PUBLIC RECORD

Australian Government
Department of Industry, Innovation and Science

Anti-Dumping Commission

INVESTIGATION 300

ALLEGED DUMPING OF

STEEL REINFORCING BAR

EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

VISIT REPORT - EXPORTER

SHANDONG SHIHENG SPECIAL STEEL GROUP CO., LTD

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

January 2016

CONTENTS

ABBREVIATIONS

ACBPS	Australian Customs and Border Protection Service
ACRS	Australasian Certification Authority for Reinforcing Structural Steels
the Act	*Customs Act 1901*
ADN	Anti-Dumping Notice
AS/NZS	Australian Standard / New Zealand Standard
ASTM	American Society For Testing and Materials
CFR	Cost and freight
COGS	Cost of Goods Sold
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTM	cost to make
CTMS	cost to make and sell
EQR	exporter questionnaire response
FOB	Free on board
the goods	the goods the subject of the application (also referred to as the goods under consideration, GUC)
HK Lutai	Hong Kong Lutai (Shiheng's affiliated trading company)
OCOT	ordinary course of trade
PAD	Preliminary Affirmative Determination
Rebar	Steel reinforcing bar (the goods)
RMB	Chinese Remnibi
SEF	Statement of Essential Facts
SG&A	selling, general and administrative costs
Shiheng	Shandong Shiheng Special Steel Co., Ltd

1 BACKGROUND AND PURPOSE

1.1 Background

Public notification of the initiation of an anti-dumping investigation into steel reinforcing bar (rebar) exported from the People's Republic of China (China) was made on 1 July 2015 in The Australian newspaper and in Anti-Dumping Notice No. 2015/82[1].

The background relating to the initiation of this investigation is contained in Consideration Report 300.[2]

Following this initiation, the Anti-Dumping Commission (the Commission) wrote to Shandong Shiheng Special Steel Co., Ltd (Shiheng) and other Chinese exporters of rebar inviting them to cooperate with the investigation. Shiheng cooperated through submitting a completed exporter questionnaire response (EQR) and relevant attachments.

1.2 Purpose

The Commission visited Shiheng to verify the data it submitted in its EQR, in order to make preliminary assessments regarding:

- like goods;
- who is the exporter and who is the importer;
- export prices;
- normal values; and
- dumping margins.

1.3 Meeting details

The visit team attended Shiheng's factory in Shiheng, Feicheing (Shandong Province) from 11 – 16 November 2015. The following attendees were present at various stages of the meetings:

MEETING ATTENDEES	
Shangdong Shiheng Special Steel Group Co., Ltd	
Ms Min Ran Ms Lin Yang Mr Qingxian Zhi Ms Xiuxia Zhang Mr Lijun Xiao Mr Zhijun Zhou	Export manager Export staff Cost manager Purchase manager Technology manager Technology staff
Consultants	
Mr John Bracic Mr Marco Hu	Director, J. Bracic & Associates Pty Ltd Lawyer

[1] Anti-Dumping Notice No. 2015/82 - Electronic Public Record Document Number 002 on www.adcommission.gov.au.

[2] Accessible at http://adcommission.gov.au/cases/Pages/CurrentCases/EPR300.aspx.

MEETING ATTENDEES	
Ms Xiaolin Yang Mr Genpo Zhao	Lawyer Lawyer
Anti-Dumping Commission visit team	
Mr An Chew Ms Danielle Rudolph	Assistant Director, Operations 3 Senior Investigator, Operations 2

Table 1: Attendees during the exporter verification meetings

1.4 Investigation process and timeframes

At the verification visit, the visit team advised Shiheng of the following.

- The investigation period is from 1 July 2014 to 30 June 2015.
- The injury analysis period is from 1 July 2011 onwards for the purpose of analysing the condition of the Australian industry.
- The Statement of Essential Facts (SEF) for the review is due to be placed on the public record by 6 February 2016[3], or such later date as the Assistant Minister for Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science[4] (Parliamentary Secretary) allows under section 269ZHI of the *Customs Act 1901* (the Act).[5]
- The SEF will set out the material findings of fact on which the Commissioner intends to base his recommendations to the Parliamentary Secretary, and will invite interested parties to respond, within 20 days, to the issues raised therein. Interested parties are encouraged to make submissions within 20 days of the SEF's release.
- Following receipt and consideration of submissions made in response to the SEF, the Commissioner will provide his final report and recommendations to the Parliamentary Secretary. This final report is due no later than 22 March 2016, unless an extension to the SEF or the final report is approved by the Parliamentary Secretary.
- The Parliamentary Secretary has 30 days from receipt of the final report to make a decision on the report's recommendations.

[3] The SEF was originally due to be published by 19 October 2015; however the Parliamentary Secretary approved an extension (refer ADN No. 2015/123).

[4] On 20 September 2015, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Science.

[5] References to any section or subsection of legislation are references to the *Customs Act 1901* unless otherwise specified.

2 COMPANY INFORMATION

2.1 Corporate, organisational and ownership structure

2.1.1 Organisational structure

Shiheng is split into two key groups which are respectively responsible for the production of steel products, or administration and other overhead activities. These groups both report upwards to a general manager, and ultimately a board of directors.

Exported goods are sold by the company directly, and also via an affiliated trading company, Hong Kong Lutai Trading Co., Ltd. (HK Lutai). HK Lutai is essentially [redacted]. [Operations of HK Lutai]

2.1.2 Ownership structure

Shiheng is a limited liability company primarily owned by [redacted]. [Parent company]

A part owner of [redacted] [Shareholder of parent company].

A diagram of Shiheng's ownership structure and affiliated companies are included in **Confidential Attachment GENERAL 1**.

2.2 Relationship with suppliers and customers

2.2.1 Suppliers

Shiheng purchases the coking coal and scrap steel from related companies, [redacted] and [redacted] respectively. Both [redacted] and [redacted] are owned by [redacted], which is the parent company of Shiheng.

However, Shiheng submitted that its raw materials purchases from [redacted] and [redacted], as well as its other raw materials purchases from other suppliers, were all conducted at competitive prices and under arms length arrangements (see section 5.3.2 below for an assessment of arms length prices from related suppliers).

2.2.2 Customers

As discussed above, Shiheng exported some goods to Australia via a related party trader (HK Lutai) during the investigation period (see section 4.5 below for an assessment of the treatment of HK Lutai).

The visit team did not identify any other potential Australian or domestic customers which were related to Shiheng, based on the company's EQR, sales data and audited statements.

2.3 Accounting structure and details of accounting system

Shiheng advised that its financial year is the calendar year (1 January to 31 December), and that its accounting practices are compliant with China's generally accepted accounting principles (GAAP).

Shiheng supplied audited financial statements for 2013 and 2014 in the EQR.

Shiheng uses the UFIDA software for its financial accounting system. The company's cost accounting system is excel-based and uses standard costs. All variances were allocated by output (tonnes) every month.

Shiheng advised that HK Lutai's accounting system is paper-based. An accounting firm produces audited accounts for HK Lutai annually, however Shiheng explained that this did not involve the production of detailed management accounts.

3 THE GOODS

3.1 Description

The goods that are the subject of the investigation (the goods) are:

> *Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process.*
>
> *The goods covered by this application include all steel reinforcing bar meeting the above description of the goods regardless of the particular grade or alloy content or coating.*
>
> *Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.*

The goods are referred to as rebar in this report.

3.2 Tariff classification

The application states that the goods are typically classified to the following subheadings in Schedule 3 of the *Customs Tariff Act 1995*.

- 7214.20.00 (statistical code 47)
- 7228.30.90 (statistical code 49, as of 1 July 2015, statistical code 40)
- 7213.10.00 (statistical code 42)
- 7227.90.10 (statistical code 69)
- 7227.90.90 (statistical code 42)
- 7227.90.90 (statistical code 01)

The goods imported from China are free of duty.

3.3 Production facilities and production process

Shiheng produces rebar exported to Australia via an integrated process, which transforms iron ore into casting billets which are then recast as rebar.

1. Iron ore → 2. Sintered ore/Pellet → 3. Liquid iron → 4. Casting billet → 5. rebar

Figure 1: Shiheng's rebar production process

3.3.1 Production of liquid iron

The conversion of iron ore through to liquid iron is completed in Shiheng's three iron ore workshops. The processes undertaken at each workshop are shown below.

Product	Iron ore workshops		
	#1 iron	#2 iron	#3 iron
Iron ore pellet			
Iron ore sinter			
Molten iron			

Table 2: products of Shiheng's iron ore workshops

The visit team observed the operations of #1 iron ore workshop. Shiheng advised the furnace was operated by coal and the gases emitted from the furnace were used to operate other production facilities such as the steel converter in the steel workshop.

3.3.2 Production of steel billet

After producing liquid iron, Shiheng casts the iron into billets at three steel workshops. [redacted]

[redacted]

[redacted]

[Production process of steel billet]

3.3.3 Production of rebar and other products

The steel billet is then cast into rebar and various other products at finished goods workshops. Shiheng operated four such workshops during the investigation period, with the products manufactured at each workshop shown below.

[redacted]	[redacted]			
	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Table 3: Products of Shiheng's various finished goods workshops

[redacted] [Production process of rebar]

Shiheng submitted that all scraps and other by-products generated from the production of finished goods are recycled and re-used in the production process.

[redacted]

[6] Shiheng advised the medium section facility had closed since the investigation period.

[redacted] [Production process of rebar]

3.3.4 Physical characteristics and production process for exported rebar

The table below summarises the models of rebar exported to Australia by Shiheng, as shown in Shiheng's Australian sales spreadsheet (**Confidential Attachment EXP SALES 1**) and the functions / end use, physical characteristics and production methods.

Model	Function / end use	Physical characteristics	Production method
500N straight	Typical construction purposes (e.g. constructing residential or commercial facilities). All required to meet Australian standard AS4671:2001	500-grade steel. Alloy count: [redacted]	[redacted]
500N coil	As above.	500-grade steel. Alloy count: [redacted]	[redacted]
PSB500Z (straight only)	More specific / technical construction purposes (e.g. bridge building). These products don't meet an Australian standard, but instead meet technical standards set by the Australian customer.	500-grade steel. Alloy count: [redacted]	[redacted]

Table 4: Characteristics of rebar exported to Australia during the investigation period

Shiheng advised that the alloy count relating to exported products resulted mainly from China's VAT rebate policies for exported goods, which explains the shift from boron to chromium as a key alloy for 500N grade products.

All rebar produced by Shiheng (both rebar exported and sold domestically) is made to order - hence, no stock is kept on site. Any inventory showing in the company's accounting records at the end of the month is effectively goods that are waiting to be delivered to the customer.

3.4 Like goods

3.4.1 Legislative background

Like goods (as defined in subs. 269T of the Act) are:

> *"goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration."*

The determination of like goods is used, among other things, to define the goods sold on the exporter's domestic market. Of particular relevance is subs. 269TAC(1) of the Act which states that:

> *"the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export…".*

The visit team has therefore examined whether the steel products produced by Shiheng can be defined as being "like goods", taking into account their physical, commercial, functional and production likeness.

3.5 Assessment of like goods

Shiheng submitted in its EQR that it produced goods that are like to those exported to Australia. Shiheng submitted the main determinants for likeness were:

- Grade (noting only 500-grade products were exported to Australia during the investigation period);
- Type (e.g. coil vs. straight); and
- Technical specification (i.e. relevant standards or technical requirements).

A summary of the characteristics of domestically-sold models of 500-grade rebar,[7] and an analysis of whether there are any exported models that are comparable to these domestic goods, is shown in the below table.

Domestic model	Commercial and functional properties	Physical properties	Production	AU model match?
HRB500 (straight and coiled)	Designed for general construction purposes, similar to 500N grades exported to Australia.	[redacted]	[redacted]	No, due to different alloy contents (and inability to make adjustments to domestically sold goods)
HRB500E	Specifically used for construction in earthquake prone regions. Domestic selling prices are higher than other grades as is a premium product.	[redacted]	[redacted]	No, due to different alloy contents (see above), and (for most models) different production methods and functional properties to 500N or PSB500Z goods.

[7] The Commission did not obtain information about the properties related to one 500 grade model sold domestically – B500B – as only one transaction occurred in extremely low volumes ([redacted] tonnes).

Domestic model	Commercial and functional properties	Physical properties	Production	AU model match?
HRBF500 ("Fine grade" products)	Mainly used for construction purposes in extremely cold areas, due to durability within very low temperatures.	[redacted]	[redacted]	No, due to different alloy contents (see row 1) and different functional properties.
"不定尺" (may include some 500 grade products)	This is a bulk package of various surplus rebar (straight and coil) in a variety of grades, lengths and diameters.	[redacted]	[redacted]	No - the different physical, functional and production methods of the various types of rebar sold as this model make it impossible to match to Australian goods.

Table 5: Physical properties of domestically sold 500 grade models

The visit team considers that Shiheng sells like goods on the domestic market to the goods exported to Australia. Additionally, the visit team notes that Shiheng sells rebar with similar grades and yield strengths in the domestic market as it exports to Australia. However, the visit team notes the critical difference between rebar exported to Australia and rebar sold domestically being the different microalloy contents.

In discussing this issue with Shiheng, the visit team considers, and Shiheng agrees, that it is not possible to calculate the cost differences relating to the microalloy content between the exported rebar and domestic rebar from its accounts and therefore, it is not possible to apply a reasonable specification adjustment. Accordingly, the visit team considers that there is no domestic model that can be matched to the export model when determining the comparable normal value. Therefore, the visit team considers that domestic selling prices cannot be used for the basis of calculating the normal value.

3.6 Like goods – preliminary assessment

The visit team considers that rebar produced and sold domestically by Shiheng have characteristics closely resembling those of the goods exported to Australia and are "like goods" in terms of subsection 269T(1) of the Act.

However, as there is no reasonable adjustment for the differences in microalloy contents, the visit team considers that normal values cannot be ascertained under subsection 269TAC(1). Therefore, the visit team has determined that the normal values should be made using a constructed method, as permitted under subsection 269TAC(2)(c) of the Act.

4 SALES TO AUSTRALIA

4.1 General

As noted in Section 2.1, during the investigation period Shiheng sold the goods to Australia via two export sales channels:

- Channel 1 – prior to 2015, the goods manufactured by Shieheng Steel are sold directly to Australia customers; or
- Channel 2 – from 2015 onwards, almost all the goods manufactured by Shieheng Steel are sold to Australia customers via an affiliated trader, HK Lutai.

4.1.1 Sales process

Shiheng is responsible for all aspects of the domestic sales made via channel 1. The sales process for sales made via channel 2 is discussed below.

Sales process – goods exported via HK Lutai
[redacted]

Table 6: Export sales process for rebar exported to Australia via HK Lutai

4.1.2 Pricing

Shiheng advised the price of exported goods was based on a combination of cost to make, market prices and a suitable uplift for profit.

Shiheng stated that it did not use a price list for export sales, as prices were set on a transaction basis and formalised through the purchaser's sales contract or purchase order.

Shiheng submitted that export selling prices did not vary according to the distribution channel. However, the Commission observed that for sales made via HK Lutai, [redacted] [Pricing arrangements between Shiheng and HK Lutai]

All exported goods were priced using US dollars.

4.2 Export sales data provided

Shiheng's Australian export sales listing (**Confidential EXP SALES 1**) included the following information:

- customer name;
- level of trade;
- production method;
- model number and product code;
- deformation and product type (straight or coil);
- grade (by Mpa) and alloy content;
- dimensions (width and length in millimetres);
- Australian standard, ACRS certificate number (where applicable);
- ductility and tolerance;
- invoice number, invoice date, date of sale and order number;
- quantity, shown by actual or theoretical weight (in metric tonnes);
- shipping terms, inland transport costs (which include any applicable handling charges) and ocean freight costs and marine insurance (where applicable);
- gross invoice value (in USD) and net invoice value (in RMB);
- payment terms; and
- bank charges incurred by Shiheng or HK Lutai (where applicable).

No packing costs, warranties, technical support expenses or commissions were identified.

The visit team has adopted the invoice date as the date of sale.

4.3 Verification of sales to audited financial statements

At the visit, Shandong Shiheng prepared an upwards reconciliation spreadsheet (at **Confidential Attachment EXP SALES 2).** This spreadsheet shows the reconciliation of Shiheng's export sales and domestic sales revenue, as shown in its detailed sales spreadsheet submitted in the EQR, to Shiheng's audited accounts.

The approach taken by the visit team to the upwards reconciliation process is as follows:

1. The total value and volume in the export and domestic sales spreadsheets (**Confidential Attachments EXP SALES 1 and DOM SALES 1**) were reconciled to Shiheng's turnover spreadsheet (**Confidential Attachment EXP SALES 3**).
    a. The visit team was able to match the domestic sales volumes and values, however for Australian sales, there was a variance of approximately 7% by volume and value. It was found, by observing relevant data from the company's accounting system, that this variance represented:
        i. the value of goods sold outside the investigation period but which were invoiced during the investigation period;

ii. costs of post-FOB export expenses (accounted for under the company's 'other revenue' ledger, in accordance with Chinese GAAP); and

iii. the value of goods sold during the investigation period but were invoiced outside the investigation period.

2. The sales values in Shiheng's turnover spreadsheet was reconciled to Shiheng's revenue ledgers for the periods July – December 2014 and January to June 2015 (**Confidential Attachment EXP SALES 4**).

3. The revenue ledgers were reconciled upwards to the data included in the company's financial statements for the investigation period [8] (**Confidential Attachment EXP SALES 5**)[9] to the company's accounting systems for the 2014 financial year, and for the last six months of the 2014 financial year and the first six months of the 2015 year (**Confidential Attachment EXP SALES 6**).

4. The total revenue for the investigation period, as verified in the company's accounting systems, was reconciled to Shiheng's Income Statement submitted as part of its Exporter Questionnaire (**Confidential Attachment EXP SALES 7**).

The visit team was unable to reconcile the sales figures applicable to the investigation period (as included in Shiheng's income statement) directly to Shiheng's audited report, due to the fact that the POI does not align with Shiheng's accounting period. However, the visit team was able to reconcile the sales, cost and income figures included in the company's 2014 income statement from its accounting system directly to Shiheng's audited report (**Confidential Attachment EXP SALES 8)**.

Having undertaken the above reconciliation activities, the visit team is satisfied that Shieheng's sales data is relevant and complete.

In relation to HK Lutai, limited upwards verification was undertaken (refer to **Confidential Attachment EXP SALES 9**)[10] due to the paper-based nature of HK Lutai's accounting records (no management reports were delivered), and the fact that HK Lutai essentially acted as a shell company and did not have a genuine role in the export of the goods. The visit team viewed that reconciliation of Shiheng's accounts were sufficient, recognising they captured all Australian sales, and given HK Lutai and Shiheng will be collapsed into one entity for the purpose of determining an export price (as discussed further in section 4.5).

[8] Income for July to December 2014 was determined by removing the values shown in Shiheng's income statement for January to June 2014 from Shiheng's annual financial statement. The balance was combined with the values included in Shiheng's income statement for the period of January to June 2015, to determine data applicable to the full investigation period.

[9] Submitted in Shiheng's EQR.

[10] The visit team matched HK Lutai's Australian sales spreadsheet to the turnover spreadsheet with a variance of less than 3%. The total revenue included in HK Lutai's turnover spreadsheet applicable to 2014 matched the company's income statement submitted as part of Shiheng's EQR, and that in turn matched the total revenue shown in Shiheng's 2014 audited accounts.

4.4 Verification of export sales to source documents

As part of its EQR, Shiheng provided source documentation for two Australian export sales transactions. Prior to the visit, the visit team reconciled these source documents to the Australian export sales listings.

The visit team selected an additional 11 export transactions for verification to source documents at the visit, requesting that Shiheng provide relevant source documents in relation to each selected export sales transaction.

Shiheng Steel provided an array of source documents to verify the data contained in its Australian sales spreadsheet (**Confidential Attachment EXP SALES 10**).

The visit team was able to reconcile the invoice number and date, quantity and payment terms directly to invoices. Alloy content was verified in mill test certificates.

Shiheng advised that sales of rebar in coil are sold on actual weight basis, whereas sales of straight rebar are sold using both theoretical and actual weight basis depending on the customer's requirements. The visit team was able to verify the basis of the order quantity (i.e. actual or theoretical) on the sales order for the selected invoices, which matched the details in the export sales spreadsheet. To calculate the actual weight for those sales that were sold on theoretical weight, the visit team made an adjustment for those sales (see section 5.3.1 below).

For inland freight, Shiheng made bulk freight payments applicable to multiple invoices. These fees were inclusive of handling charges, and, for FOB and CIF sales, port fees. Shiheng provided an inland freight reconciliation spreadsheet which broke down these bulk inland freight and port charges and the visit team reconciled the values in this reconciliation sheet against the Australian sales spreadsheet and VAT invoices issued by the delivery company.

Overseas freight and insurance values (applicable to CIF sales only) were reconciled to invoices from the relevant freight and insurance company.

For proof of payment, Shiheng and/or HK Lutai received bulk payments from Australian customers for multiple invoices. Shiheng provided a sample selection of accounts receivable ledgers showing its receipt of payment, and also submitted an accounts receivable ledger for HK Lutai showing payments received for a sample sale.

Bank charges applicable to both Shiheng and HK Lutai were also verified, in accordance with the following approaches:

- *For sales made directly from Shiheng to Australian customers:* bank charges were incurred due to the use of letters of credit as a form of payment. The visit team verified these costs by comparing the invoice price with the payment received (as shown in credit advices, and which accounted for numerous invoices), and allocating the difference (i.e. the bank charge) to the relevant transaction, by weight.
- *For sales made via HK Lutai*: Bank charges applied to both the costs of using letters of credit as a means of payment, and the cost of transferring payments from HK Lutai's account to Shiheng. The visit team verified these charges by:
    - matching the invoice price to the credit advice and letters of credit provided by the Australian customer's bank to HK Lutai (comprising

deposits where applicable, as well as any other payments towards the full invoice price);

- comparing the invoice price to the amount received by HK Lutai; and
- allocating the gap between the two values to the transaction, by weight.

4.5 Treatment of Shiheng and HK Lutai as a single entity

Due to the circumstances of the exports of rebar manufactured by Shiheng and sold by HK Lutai, the visit team considers it appropriate to treat the two entities as one for the purpose of calculating a dumping margin.

Where entities are 'collapsed' the actions of one member of the entity are taken to represent the actions of the whole. The issue of considering multiple entities as a single entity for the purpose of calculating dumping margins was considered by a World Trade Organization (WTO) dispute settlement panel dealing with the case of Korea – Anti-Dumping Duties on Imports of Certain Paper from Indonesia.[11]

In that WTO dispute settlement panel, the panel stated:

> *"In our view, in order to properly treat multiple companies as a single exporter or producer in the context of its dumping determinations in an investigation, the investigating authority has to determine that these companies are in a relationship close enough to support that treatment."*

It also stated that entities could be treated as a single entity where:

> *"the structural and commercial relationship between the companies in question is sufficiently close to be considered as a single exporter or producer."*

The panel considered that common management and ownership are indications of a close legal and commercial relationship and such companies "could harmonize their commercial activities to fulfil common corporate objectives."

In this instance, both Shiheng and HK Lutai have a common ownership structure, with HK Lutai being ultimately owned by Shiheng, which in turn is owned by Shiheng Holding.

Further, during the verification visit, information and data was provided by Shiheng on behalf of HK Lutai. Therefore, it appears that Shiheng and HK Lutai share staff that work together to achieve a common corporate objective.

Considering the close structural and commercial relationship between Shiheng and HK Lutai, the visit team considers it is appropriate to treat the two companies as a single entity for the purpose of calculating a dumping margin.

4.6 The exporter

For all export sales during the investigation period, the visit team considers Shiheng and HK Lutai, as a collapsed entity, to be the exporter[12] of the goods.

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11 WT/DS312/R.

12 The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or a

4.7 The importer

The verification team considers that, in relation to the goods exported by Shiheng and HK Lutai as a collapsed entity during the investigation period, the customers listed in the consolidated Australian sales listing were the beneficial owners of the goods at the time of importation and therefore were the "importers" of the goods.

4.8 Arms length

In respect of export sales of rebar to Australia by Shiheng and HK Lutai as a collapsed entity during the investigation period, the visit team found no evidence that:

- there is any consideration payable for or in respect of the goods other than their price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, whole or any part of the price.

The verification visit team therefore consider that all rebar export sales to Australia by Shiheng and HK Lutai as a collapsed entity during the investigation period were arms length[13] transactions.

4.9 Export price – preliminary assessment

In relation to the goods exported by Shiheng and HK Lutai, the verification team recommends that export price be determined under subsection 269TAB(1)(a) of the Act, as the price paid by the importer less transport and other costs arising after exportation.

The team's preliminary export price calculations are at **Confidential Appendix 1**.

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principal in the transaction, located in the country of export, who owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

[13] Section 269TAA of the Act outlines the circumstances in which the price paid or payable shall not be treated as being at arms length. These are where: there is any consideration payable for or in respect of the goods other than price; the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or in the opinion of the Parliamentary Secretary, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

5 COST TO MAKE AND SELL

5.1 General

In its EQR, Shiheng provided quarterly cost to make and sell (CTMS) rebar by models (i.e. steel type and diameter). It stated that it has an integrated production process and produces steel billets from raw materials such as iron ore, however, it purchased steel billet on two occasions during the investigation period, representing [redacted]% of its steel billet production.

Shiheng stated that it uses standard costs to allocate materials, working hours to allocate labour and output in tonnes to allocate overheads and material variances.

The cost to make (CTM) data provided was broken down into the following items:

- Raw materials:
- Direct labour; and
- Manufacturing overheads.

Shiheng stated that it has a cost centre for each workshop, namely 3 iron making workshops, 3 steel making workshops, 3 bar workshops and 1 coil workshop.

5.2 Verification of Shiheng's costs up to audited financial statements

The visit team sought to verify the completeness and relevance of the CTM data provided by Shiheng in its exporter questionnaire response by reconciling it to its audited financial accounts.

Shiheng provide a cost reconciliation spreadsheet (**Confidential Attachment CTMS 1**) that demonstrated how the CTMS data reconciled to the cost of goods sold (COGS) amount in the audited financial statements. Specifically, it demonstrated:

- COGS for the investigation period using the COGS reported in the 2014 audited income statement, January-June 2014 income statement and January-June 2015 income statement; and
- Reconciliation between the COGS for the investigation period and the cost of production of the rebar using its COGS ledger and finished goods inventory ledger.

The cost of production for rebar during the investigation period was compared with the CTM provided in the EQR and there was a negligible variance of less than 0.1%.

Having reconciled the CTM data to audited financial statements, the visit team is satisfied that Shiheng's CTM data is complete and relevant.

5.3 Verification of costs down to source documents

The visit team sought to verify the accuracy of Shiheng's CTM data by reconciling it to source documents. Prior to the visit, Shiheng provided working cost spreadsheets showing how it calculated CTMS for each model (**Confidential Attachment CTMS 2**). During the visit, it provided further spreadsheets supporting the calculations, namely the monthly cost reports for all 10 cost centres for all months during the investigation period (**Confidential Attachment CTMS 3**).

Shiheng was able to demonstrate how it calculated the CTMS of rebar using the monthly cost reports and the visit team was satisfied with the methodology. The visit team then selected the production quantity, raw materials and manufacturing overheads for export rebar model 500N 12mm in June 2015 for further verification.

5.3.1 Production quantity

The visit team was able to reconcile the June 2015 quarter production quantity reported in the CTMS spreadsheet through to the monthly cost reports for the relevant rebar workshop (Bar #2). The visit team then sought source documents to support the quantities. Shiheng advised that 500N 12mm was able to provide stock-in slips (**Confidential Attachment CTMS 4**) which reconciled to the corresponding monthly cost spreadsheet.

Shiheng advised that where the order and sales was made based on theoretical weight, it would record both the theoretical and actual quantities produced. It explained that, in order for the production volume to match sales volumes in its accounting system, it would enter the quantities in the accounting system according to the basis of the sales quantity. Shiheng provided its monthly production data for the rebar straight bar workshops (rebar in coil are only sold on actual weight basis) and the visit team was able to calculate the average monthly difference between actual and theoretical weights for each model (**Confidential Attachment CTMS 5**). The visit team then applied a weight adjustment to the CTMS data and the relevant export sales transactions (as discussed in section 4.4 above) to arrive at actual quantities manufactured and sold.

5.3.2 Raw materials

In the CTMS spreadsheet, Shiheng reported raw material costs based on the cost recorded in the final products workshop (i.e. rebar and coil workshops), with the main raw material being steel billets from its steel making workshop. For the purpose of reporting costs at the raw materials level for the EQR, Shiheng calculated the raw material costs for each model proportionally based on costs recorded in the iron making and steel making workshops. The visit team considered the calculation methodology reasonable. As Shiheng's costs are based on standard costs, the visit team focused the verification on the standard costs and variances through the relevant cost centres to reconcile to raw material invoices.

<u>Steel billet and iron ore</u>

The visit team asked Shiheng to demonstrate how the steel billet cost shown in the Bar #2 monthly cost report was calculated for model 500N 12mm in June 2015. Shiheng provided a relevant bill of material (**Confidential Attachment CTMS 6**) and variance allocation worksheets (**Confidential Attachment CTMS 7**) which reconciled. Shiheng was able to demonstrate that the steel billet variance for final products was allocated across all production (i.e. all final products workshops) in the month by weight. It then demonstrated the reconciliation of steel billet variances between the finished products and steelmaking cost centres (**Confidential Attachment CTMS 8**).

From the steel variance worksheets, the visit team then selected liquid iron in steelmaking for further verification and was able to observe that the liquid iron variance was also allocated across all three steelmaking cost centres according to weight. Shiheng was then able to demonstrate the reconciliation of liquid iron variances between the steelmaking and ironmaking cost centres (**Confidential Attachment CTMS 9**).

The visit team then selected iron ore in ironmaking for further verification and again was able to observe that the iron ore variance was allocated across all three ironmaking cost centres equally by weight. Shiheng provided a breakdown of the iron ore variance between domestic and imported iron ore (**Confidential Attachment CTMS 10**) and the visit team selected imported iron ore for further verification.

Shiheng provided its iron ore inventory ledger for June 2015 showing summaries of the 15 different imported iron ore purchased (**Confidential Attachment CTMS 11**) and the visit team selected one of the imported iron ore types. Shiheng then provided the detailed inventory ledger for the selected iron ore type. The visit team then selected one transaction and Shiheng provided the relevant commercial invoices (**Confidential Attachment CTMS 12**), which reconciled. Shiheng advised that the invoice prices were purchased on cost and freight (CFR) terms and the visit team sought to verify that the relevant inland transport costs were also included in the cost of iron ore. Shiheng was able to identify the relevant freight costs in the inventory ledger to the verification team (**Confidential Attachment CTMS 13**).

The visit team also sought to reconcile the iron ore purchases to the raw material purchases spreadsheet submitted in its EQR and was able to identify and reconcile the selected transaction. The visit team selected a further 9 transactions and Shiheng provided the corresponding commercial invoices (**Confidential Attachment CTMS 14**) which also reconciled.

Other raw materials

In relation to the other raw materials, the verification team first sought to verify the raw materials purchased spreadsheet submitted in its EQR and selected the following number of transactions for the following raw materials for verification:

- Coke x 9
- Coking coal x 5
- Scrap steel x5
- Pig iron x 2
- Lime x 2

Shiheng provided the relevant commercial invoices which reconciled (**Confidential Attachment CTMS 15**). The visit team then selected one transaction for each raw material and asked for the relevant purchase inventory ledger. Shiheng provided the ledger and it reconciled (**Confidential Attachment CTMS 16**). As the visit team undertook a detailed verification of Shiheng's variance allocation methodology with steel billet and iron ore, the visit team did not consider that further verification of other raw materials was required.

As noted in section 2.2.1 above, Shiheng purchases coking coal and scrap steel from related suppliers. As Shiheng also purchases coking coal and scrap steel from unrelated companies, the visit team was able to compare the purchase prices between the related and unrelated parties and found that the unit prices are similar (**Confidential Attachment CTMS 17**). Therefore, the visit team considers that the purchase prices of coking coal and scrap steel from related parties can be considered as arms length prices.

5.3.3 Manufacturing overheads

Shiheng allocates manufacturing overheads to models produced in the corresponding workshop and splits the cost into variable and fixed overhead costs where the fixed overhead cost is predominantly (99.8%) depreciation. It allocates variable manufacturing costs by production volume and fixed manufacturing costs (i.e. depreciation) by hours worked. Shiheng provided a worksheet demonstrating the allocation of manufacturing costs to the different models of rebar (**Confidential Attachment CTMS 18**) and the visit team considers the allocation methodology reasonable.

Prior to the verification visit, Shiheng provided the manufacturing overheads ledgers for all cost centres (**Confidential Attachment CTMS 19**) which showed the breakdown of manufacturing overheads. The visit team sought to focus the manufacturing overhead costs of Bar #2 workshop in June 2015 and selected depreciation, supply of steam and energy for verification down to source documents.

<u>Depreciation</u>

The visit team sought to verify the depreciation cost shown in the manufacturing overheads worksheet to the relevant depreciation schedule. Shiheng provided its June 2015 depreciation schedule for Bar #2 (**Confidential Attachment CTMS 20**) and the visit team was able to match the depreciation expense to the Bar #2 manufacturing overheads ledger.

<u>Supply of steam</u>

The supply of steam appears as an offset in the manufacturing overheads ledger. Shiheng explained that the steam generated from its workshops are recycled back into the workshop, distributed to other workshops or consumed in other parts of the company. It stated that all steam produced is consumed within the company and for accounting purposes, it uses a nominal rate of RMB20 per tonne. Shiheng provided the visit team with its steam movement inventory report for June 2015 (**Confidential Attachment CTMS 21**) demonstrating that the production of steam is fully consumed within the company.

The visit team then tried to reconcile the amount reported in the steam movement inventory report for Bar #2 with the steam offset value reported in the Bar #2 manufacturing overheads ledger. Shiheng advised that the value reported in the manufacturing overheads ledger represented the net steam supply offset (i.e. steam supply less steam consumed) and provided the workshop Bar #2 production cost ledger (**Confidential Attachment CTMS 22**) showing the supply and consumption as separate transactions and the sum matching the value in the manufacturing overheads ledger.

<u>Energy</u>

Shiheng advised that energy costs comprise the cost of electricity, converter gas, furnace gas and compressed air and the visit team selected electricity costs in June 2015 for the Rebar #2 workshop for verification. It provided its June 2015 electricity consumption report which shows the electricity consumed for each workshop (**Confidential Attachment CTMS 23**). Shiheng then provided the commercial invoice from its electricity company (**Confidential Attachment CTMS 24**) which reconciled to the electricity consumption report. The visit team then attempted to reconcile the electricity consumption between the consumption report and the June 2015 Bar #2 monthly cost report however, the latter report only included the production costs of rebar. Shiheng provided the monthly cost report for all products manufactured in workshop Bar #2 (**Confidential Attachment CTMS 25**) which enabled the reconciliation of electricity costs.

Shiheng advised that it allocates electricity costs based on actual electricity consumed for each model. The visit team requested, which Shiheng provided, an electricity consumption report for model 500N 12mm in June 2015 (**Confidential Attachment CTMS 26**), which reconciles to the monthly cost report with an immaterial variance of less than 1%.

5.4 Selling, general and administration (SG&A) expenses

Prior to the verification visit, Shiheng provided a worksheet showing the breakdown and calculation of SG&A. Shiheng calculated SG&A as a percentage of revenue on a quarterly basis from its quarterly income statement. The visit team observed that SG&A fluctuated significantly between the quarters ranging from 3.9% to 6.8%. In reviewing the SG&A expense items, the visit team noticed a number of annual expenses, such as employee social insurance, which was expensed to a single month. Accordingly, the visit team decided that it is more appropriate to apply a single weighted average SG&A percentage over the investigation period.

The visit team then sought to verify SG&A down to source documents and selected export fees for further verification.

Export fees

Shiheng advised that an export fee includes inland transport and port charges relating to export sales. The visit team considered that this should be excluded from the SG&A calculation, as an upwards adjustment will be made to the normal value for inland transport and port charges. The visit team asked Shiheng whether it expensed the Australasian Certification Authority for Reinforcing Structural Steels (ACRS) accreditation fee to the export fee account. Shiheng advised that the ACRS accreditation fee was not expensed to the export fee account, but to administrative expenses and provided the relevant ledgers and invoices (**Confidential Attachment CTMS 27**). The visit team considered that the ACRS accreditation fee should also be excluded from the SG&A and be applied as an upwards adjustment to the normal value. Shiheng stated that it agreed with this approach.

The revised SG&A calculation is at (**Confidential Attachment CTMS 28**).

5.5 Cost to make and sell – summary

Having verified Shiheng's CTMS data for rebar to audited financial accounts and to source documents, the visit team is satisfied that Shiheng's CTMS data is complete, relevant and accurate.

Shiheng's verified CTMS spreadsheet is at **Confidential Appendix 2**.

6 DOMESTIC SALES

6.1 General

Shiheng produces rebar for domestic customers on a made to order basis. Orders are placed via purchase orders or sales contracts, and these orders are used to inform Shiheng's production plans. HK Lutai does not play any role in the domestic sales process, and does not sell any goods within the Chinese market.

Most domestic sales are made on an ex-warehouse basis, while a small proportion also includes delivery.

Shiheng does not use price lists for domestic sales. Instead, prices are negotiated with customers on a transaction basis, based on estimated production costs and current market prices.

The verification team has adopted the invoice date as the date of sale.

6.2 Domestic sales data provided

In its EQR, Shiheng provided a detailed line-by-line domestic sales listing (**Confidential Attachment DOM SALES 1**) which showed sales of like goods during the investigation period, and included the following information:

- customer name;
- level of trade;
- model, product code and production method;
- product type (straight vs. coil, and diameter);
- dimensions (thickness, width and length in millimetres);
- relevant manufacturing standard;
- alloy content (where applicable);
- transaction details (e.g. invoice date and number, and order number);
- payment terms;
- quantity (in metric tonnes);
- gross and net invoice value (in RMB); and
- inland transport costs (where applicable).

6.3 Verification of domestic sales to audited financial statements

The visit team was able to verify Shiheng's domestic sales spreadsheet to the audited financial accounts during the export sales reconciliation process, as discussed in section 4.3 above.

6.4 Verification of domestic sales to source documents

As part of its EQR, Shiheng provided source documentation for two domestic sales transactions. Prior to the visit, the visit team reconciled these source documents to the domestic sales listings.

The visit team selected an additional 10 domestic transactions for verification to source documents at the visit, requesting that Shiheng provide source documents in relation to each selected domestic sales transaction.

Shiheng provided source documentation (**Confidential Attachment DOM SALES 2**) for the selected domestic sales transactions, including:

- sales agreement / purchase order;
- commercial invoices;
- proof of payment of commercial invoice (accounts receivables and bank statements / confirmation); and
- inland freight invoices (where applicable).

The visit team reconciled the invoice prices, customer names, and quantities included in the Australian sales spreadsheet against the submitted invoices.

In relation to proof of payment, domestic customers made rolling payments to Shiheng in anticipation of future orders. The visit team was thereby unable to reconcile proof of payment directly to each invoice, however obtained the accounts receivable ledgers for the select domestic customers, which showed that these customers were making regular payments to Shiheng.

For inland freight fees, where the products are delivered, freight companies undertake deliveries by customer, and issues bulk invoices for numerous transactions. We were therefore unable to verify inland freight values directly to invoices; however, we were able to verify freight values by matching a unit freight price for one selected sale to an inland freight contract provided by Shiheng (**Confidential Attachment DOM SALES 3**).

Having regard to the verification activities discussed above, the visit team considers that Shiheng's domestic sales listing is an accurate record of its domestic sales of rebar during the investigation period.

6.5 Arms length

In respect of Shiheng's domestic sales of rebar during the investigation period, the visit team found no evidence that:

- there is any consideration payable for or in respect of rebar other than their price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

The visit team therefore considers that all domestic sales by Shiheng during the investigation period were arms length transactions.

6.6 Ordinary course of trade

Section 269TAAD of the Act provides that if like goods are sold in the country of export at a price less than the cost of such goods and are unrecoverable within a reasonable period, they are taken not to have been paid in the ordinary course of trade (OCOT).

The visit team compared the quarterly domestic CTMS to the corresponding net invoice price to test whether domestic sales were profitable. Where the volume of unprofitable sales exceeded 20 per cent for the product category, the team then tested the recoverability of the unprofitable sales by comparing the unit selling price to the corresponding weighted average CTMS over the whole of the investigation period. Those sales found to be unrecoverable were deemed not to be made in the OCOT.

6.7 Suitability of sales and profit

As discussed in section 3.6 above, the visit team considers that normal values cannot be ascertained under subsection 269TAC(1). In addition, the Commission has preliminarily found that a market situation exists[14] (see Chapter 9 below) in the domestic rebar market in China. Therefore, normal values have been constructed using the costs to make the exported goods, plus SG&A applicable to the goods sold domestically, and an additional amount for profit.

We calculated the profitability of domestic sales of like goods by comparing the selling price with the corresponding quarterly CTMS. In calculating the profit, we have only included domestic sales made in the OCOT[15].

The profit margin of domestic sales of like goods made in the OCOT during the investigation period is [redacted]%.

6.8 Domestic sales – conclusion

As discussed in Chapter 9 below, the visit team has determined normal values under subs. 269TAC(2)(c) using the cost to make and sell and an amount for profit.

Notwithstanding this treatment, this chapter set out the verification conducted in relation to selling prices and the results of the OCOT test that was used to determine an appropriate amount of profit.

Domestic sales spreadsheet is at **Confidential Appendix 3**.

[14] 269TAC(2)(a)(ii) of the Act

[15] Subsection 45(2) of the *Customs (International Obligations) Regulation 2015*

7 THIRD COUNTRY SALES

In its EQR, Shiheng provided a summary of rebar sold to third countries during the investigation period. This summary did not contain a line by line listing.

The visit team considers that it is in possession of sufficient verified information from the EQR and the visit to calculate normal values for rebar using domestic sales or costs. For this reason, the visit team did not undertake a detailed verification of third country sales.

8 ADJUSTMENTS

To ensure that the normal value was comparable to the Australian export price at FOB terms, the following adjustments were made.

8.1 Export inland freight, handling and port charges

The visit team considers an upward adjustment for export inland freight, handling and port charges is required to ensure a fair comparison to the export price. The visit team applied an upwards adjustment based on actual export inland freight, handling and port charges listed for each export transaction.

8.2 Bank charges

The visit team considers an upward adjustment to normal values based on the export bank charges is necessary to ensure a fair comparison to the export price. The visit team applied an upwards adjustment based on actual bank charges listed for each export transaction.

8.3 ACRS accreditation fee

As an ACRS accreditation is required for exports of rebar to Australia, the visit team considers an upward adjustment to normal values for the ACRS accreditation fee is necessary to ensure a fair comparison to the export price. The visit team calculated a weighted average ACRS accreditation fee of RMB 8.25/MT and adjusted the normal value accordingly.

8.4 HK Lutai's margin

As certain export sales were made through HK Lutai, the visit team considers an upwards adjustment to the normal value for HK Lutai's trading margin for those sales is necessary to ensure a fair comparison to the export price. The visit team assessed that HK Lutai's SG&A over the investigation period was less than the trading margin (**Confidential Attachment ADJ 1**). As HK Lutai's trading margin was sufficient to cover its SG&A expenses, the visit team considers that an upwards adjustment based on the HK Lutai's margin for each export transaction is appropriate.

8.5 Non-refundable value-added tax

Shiheng incurs a non-refundable VAT expense on export sales to Australia of 8% for rebar in coil and 4% for straight rebar, being the difference between the VAT rate of 17% less 9% & 13% VAT refunded respectively on export sales of rebar. Therefore, the visit team applied an upward adjustment of 8% and 4% to the normal value of rebar in coil and straight rebar respectively.

8.6 Export credit terms

As export sales are at cash payment terms, the visit team does not consider an adjustment for export credit terms is required.

8.7 Adjustments – conclusion

The visit team is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

Adjustment Type	Deduction/addition
Export inland freight, handling and port charges	**Add** cost of export inland freight, handling and port charges
Export bank charges	**Add** cost of bank charges
ACRS accreditation fee	**Add** cost of ACRS accreditation fee
HK Lutai's margin	**Add** HK Lutai's margin
Non-refundable VAT	**Add** an amount for the non-refundable VAT

Table 6: Adjustment to normal value to ensure comparability to export price

9 NORMAL VALUE

As stated in section 3.6, the visit team considers it would be unsuitable to use domestic sales data to determine the normal values under subsection 269TAC(1) of the Act.

In addition, on 21 December 2015 the Commission published a preliminary affirmative determination (PAD) in relation to rebar exported from China, including rebar exported by Shiheng. The PAD included a preliminary finding that the situation in the domestic rebar market in China was such that domestic sales were unsuitable for use in determining normal values. As such, the Commission constructed normal values in accordance with paragraph 269TAC(2)(c) of the Act.

Shiheng's cost of steel billet was found to not reasonably reflect a competitive market cost[16] and a benchmark steel billet cost was used in the constructed normal value. All other costs used to calculate normal values for Shiheng were based on the verified costs as discussed Chapter 5 above.

Shiheng's normal values have been constructed using the uplifted cost to make rebar exported to Australia plus SG&A on the assumption that the goods, instead of being exported, were sold domestically[17]. A rate of profit, as discussed in section 6.7 above, has been added using data related to the production and arms length sales of like goods in the ordinary course of trade[18].

In using costs to make and sell as the basis for normal values, the visit team considers that certain adjustments, in accordance with subsection 269TAC(9), are necessary to ensure fair comparison of normal values with export prices as outlined in chapter 8 above.

The normal value calculations are at **Confidential Appendix 4**.

[16] In accordance with subsection 43(2) of the *Customs (International Obligations) Regulation 2015*

[17] Subsection 269TAC(2)(c)

[18] Section 45 of the *Customs (International Obligations) Regulation 2015.*

10 DUMPING MARGIN

The dumping margin has been assessed by comparing the weighted average export prices to the corresponding weighted average normal values for the investigation period[19].

The dumping margin in respect of rebar exported to Australia by Shiheng for the investigation period is **9.3 per cent**.

The preliminary dumping margin calculation is at **Confidential Appendix 5**.

[19] In accordance with subsection TACB(2)(a)

11 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export sales
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal value
Confidential Appendix 5	Dumping margin

Confidential Attachment GENERAL 1	Shiheng's ownership structure and affiliated companies
Confidential Attachment EXP SALES 1	Shiheng's Australian sales spreadsheet
Confidential Attachment EXP SALES 2	Upwards reconciliation package
Confidential Attachment EXP SALES 3	Shiheng's turnover statement
Confidential Attachment EXP SALES 4	Principle revenue ledgers for the periods July to December 2014, and January to June 2015
Confidential Attachment EXP SALES 5	Shiheng's financial statements for the investigation period
Confidential Attachment EXP SALES 6	Screenshots of accounting system for upwards verification
Confidential Attachment EXP SALES 7	Shiheng's Income Statement, submitted via the EQR
Confidential Attachment EXP SALES 8	Audited Report - Shiheng
Confidential Attachment EXP SALES 9	HK Lutai upwards sales verification
Confidential Attachment EXP SALES 10	Export source documentation package
Confidential Attachment CTMS 1	Cost reconciliation spreadsheet

Confidential Attachment CTMS 2	Cost worksheets showing CTMS calculations by model
Confidential Attachment CTMS 3	Monthly cost reports for production cost centres
Confidential Attachment CTMS 4	Production stock in slips
Confidential Attachment CTMS 5	Actual versus theoretical weight analysis
Confidential Attachment CTMS 6	Bills of material for selected models
Confidential Attachment CTMS 7	Rebar variance allocation worksheets
Confidential Attachment CTMS 8	Steel billet variance reconciliation
Confidential Attachment CTMS 9	Liquid iron variance reconciliation
Confidential Attachment CTMS 10	Iron ore variance breakdown
Confidential Attachment CTMS 11	Iron ore inventory ledger for June 2015
Confidential Attachment CTMS 12	Selected iron ore purchase
Confidential Attachment CTMS 13	Inventory ledger showing iron ore freight costs
Confidential Attachment CTMS 14	Further selected iron ore purchase invoices
Confidential Attachment CTMS 15	Commercial invoices for selected raw materials purchases
Confidential Attachment CTMS 16	Purchase inventory ledgers for selected raw materials
Confidential Attachment CTMS 17	Related supplier analysis
Confidential Attachment CTMS 18	Manufacturing overhead allocation methodology
Confidential Attachment CTMS 19	Manufacturing overheads ledgers for all cost centres
Confidential Attachment CTMS 20	Depreciation schedule for Bar #2 workshop, June 2015
Confidential Attachment CTMS 21	Steam movement inventory report for June 2015
Confidential Attachment CTMS 22	Workshop Bar #2 production cost ledger
Confidential Attachment CTMS 23	June 2015 electricity consumption report
Confidential Attachment CTMS 24	Commercial invoice for electricity

Confidential Attachment CTMS 25	Monthly cost report for Bar #2 workshop
Confidential Attachment CTMS 26	Quarterly income statement showing SG&A costs
Confidential Attachment CTMS 27	Ledgers and invoices for ACRS accreditation
Confidential Attachment CTMS 28	Revised SG&A calculation
Confidential Attachment DOM SALES 1	Shiheng's domestic sales spreadsheet
Confidential Attachment DOM SALES 2	Source documents for domestic sales - Shiheng
Confidential Attachment DOM SALES 3	Contract for inland transportation applicable to sample domestic sale
Confidential Attachment ADJ 1	Analysis of HK Lutai's SG&A