will choose the better price. But in practice, Youfa bought over 90% of narrow strip from private companies, which can prove SIE does not provide raw material lower than market price.**

- c) If your supplier is based outside China, what import duty rate is applied on the raw materials?

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<sup>5</sup> For example, monthly data relating to sales, production and costs.

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**Answer H-3-6c: Not applicable, no supplier of Youfa Group is based outside China.**

- d) Does your business benefit from any concession on the purchase of any utility services (e.g. electricity, gas, etc.)? If so explain the nature and the amount of the concession?

**Answer H-3-6d: Negative, Youfa Group and its subsidiaries don't benefit from any concession on the purchase.**

**7. Regional differences**

- a) If you have production facilities in more than one region/province, are the laws and regulations in each region the same with respect to pricing? Provide details on any regional differences.

**Answer H-3-7: Negative, pricing of HSS product within Youfa Group has been, as described above, determined by General manager of the company, there are no such laws and regulations.**

**8. HSS production/output during the inquiry period**

- a) Is any part of your production of HSS subject to any national/regional industrial policy or guidance? If so, provide details including a background of the policy/guidance and explain any restriction imposed by the policy/guidance.

**Answer H-3-8a: Negative, no such policy or guidance.**

- b) To what extent are any of the policies/guidelines identified in a) applicable to your business?

**Answer H-3-8b: Negative, no such policy or guidance.**

- c) Where applicable, how did your business respond to the policies/guidelines?

**Answer H-3-8c: Negative, no such policy or guidance.**

- d) Provide details regarding any other restrictions (e.g., geographic/regional, downstream, use, etc.) to the sale of HSS that may be imposed by the Government of China.

**Answer H-3-8d: Negative, no such restriction to sales HSS.**

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

**Answer H-3-8e: Domestic customers have all been reported in Appendix D for all subsidiaries under the Group name of the city has been included in customers name since China regulated corporate name must begin with location.**

**Youfa's pricing process never takes structure of the customer into account, whether it is a SIE is or not.**

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

**Answer H-3-8f: Negative.**

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

**Answer H-3-8g: Under the Group, only Tianjin Youfa International Trade Co., Ltd. made exports, companies intended to make exports would be required to apply “The Registration Record Form for Foreign Trade Enterprises” which is not a license, but a registry record form.**

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

**Answer H-3-8h: Negative, no such restrictions.**

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

**Answer H-3-8i: Negative, no such restrictions.**

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

**Answer H-3-8j: Negative, no such plans.**

**9. Sales price during the inquiry period**

- a) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the Government of China during the inquiry period.

**Answer H-3-9a : Negative, no such guidance or controls.**

- b) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the Government of China during the inquiry period, with respect to raw material inputs.

**Answer H-3-9b: Negative, no such guidance or controls.**

- c) Explain whether your business has encountered any price guidance or controls established by regional, provincial or special economic zone officials and/or organisations.

**Answer H-3-9c: Negative, no such guidance or controls.**

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

**Answer H-3-9d: As described above, selling price of the goods has been determined by General manager of each subsidiaries under Youfa Group based on prices of raw materials plus certain portion of manufacturing costs and profits, and there are no**



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**restrictions, limitations or other considerations.**

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

**Answer H-3-9e: Negative, the price of HSS are determined by Youfa Group itself.**

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

**Answer H-3-9f: As described above, selling price of the goods has been determined by General manager of each subsidiaries under Youfa Group based on prices of raw materials plus certain portion of manufacturing costs and profits, and there are no restrictions, limitations or other considerations.**

- g) 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 inquiry period.

**Answer H-3-9g: Negative, as described above, selling price of the goods has been determined by General manager of each subsidiaries under Youfa Group based on prices of raw materials plus certain portion of manufacturing costs and profits, and there are no restrictions, limitations or other considerations.**

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

**Answer H-3-9h: As described above, selling price of the goods has been determined by General manager of each subsidiaries under Youfa Group based on prices of raw materials plus certain portion of manufacturing costs and profits, and there are no restrictions, limitations or other considerations.**

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

**Answer H-3-9i: Negative, no such laws and regulations.**

**10. Adding capacity and/or joint ventures**

- a) Provide a detailed explanation with respect to the government approval process on adding capacity and/or joint ventures in relation to your business.

- b) Does the government have the right to request modifications in the terms of adding capacity and/or joint ventures? If yes, provide a detailed explanation.

**Answer H-3-10 a&b: Negative, Youfa Group is a wholly private company, and it determines its adding capacity plan on its own decision which shall be proved by Shareholders' Meeting, no government interference.**

**11. Raw material purchases**

- a) Provide a detailed listing of you raw material purchases (e.g. logs, woodchip or chemicals) by completing the Raw Material Purchases tab of the attached spreadsheet).

**Answer H-3-11a: Please Annex H-3-11a Narrow Strip Purchases. HSS produced by Youfa Group adopts raw material as narrow strip rather than hot rolled coil. And for galvanized pipes, Youfa adopts method of hot dipping zinc onto black welded pipes. So raw material input for galvanized pipe shall be black pipe (which produced by factory in the last production process) plus zinc.(no Pre galvanized product)**

- 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? Are any of the suppliers related or affiliated with you? Are any of the suppliers SOEs (wholly or partially owned)?

**Answer H-3-11b: Producers No [REDACTED]-No [REDACTED] bought narrow steel strip both directly from local supplier or via Youfa's raw material distributor No [REDACTED] O., [REDACTED] collect orders from factories and purchase from local supplier by big batches.(purchasing process)**

**Youfa Group has many suppliers of the raw materials, and prices are negotiated by Youfa Group and its different suppliers, prices may be different due to different grade, quality, specification, etc. There are no suppliers related or affiliated with you.**

**Few of suppliers are SIE, please refer to Annex H-3-11b List of Supplier. Youfa Group also has purchasing power in relation to prevailing market prices.**

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

**Answer H-3-11c: Factories shall indicate models of materials to [REDACTED] when orders made. Since different suppliers can provide different model of materials, sometimes, factories may appoint suppliers, otherwise [REDACTED] shall select supplier considering delivery time and distance of transportation.**

**Youfa Group has maintained long cooperation with its main suppliers, and normally Youfa will select suppliers based production capacity and market prices by friendly negotiation with suppliers.**

- d) If any of your raw materials for the HSS are imported by your business, or related businesses:

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- i. Provide details including a description of the raw material imported, the supplier and country of origin.
- ii. Explain the process required to import the raw materials (e.g. obtaining an import licence, import declarations).
- iii. Provide details of any conditions to importing the raw materials (e.g. customs and/or quarantine).
- iv. Are you eligible for a duty drawback? If so, provide details.

**Answer H-3-11d: Negative, no imports of raw materials.**

**SECTION I – COUNTERVAILING**

*The following subsidy programs are the subjects of a countervailing duty notice in respect of HSS exported to Australia:*

**INVESTIGATED PROGRAMS**

The following are programs that the Commission investigated:

**Program 1:** Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones

**Program 2:** One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’

**Program 5:** Matching Funds for International Market Development for Small and Medium Enterprises

**Program 6:** Superstar Enterprise Grant

**Program 7:** Research & Development (R&D) Assistance Grant

**Program 8:** Patent Award of Guangdong Province

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

**Program 11:** Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)

**Program 12:** Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai

**Program 13:** Preferential Tax Policies in the Western Regions

**Program 14:** Tariff and VAT Exemptions on Imported Materials and Equipments

**Program 15:** Innovative Experimental Enterprise Grant

**Program 16:** Special Support Fund for Non State-Owned Enterprises

**Program 17:** Venture Investment Fund of Hi-Tech Industry

**Program 18:** Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.

**Program 19:** Grant for key enterprises in equipment manufacturing industry of Zhongshan

**Program 20:** Hot rolled steel provided by government at less than fair market value

**Program 21:** Water Conservancy Fund Deduction

**Program 22:** Wuxing District Freight Assistance

**Program 23:** Huzhou City Public Listing Grant

**Program 27:** Huzhou City Quality Award

**Program 28:** Huzhou Industry Enterprise Transformation & Upgrade Development Fund

**Program 29:** Land Use Tax Deduction

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**Program 30:** Wuxing District Public Listing Grant

**Program 31:** Anti-dumping Respondent Assistance

**Program 32:** Technology Project Assistance

**Program 34:** Balidian Town Public Listing Award

**Program 35:** Preferential Tax Policies for High and New Technology Enterprises

Program 36: infrastructure construction support

Program 37: Employee training support

Program 38: vehicle scrapping encouragement

Program 39: Environment protection encouragement

Please answer the questions within parts I-1 to I-3 in relation to these programs.

**Answer I: Companies under Youfa Group did get some countervailing from local government in relation to Public Listing Grant, Land Use Tax Return, Environment Protection, Research & Development (R&D) Assistance Grant, patent award, Technology Project Assistance. Each company register value of countervailing in Account of "Non-business Income-Subsidy" according to financial principle.**

**We provided table of "Non-business Income-Subsidy" for each company, please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts.**

**PART I-1 Preferential income tax programs (programs 1, 10, 11, 12, 13, 29 and 35)**

Did your business or any company/entity related to your business receive any benefit<sup>6</sup> under the following seven programs during the period 1 January 2014 31 December 2014:

**Program 1:** Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and in Economic and Technological Development Zones

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

**Program 11:** Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)

**Program 12:** Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai

**Program 13:** Preferential Tax Policies in the Western Regions

**Program 29:** Land Use Tax Deduction

**Program 35:** Preferential Tax Policies for High and New Technology Enterprises

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<sup>6</sup> Refer to the Glossary of Terms for a definition of benefit in this context.

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**Answer: I-1 Youfa Group did get some Land Use Tax Deduction from Local Government. No other tax preferential granted to Youfa Group.**

1. It is our understanding that the general tax rate for enterprises in China from 1 July 2015 was 25%. Confirm whether this is correct and if not, please identify the general tax rate for enterprises in China from 1 July 2015.

**Answer I-1-1: It is confirmed that general tax rate for enterprises in China is 25%, which also apply to the group.**

2. If your business currently pays corporate income tax at a rate less than 25% (or whatever the rate of general tax is as discussed above) , or paid at a rate less than that during the assessment period , please indicate whether the reduced rate relates to any of the preferential income tax programs identified above.

**Answer I-1-2: Not applicable, corporate income tax of the Group is 25%.**

3. If the income tax rate of less than the general rate does not relate to any of the programs identified above, please provide an explanation for the reduced income tax rate and answer the questions in Part H-1-1 above in relation to the income tax rate reduction.

**Answer I-1-3: Not applicable, Youfa Group did not enjoy tax preferential.**

For **each program** that you have identified above as conferring benefit on your entity, please answer the following:

4. Provide complete details of the amount of the benefit received, including whether it was received in total or in instalments.

**Answer I-1-4: Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts**

5. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).

**Answer: I-1-5: Land use tax deduction shall benefit all production including both GUC and other products**

6. Describe the application and approval procedures for obtaining a benefit under the program.

**Answer I-1-6: The land use tax return is granted by local City government when the company meet certain conditions like building factories in local economic development area. Local government is entitled to determine the qualified company and the amount.**

7. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

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**Answer: I-1-7: Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts**

8. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer I-1-8: Not applicable, there are no such fees**

9. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

**Answer I-1-9: Local government is entitled to determine the eligibility criteria, which may contain company size, factory location, employments and tax contribution.**

10. State whether your eligibility for the program was conditional on one or more of the following criteria:

- a) whether or not your business exports or has increased its exports;

**Answer I-1-10a: Not applicable.**

- b) the use of domestic rather than imported inputs;

**Answer I-1-10b: Not applicable**

- c) the industry to which your business belongs; or

**Answer I-1-10c: Not applicable**

- d) the region in which your business is located.

**Answer I-1-10d: This is the possible eligibility for land use tax return program.**

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

**Answer I-1-11: Not applicable, land use tax return was not provided in relation to a specific activity or project.**

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

**Answer I-1-12: Companies shall have bank receipts of original payment they got for land use tax return. And we also provide calculation table for allocation method of land use tax during investigation period to prove how the company allocated the original value of land use tax return into each month.**

**Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts**

13. Indicate where benefits under this program can be found in your accounting system

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(i.e., specify the ledgers or journals) and financial statements.

**Answer I-1-13: Refund of land use tax is accounted in the non-business income of the accounting system.**

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

**Answer I-1-14: The program still operates.**

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

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part H-1 in relation to this programme.

**Answer I-1-15: Not applicable, since the program still operates.**

16. For each taxation year and the 2016 taxation year to date, complete the table below.

Prepare this information in the attached spreadsheet named "**Income Tax**" included as part of the *HSS Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

**Answer I-1-16: Please refer to Annex I-1-16 Income Tax.**

17. Provide a copy, bearing the official stamp of the appropriate level of the GOC of all
- corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed for the 2016 tax year; and
  - income tax instalment payment receipts, and all applicable income tax forms and schedules for the 2015, 2016, and 2017 (to date) tax years.

**Answer I-1-17: Please refer to Annex I-1-17 Income Tax Taxation Returns.**

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



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**PART I-2 Grants (Programs 2, 5-8, 15-19, 21-23, 27, 28, 30-32 And 34)**

The following is a list of grants identified as being provided by the GOC to enterprises in China:

**Program 2:** One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’

**Program 5:** Matching Funds for International Market Development for Small and Medium Enterprises

**Program 6:** Superstar Enterprise Grant

**Program 7:** Research & Development (R&D) Assistance Grant

**Program 8:** Patent Award of Guangdong Province

**Program 15:** Innovative Experimental Enterprise Grant

**Program 16:** Special Support Fund for Non State-Owned Enterprises

**Program 17:** Venture Investment Fund of Hi-Tech Industry

**Program 18:** Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.

**Program 19:** Grant for key enterprises in equipment manufacturing industry of Zhongshan

**Program 21:** Water Conservancy Fund Deduction

**Program 22:** Wuxing District Freight Assistance

**Program 23:** Huzhou City Public Listing Grant

**Program 27:** Huzhou City Quality Award

**Program 28:** Huzhou Industry Enterprise Transformation & Upgrade Development Fund

**Program 30:** Wuxing District Public Listing Grant

**Program 31:** Anti-dumping Respondent Assistance

**Program 32:** Technology Project Assistance

**Program 34:** Balidian Town Public Listing Award

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period 1 July 2016 to 30 June 2017?

**Answer: I-2-1: Youfa Group got benefit from program [REDACTED].**

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period 1 July 2016 to 30 June 2017?

**Answer I-2-2: No other awards besides.**

For each program identified in your answer to I-2.1 and I-2.2 above, answer the following.

3. Provide complete details involving the amount of the grant received, including whether the grant was received in a lump sum or multiple instalments.

**Answer I-2-3: Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts.**

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4. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).

**Answer I-2-4: When a company received the subsidy, all goods in that company will benefit from it.**

5. Describe the application and approval procedures for obtaining a benefit under the program.

**Answer I-2-5: Companies can report patent and research program it got to local Science and Technology Bureau to get award.**

6. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

**Answer I-2-6: Companies only kept bank receipts of awards they got with some description for the payment. Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts.**

7. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer I-2-7: Not applicable, there are no such fees or expenses.**

8. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

**Answer: Local Science and Technology Bureau are responsible for determining the eligibility criteria, which may contain protection of environment, facility construction and tax contributions to the local government.**

9. State whether your eligibility for the program was conditional on one or more of the following criteria:

- a) whether or not your business exports or has increased its exports;

**Answer: I-2-9a: Not related.**

- b) the use of domestic rather than imported inputs;

**Answer: I-2-9b: Not related.**

- c) the industry to which your business belongs; or

**Answer: I-2-9b: Not related**

- d) the region in which your business is located.

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**Answer: I-2-9b: Not related**

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

**Answer: I-2-10: For description of project which companies got awards, please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts.**

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

**Answer I-1-11: Companies shall have bank receipts of original payment they got for land use tax return. And we also provide calculation table for allocation method of land use tax during investigation period to prove how the company allocated the original value of land use tax return into each month.**

**Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts**

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

**Answer I-2-12: Patent and Research awards shall be accounted in the non-business income of the accounting system.**

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

**Answer: I-2-13: Still operate.**

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

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.

**Answer I-2-14: Not applicable. Programs are still operate.**

15. Identify the body responsible for administering the grant.

**Answer: I-2-15: Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts**

16. Identify the date of approval of the grant and the date the grant was received.

**Answer: I-2-15: Please refer to Annex I-1 Non-business Income-Subsidy and relevant receipts. Date shows on bank receipt is the date of grant.**

17. Indicate where the grant was accounted for on your business' financial statements.

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**Answer I-2-17: These grants were accounted for non-business income on companies' financial statements.**

**NON CONFIDENTIAL VERSION**

**PART I-3 Tariff and vat exemptions on imported materials and equipment (Program 14)**

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

If your business or any company/entity related to your business received benefits under any such program during the period 1 July 2016 to 6 June 2017, please answer the following questions.

**Answer I-3: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

1. Provide complete details involving the amount of the VAT refund received, including whether the refund was received in a lump sum or multiple instalments.

**Answer I-3-1: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

2. Describe the application and approval procedures for obtaining a benefit under the program.

**Answer I-3-2: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

3. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

**Answer I-3-3: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

4. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer I-3-4: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

5. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

**Answer I-3-5: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

6. State whether your eligibility for the program was conditional on one or more of the following criteria:

- a) whether or not your business exports or has increased its exports;
- b) the use of domestic rather than imported inputs;
- c) the industry to which your business belongs; or
- d) the region in which your business is located.

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**Answer I-3-6: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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

**Answer I-3-7: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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

**Answer I-3-8: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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

**Answer I-3-9: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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

**Answer I-3-10: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part H-1 in relation to this programme.

**Answer I-3-11: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

12. Were the materials and/or equipment that were entitled to a refund of VAT used in the e production of the goods during the assessment period? If yes, provide the following information:

- (a) type of inputs;
- (b) cost of inputs;
- (c) quantity of inputs; and
- (d) amount of VAT refunded.
- (e)

**Answer I-3-12: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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13. Has your company received exemption from payment of or refunds of import duty and import VAT for imported material inputs (e.g. NARROW STEEL STRIP, HRS, narrow strip, etc.) at any time that were used in the production of the goods during the assessment period? If yes, provide the following information:

- (a) description of imported product;
- (b) country of origin;
- (c) quantity of imported product;
- (d) purchase price;
- (e) terms of purchase (FOB, CIF etc.);
- (f) ocean freight;
- (g) value for duty of imported product;
- (h) regular rate of taxes and duties;
- (i) concessionary rate of taxes and duties;
- (j) amount of duties and taxes normally applicable;
- (k) amount of duties and taxes paid;
- (l) amount of duties and taxes exempt;
- (m) date of importation;
- (n) tariff classification number;
- (o) customs entry number; and
- (p) application fee.

**Answer I-3-13: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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14. Explain if (and how) the GOC determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).

Please explain how the GOC determined the percentage rate of duty exemption.

Please note that goods consumed in the production of exported goods (inputs) include:

- (a) goods incorporated into the exported goods; and
- (b) energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.

**Answer I-3-14: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

15. Provide a representative sample of copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods.

**Answer I-3-15: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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16. In addition to the import entry documents, you must also provide copies, if

**NON CONFIDENTIAL VERSION**

applicable, of any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.

**Answer I-3-16: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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17. Provide copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

**Answer I-3-17: Not applicable, Youfa Group did not import any input. So there is no exemption from payment of import duty and import VAT for Youfa.**

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**NON CONFIDENTIAL VERSION**

**PART I-4 Hot rolled coil steel provided by government at less than fair market value (program 20)**

In this questionnaire, the term ‘hot rolled steel’ (HRS) refers to both hot rolled coil (NARROW STEEL STRIP) and narrow strip.

The term SOE is defined in the glossary of this questionnaire.

In relation to this program, provide the following information.

1. Did your business or any company/entity related to your business receive any benefit under the above program during the period 1 July 2016 to 30 June 2017?

**Answer I-4-1: Not applicable. Raw material Youfa Group adopts to produce GUC is narrow steel strip rather than hot rolled coil. During IP, factories under Youfa Group purchased [REDACTED] MT of narrow steel strip, including [REDACTED] MT ([REDACTED]%) from private companies and 4 [REDACTED] ([REDACTED]%) MT from SIE. Average unit price from private company is [REDACTED] RMB/MT, average unit price from SIE is [REDACTED] RMB/MT. Both private suppliers and SIE suppliers sold narrow steel strip according to market value. Youfa Group did not get any benefit from SIE.**

**Please refer to Annex I-4-1 Narrow Steel Strip price from SIE and Private company.**

SOE or Not	Quantity	Value	Unit price
NOT	[REDACTED]	[REDACTED]	[REDACTED]
SIE	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

2. Does your business purchase any goods/services from SOEs, e.g., raw materials (including HRS), energy, water, other utilities, etc.?

**Answer I-4-2: During IP, factories under Youfa Group purchased [REDACTED] MT of narrow steel strip, including [REDACTED] MT ([REDACTED]%) from private companies and [REDACTED] ([REDACTED]%) MT from SIE. Average unit price from private company is [REDACTED] RMB/MT, average unit price from SIE is [REDACTED] RMB/MT. Both private suppliers and SIE suppliers sold narrow steel strip according to market value. Youfa Group did not get any benefit from SIE.**

**Please refer to Annex I-4-1 Narrow Steel Strip price from SIE and Private company.**

Invoices and payments for Electricity are provided.

3. Provide a list, including a contact name and address, of all your suppliers of HRS. Indicate whether the supplier is a SOE.

**Answer I-4-3: Please refer to Annex I-4.3 Suppliers of Narrow Steel Strip.**

4. Provide a listing showing the purchase price of HRS from each supplier during each month of the assessment period.

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Prepare this information in the attached spreadsheet named "NARROW STEEL STRIP Purchases" included as part of the *HSS Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

Please add more space for additional suppliers and HSR categories as required.

**Answer I-4-4: Please refer to Annex I-4-4 Narrow Steel Strip Purchase and Summary.**

5. Did your business receive any reduction/reduced price for the purchase of these goods/services during the assessment period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.

**Answer: I-4-5 Not applicable. Both private suppliers and SIE suppliers sold narrow steel strip according to market value. Youfa Group did not get any benefit from SIE.**

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

**Answer I-4-6: Not applicable. There is no contractual agreement between Youfa and SOE supplier to enjoy price reduce.**

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

**Answer I-4-7: Not applicable. The companies did not import raw material during the assessment period.**

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

**Answer I-4-7: Not applicable. The companies did not import raw material during the assessment period.**

### ELECTRICITY (PROGRAM 2)

The applicant claims that public bodies (in the form of state-owned or invested enterprises (SIEs)) are supplying electricity, directly or indirectly, to manufacturers of HSS at less than adequate remuneration.

Please answer the following questions in relation to your purchases of electricity from **1 July 2016 to 30 June 2017**.

1. Does your business or related business purchase electricity to manufacture HSS? If not, what alternative power source is used in the production of HSS?

**Answer I-4-1: Yes, the group purchases electricity to manufacture HSS.**

2. Provide a list, including a contact name and address, of all your suppliers of electricity, including those purchased through related businesses. Indicate whether the

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supplier is a SIE and provide evidence supporting this.

**Answer I-4-2: All the suppliers can be found in Electricity payment invoice, please refer to Annex I-4-2 Electricity Payments.**

**All the suppliers are SOEs since all the electricity suppliers in China are SOEs.**

3. Did your business receive any reduction/reduced price for the purchase of electricity during the investigation period? If so, provide details of the reduction/reduced price and describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the electricity.

**Answer I-4-3: No, the company did not receive any reduction for the purchase of electricity during the investigation period.**

4. Please provide a summary of all payments your company made for electricity during the investigation period in the attached spreadsheet labelled “Electricity” and provide copies of invoices and evidence of payment for each.

**Answer I-4-4: Please refer to Annex I-4-2 Electricity Payment**

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

**Answer I-4-5: Not applicable, since there is no assistance/benefits.**

6. It is understood that the GOC determines the price for electricity in China (refer China’s Accession to the WTO document where prices for utilities are confirmed as subject to governmental control). How does the price of electricity in your province differ to the price established by the GOC?

**Answer I-4-6: Electricity price for the company is the same with the price established by GOC.**

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**PART I-5 Any other programs**

If the GOC, any of its agencies or any other authorised body has provided any other benefit<sup>7</sup> under any other assistance programs to your entity not previously addressed, identify the program(s).

This may have included:

- the provision of grants, awards or prizes;
- the provision of goods or services at a reduced price (e.g. electricity, gas, raw materials (including, for example, zinc), transport);
- the reduction of tax payable including income tax and VAT;
- reduction in land use fees;
- loans from Policy Banks at below-market rates; or
- any other form of assistance.

For **each program** that you have identified above as conferring benefit on your entity, answer the following.

**Answer I-5 : Youfa Group also got subsidy as follows:**

**Program 36: Infrastructure construction support**

**Program 37: Employee training support**

**Program 38: vehicle scrapping encouragement**

**Program 39: Environment protection encouragement**

**Please refer detailed description to Annex I-1 Non-business Income-Subsidy and relevant receipts**

1. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).

**Answer I-5-1: When a company received the subsidy, all goods in that company will benefit from it.**

2. Describe the application and approval procedures for obtaining a benefit under the program.

**Answer I-5-2: There are no recording documents kept in companies in relation to the application and approval procedures of these programs.**

3. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

**Answer I-5-3: Please refer to Annex I-1 Non-business Income-Subsidy and relevant**

<sup>7</sup> Refer to the Glossary of Terms for a definition of benefit in this context.

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**receipts. Companies have bank receipts with description of the programs.**

4. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer I-5-4: Not applicable, there are no such fees or expenses.**

5. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

**Answer I-5-5: Infrastructure construction support shall be decided by local government, Youfa help local village to build road so that government gave some support for the project.**

**Employee training support shall be decided by local human resource office, since Youfa has lot of employees, local human resource bureau support some fund to train the workers.**

**Environment support shall be decided by local environment protection bureau since Youfa bought air pollution clean device to protect local environment.**

**vehicle scrapping encouragement is governed by Traffic Management Bureau, all vehicle used up to 15 years shall be encouraged to scrap in China, no matter owned by companies or privates.**

6. State whether your eligibility for the program was conditional on one or more of the following criteria:

- a) whether or not your business exports or has increased its exports;
- b) the use of domestic rather than imported inputs;
- c) the industry to which your business belongs; or
- d) the region in which your business is located.

**Answer H-5-6: Not related to these criteria.**

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

**Answer H-5-7: Not related to specific project.**

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

**Answer H-5-8: Companies shall keep bank receipts of subsidy payment they got. Subsidies shall be registered in Non-business Income- Subsidy in financial system.**

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

**Answer H-5-9: Subsidies shall be registered in Non-business Income- Subsidy in financial system.**

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

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**Answer H-5-10: Still operate.**

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

**Answer H-5-9: Not applicable. These support are still operate.**

12. If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this program.

**Answer H-5-12: Not applicable since there is no substituted program.**