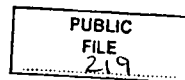




Australian Government  
Australian Customs and  
Border Protection Service



## International Trade Remedies Branch

### EXPORTER QUESTIONNAIRE - THAILAND

PRODUCT CONCERNED: CERTAIN HOLLOW STRUCTURAL SECTIONS  
FROM THE PEOPLE'S REPUBLIC OF CHINA,  
THE REPUBLIC OF KOREA, MALAYSIA,  
TAIWAN AND THE KINGDOM OF THAILAND

INVESTIGATION PERIOD: 1 JULY 2010 TO 30 JUNE 2011

RESPONSE DUE BY: 2 NOVEMBER 2011

ADDRESS FOR RESPONSE: International Trade Remedies Branch  
Australian Customs and Border Protection Service  
5 Constitution Avenue  
Canberra ACT 2601  
Australia  
Attention: Director Operations 3

CASE MANAGER: Ms Andrea Stone  
TELEPHONE: +61-2-6275-6173  
FAX: +61-2-6275-6990  
EMAIL: [tmops3@customs.gov.au](mailto:tmops3@customs.gov.au)

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

CONFIDENTIAL

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**ABBREVIATIONS**

the Act	the <i>Customs Act 1901</i>
China	the People's Republic of China
Customs and Border Protection	the Australian Customs and Border Protection Service
GUC or 'the goods'	the goods the subject of the application (HSS)
HRC	hot-rolled coil
HRS	hot-rolled steel (both HRC and narrow strip collectively)
HSS	certain hollow structural sections
the investigation period	1 July 2010 to 30 June 2011
Korea	the Republic of Korea
OneSteel ATM	OneSteel Australian Tube Mills Pty Ltd
Thailand	the Kingdom of Thailand

**GLOSSARY OF TERMS**

Throughout this questionnaire, there are certain words and terminology used that require some clarification. The following are their definitions for purposes of this investigation.

***Adjustments***

To enable a fair comparison between the export price and the normal value Australian legislation provides for the adjustment of the domestic price paid for like goods. Adjustments are made to account for sales occurring at different times, specification differences, and differences in the terms or circumstances of the sales. The adjustment to the normal value may be upward or downward. Areas where you believe an adjustment is necessary should be identified. Section E of the questionnaire refers.

Examples of adjustments that may be made include: sales occurring at different times (it is sometimes necessary to compare domestic and export sales made at different times - in these circumstances an adjustment may be made to reflect price movements during that time); specification differences; packaging; taxes; level of trade; advertising; servicing/warranty; inland freight; warehousing; export charges; credit terms; duty drawback; commissions.

Adjustments may also be required where the normal value is based upon costs to make and sell.

***Arms length***

Sales are not considered to be at "arms length" on your domestic market if there is any consideration payable for GUC other than their price, or there is an association between the buyer and the seller which affects the price, or there will be a reimbursement, compensation or benefit for, or in respect of, the price.

***Associated Companies***

Persons shall be deemed to be associates of each other if, and only if:

(a) both being natural persons:

- (i) they are connected by a blood relationship or by marriage or by adoption; or
- (ii) one of them is an officer or director of a body corporate controlled, directly or indirectly, by the other;

(b) both being bodies corporate:

- (i) both of them are controlled, directly or indirectly, by a third person (whether or not a body corporate); or

- (ii) both of them together control, directly or indirectly, a third body corporate; or

- (iii) the same person (whether or not a body corporate) is in a position to cast, or control the casting of, 5% or more of the maximum number of votes that might be cast at a general meeting of each of them; or
- (c) one of them, being a body corporate, is, directly or indirectly, controlled by the other (whether or not a body corporate); or
- (d) one of them, being a natural person, is an employee, officer or director of the other (whether or not a body corporate); or
- (e) they are members of the same partnership.

***Constructed value***

In cases where domestic prices paid for the GUC in the country of export cannot be used for the determination of normal value, ie. when there are no or insufficient sales or where such sales were not made in the ordinary course of trade, normal value may be based on a constructed value. Constructed value is calculated on the basis of the cost of production of the GUC plus a reasonable amount for selling, general and administration costs, and for profits, that are associated with sales on the domestic market of the country of export.

***Cost of production/manufacturing***

The cost of production or manufacture consists of all manufacturing costs associated with GUC. It is the sum of direct materials, direct labour and factory overheads.

***Cost to make and sell***

The cost to make and sell is the sum of the cost of production or manufacture, and the selling, general and administration costs associated with the sale of those goods.

***Country of origin***

The country in which the last significant process in the manufacture or production of GUC was performed.

***Date of sale***

Customs and Border Protection will normally use the invoice date as recorded in the exporter or producer's records. Another date may be used if this better reflects the material terms of sale. The questionnaire directs attention to matching data sets of domestic and export sales where some other date is used, as well as matching cost information.

***Direct labour cost***

Direct labour is categorised as a variable cost, ie. the value varies with the level of production.

***Dumping***

Dumping occurs when the products of one country are exported to another country at a price less than their normal value.

***Dumping margin***

Where the export price is less than the normal value the dumping margin is the amount of the difference. It can be expressed as a value or as a percentage of the export price.

***Export price***

The export price of GUC is usually the price paid or payable to the exporter in arms length transactions, in most instances calculated at the Free on Board (FOB) level.

***Exporting country***

The country of export is normally the country of origin from which GUC are shipped. The country of export may be an intermediate country, except where the products are merely transhipped through that country, or the products concerned are not produced in that country, and there is no comparable price in that country.

***Factory overheads***

Factory overheads consist of variable costs eg. power, supplies, indirect labour and fixed costs eg. factory rent, factory insurance, factory depreciation etc.

***Goods under consideration (GUC or 'the goods')***

The goods subject to the anti-dumping and countervailing application. That is, the goods that you have exported to Australia allegedly at dumped prices.

***Incoterms***

The following abbreviations are commonly used (comment is provided concerning costs that are normally borne by the seller):

EXW	ex works (the seller's minimum obligation as costs relate to goods being made available at the sellers premises)
FCA	free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs and Border Protection formalities, taxes etc paid if required)
FAS	free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)
FOB	free on board (main carriage not paid by seller. Deliver the goods on board, provide

	export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc payable upon exportation)
CFR	cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc payable upon exportation)
CIF	cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance)  the terms CFR and CIF are only used where goods are carried by sea or waterway transport
CPT	carriage paid to
CIP	carriage and insurance paid to  the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc
DAF	delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customers disposal)
DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc incurred upon importation)

***Investigation period***

A period defined by Customs and Border Protection over which importations of the GUC are examined.

***Like goods***

Like goods are goods sold on the domestic market of the country of export (or to a third country) that are identical in all respects to the GUC or that, although not alike in all respects have characteristics closely resembling those of the GUC. The term 'like goods' also refers to the GUC produced by the Australian industry allegedly being injured by dumped imports.

***Normal value***

Australian legislation sets out several ways to assess "normal value".

The preferred method is to use the price paid for like goods sold for domestic consumption in the country of export. Usually, these sales are made by you, but there may be circumstances where it is appropriate to use sales made by other sellers on the domestic market.

Sale prices must be at arms length and in the ordinary course of trade. In the absence of relevant or suitable domestic sales, the normal value may be determined by constructing a price based upon all costs to make and sell the GUC. Profit may also be included if the sales on the domestic market are profitable. Alternatively the normal value may be ascertained using the price paid for like goods sold in the ordinary course of trade at arms length to customers in a country other than Australia, however this option is rarely used.

Finally, when a normal value cannot be ascertained by any of the above methods, or if no information is provided, Customs and Border Protection will determine the normal value by considering all the relevant information, including the applicant's information. This allows the applicant's information to be used where sufficient information has not been furnished or is not available.

***Ordinary course of trade***

Testing for "ordinary course of trade" includes a comparison of the selling price and the unit cost to make and sell for the same period. If sales in respect of a substantial quantity of goods over an extended period of time, usually 12 months, do not recover all costs and these losses are not likely to be recovered within a reasonable period of time, (again usually 12 months) then the sales are regarded as being not in the ordinary course of trade.

There may be circumstances where it is appropriate to use a period other than 12 months in assessing whether sales are in the ordinary course of trade.

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the GUC by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.



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

The selling, general and administration expenses includes all selling, distribution, general and administration expenses including finance costs that would be incurred if the GUC were sold for domestic consumption in the country of export. The amounts are determined in each case using all the available information and may include expenses incurred in:

- . domestic sales of like goods;
- . sale of goods of the same general category by the exporter; or
- . sales in the industry in the country of export.

The expenses must, however, reflect the selling, general and administration costs of the GUC.

Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.

**BACKGROUND AND GENERAL INSTRUCTIONS****1. Background**

Following an application by One Steel Australian Tube Mills Pty Ltd (OneSteel ATM), an Australian industry member, the Australian Customs and Border Protection Service (Customs and Border Protection and Border Protection) has initiated:

- an investigation into allegations that certain hollow structural sections (HSS) from the People's Republic of China (China), the Republic of Korea (Korea), Malaysia, Taiwan and the Kingdom of Thailand (Thailand) have been exported to Australia at dumped prices, and because of that dumping, material injury has been caused to an Australian industry producing like goods; and
- an investigation into allegations that countervailable subsidies have been received in respect of HSS exported from China to Australia, and because of that subsidisation, material injury has been caused to an Australian industry producing like goods.

The abovementioned dumping investigation involves allegations that there is a situation within both the domestic Chinese and Thai HSS markets that renders sales within those markets unsuitable for determining normal values under s.269TAC(1) of the *Customs Act 1901* (the Act) (i.e. that a 'particular market situation' exists in these markets).

A notice advising initiation of the investigation and review was published in *The Australian* on 19 September 2011. Australian Customs and Border Protection Dumping Notice (ACDN) No. 2011/43 outlining the details of the investigation and the procedures to be followed during the investigation can be accessed on Customs and Border Protection website at [www.customs.gov.au](http://www.customs.gov.au).

**2. The goods under consideration (GUC)****Description**

The goods under consideration (GUC or 'the goods') are:

Certain electric resistance welded pipe and tube made of carbon steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes. 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 in-line galvanised (ILG), 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 1277.3 mm. Categories of HSS excluded from the goods are conveyor tube; precision RHS with a nominal thickness of less than 1.6 mm and air heater tubes to Australian Standard (AS) 2556.

The application includes the following information to clarify the nature of the GUC.

#### Finishes

All HSS regardless of finish is included in the application. Finish types for the goods include in-line galvanised (ILG), pre-galvanised, hot-dipped galvanised (HDG) and non-galvanised HSS. Non-galvanised HSS is typically of painted, black, lacquered or oiled finished coatings.

CHS with other than plain ends (such as threaded, swaged and shouldered) are also included in the application.

#### Standards

HSS is generally produced to either the British Standard BS 1387 or the Australian Standard AS 1163 or international equivalent standards (including ASTM/JIS and KS). HSS can also be categorised according to minimum yield strength. The most common classifications are 250 and 350 mega Pascals (MPa).

HSS may also be referred to as extra-light, light, medium or extra heavy according to its wall thickness.

#### Excluded goods

The following categories are excluded from the GUC:

- conveyor tube (made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1 mm on outer surface and 0.25 mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6 mm in order to maintain vibration free rotation and minimum wind noise during operation);

- precision RHS with a nominal thickness of less than 1.6mm (is not used in structural applications); and
- air heater tubes to AS 2556.

### **Tariff classification**

The application stated that the GUC are classified to the following tariff subheadings:

- 7306.30.00 (statistical codes 31, 32, 33, 34, 35, 36 and 37)
- 7306.61.00 (statistical codes 21, 22 and 23)
- 7306.69.00 (statistical codes 26, 27 and 28)

The GUC exported to Australia from Korea and Taiwan are subject to a 5% rate of duty.

For China and Malaysia the GUC exported to Australia are subject to a 4% rate of duty.

The GUC exported to Australia from Thailand using Thailand Free Trade Agreement are free from duty as of 1 January 2010.

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

### **3. Investigation period**

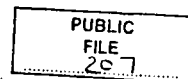
The existence and amount of any subsidy and/or dumping in relation to HSS exported to Australia from Thailand will be determined on the basis of an investigation period from 1 July 2010 to 30 June 2011 (hereinafter referred to as 'the investigation period').

Customs and Border Protection will examine details of the Australian market from 1 July 2007 for injury analysis purposes.

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

Either; the application, an importer of HSS or data contained within Customs and Border Protection's commercial database has identified you as a potential exporter of HSS to Australia during the investigation period.

Consequently, Customs and Border Protection has forwarded you this questionnaire and the associated spreadsheet '*HSS Exporter Questionnaire –THAILAND-- accompanying spreadsheet*' to provide you with the opportunity to participate and cooperate with its investigation.



Customs and Border Protection may use information provided by exporters to determine:

- the normal values and export prices of the GUC over the investigation and review periods; and
- determine whether a countervailable subsidy has been received in respect of the GUC from China.

Customs and Border Protection may use the information you provide to determine whether HSS exported by your company to Australia was dumped and/or subsidised.

You may make separate submissions concerning any other matter relevant to Customs and Border Protection inquiries.

Customs and Border Protection investigation will be carried out under the provisions of Part XVB of the Act. These provisions reflect the World Trade Organisation (WTO) *Anti-Dumping Agreement* and the *Agreement on Subsidies and Countervailing Measures*.

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

You do not have to complete the questionnaire. However, if you do not respond Customs and Border Protection may be required to rely on information supplied by other parties in making its assessments as to whether HSS exported to Australia was dumped and/or subsidised (this may include information supplied by the Australian industry).

If you do not provide all of the information sought, or if you do not allow Customs and Border Protection to verify the information you provide (see below), we may deem that you did not cooperate with the investigation.

It is Customs and Border Protection's objective to arrive at a recommendation to the Minister based on a full knowledge of all relevant facts. This can only be achieved if exporters cooperate. Customs and Border Protection considers that your interests would be best served by fully completing the questionnaire.

## 6. If you decide to respond

Should you choose provide a response to this questionnaire, please note the following.

### Confidential and non-confidential versions

If you choose to respond to this questionnaire, you are required to lodge a confidential and a non-confidential version of your submission by the due date (due date is specified on front cover).

In submitting these versions, please ensure that each page of the information you provide is clearly marked either "IN-CONFIDENCE" or "NON-CONFIDENTIAL" in the header and footer.

All information provided to Customs and Border Protection in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record, which all interested parties can access.

Your non-confidential submission must contain sufficient detail to allow a reasonable understanding of the substance of the confidential version. If, for some reason, you cannot produce a non-confidential summary, contact the investigation Case Manager (see contact details on page 1 of this questionnaire).

The non-confidential version of your submission will be placed on the public record. The public record is available to all interested parties who may comment on the material on the public record. Other interested parties have the opportunity to comment on issues you have raised.

It is not expected that the non-confidential version of your submission would include commercially sensitive information. However it must contain sufficient detail to allow a reasonable understanding of the substance of the confidential version. If, for some reason, you cannot produce a non-confidential version, please contact the investigation Case Manager.

You can access the public record electronically online at <http://adpr.customs.gov.au/Customs/>.

### Declaration

You are required to make a declaration that the information contained in your submitted questionnaire is complete and correct. You must return the signed declaration of an authorised official at Section J of this questionnaire with your response.

Consultants/parties acting on your behalf

If you intend to have another party acting on your behalf please advise Customs and Border Protection of the relevant details.

Customs and Border Protection will generally require written authorisation from exporters and manufacturers for any party acting on its behalf.

## 7. Due date for response

Manufacturers and exporters are requested to respond to this questionnaire and return it to Customs and Border Protection within the time specified on the cover.

There is a statutory time limit imposed for the investigation. Customs and Border Protection may not be able to consider submissions received after the due date if to do so would prevent meeting the statutory reporting requirements.

Customs and Border Protection would encourage you to make contact with the Case Manager (see contact details on front cover) if you need any assistance in completing the questionnaire.

**If you intend to lodge a submission but cannot do so by the due date please advise the Case Manager as soon as possible.**

In considering whether or not to grant an extension of time, regard is had to the following:

- a) difficulties in translation of documentation, including the exporter questionnaire;
- b) availability of key staff;
- c) public holidays; or
- d) any circumstance outside the company's control.

Customs and Border Protection may consider granting a small extension of time for lodgement of your submission if you provide a sufficient reason as outlined above.

You may lodge your response by mailing it to the address for lodgement shown on the front cover of this questionnaire, with data requested in electronic format on an included CD-ROM (see point 11. below).

Alternatively you are welcome to lodge your response by email. The email address for lodgement is shown on the front cover of this questionnaire. If you lodge by email you are still required to provide a confidential and a non-confidential version of your submission by the due date.

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

After you have submitted the questionnaire and Customs and Border Protection is satisfied that the information you have provided is sufficiently complete and warrants verification, Customs and Border Protection may seek to visit your company to verify the information provided.

Once the information you have provided is verified, Customs and Border Protection can rely on that information in forming its conclusions in relation to the inquiry.

Verification visits may take several days.

During this verification, we will seek to examine in detail your company's records in respect of the GUC and will ask for copies of documents relating to the manufacture and sale of the GUC. You will need to ensure that any supplementary material such as spreadsheets, calculations etc that you used to prepare or compile your response are available. 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 that you may want to ask. We will also ask you to assist in the preparation of a non-confidential copy of the report for the public record.



## 9. 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 investigation 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.
- 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. This may be particularly relevant if you have not exported to Australia in significant volumes in more recent times.
- Section G** Costs to make and sell, for exports to Australia and for the domestic market.
- Section H** Your declaration
- Section I** Submission checklist

## 10. General instructions for preparing your response

- When answering the questionnaire please carefully read all instructions. Customs and Border Protection requires a response to all sections of this questionnaire. Please provide an explanation if a question is not relevant to your situation.
- All documents and source material submitted in response to this questionnaire, including financial statements, must be translated into English.
- 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.

- You should retain all work sheets used in answering the questionnaire, in particular those linking the information supplied with management and accounting records. This will help to verify the information.
- Clearly identify all units of measurement and currencies used. Apply the same measurement consistently throughout your response to the questionnaire.

## 11. Instructions on providing electronic data

- It is important that, where requested, information is submitted in electronic format on a CD-ROM.
- Alternatively electronic data can be submitted directly by email to the email address shown on the front cover of this questionnaire.
- The data must be created as spreadsheet files, preferably in Microsoft Excel 2007 or 2003, or alternatively in an Excel compatible format (for example, Excel can normally access data in Dbase or as an ASCII file).
- The Excel files must be compatible to the USA version.
- If you cannot present electronic data in the requested format contact the investigation Case Manager as soon as possible.
- Responses to questions should be as accurate and complete as possible, and attach all relevant supporting documents, even where not specifically requested in this questionnaire.

Please note that answers such as "Not Applicable" or an answer that only refers to an exhibit or an attachment may not be considered by Customs and Border Protection to be adequate. We therefore suggest that in answering the questions you outline the key elements of your response in the primary submission document, rather than merely pointing to supporting documents of varying degrees of relevance and reliability as your answer.

## 12. Further information

Before you respond to the questionnaire you should read all the documentation that we have included with this questionnaire, including:

- the booklet Australia's Anti-Dumping and Countervailing Administration; and
- Australian Customs Dumping Notice 2011/43 notifying the initiation of the investigation.

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It is also recommended that you access and read the non-confidential version of OneSteel ATM's application, which is available online on the Electronic Public Record (<http://adpr.customs.gov.au/Customs/>).

If you require further assistance, or you are having difficulties completing your submission, please contact the investigation Case Manager.

Please note that Customs and Border Protection may send you a supplementary questionnaire if it needs to clarify matters provided by you in response to this questionnaire or to seek new information.

**NON-CONFIDENTIAL**

**SECTION A – COMPANY STRUCTURE AND OPERATIONS**

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

**A-1 Identity and communication**

In this document, "Samchai Steel Industries Public Company Limited" is hereby known as "Samchai."

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

Head Office/Factory: Mahachai (Samutsakorn province)

Name: Mr. Varoonchai Leekanchanakorn

Position in the Company: Deputy Managing Director

Address: 75/14, 75/17, 85 Moo 5, Soi Watsopanaram, Ekkachai Rd.,

Amphur Muang, Samutsakorn 74000 Thailand

Telephone: (66) (034) 833-891-3

Facsimile number: (66) (034) 833-894-5

E-Mail address of contact person: [varoonchai.l@samchaisteel.com](mailto:varoonchai.l@samchaisteel.com)

Branch Office/Factory: Poochaosamingprai (Samutprakan province)

Name: Mr. Varoonchai Leekanchanakorn

Position in the Company: Deputy Managing Director

Address: 56-56/1 Moo 2 Poochasamingprai Rd., Bangyaphrack,

Amphur Phrapradaeng, Samutprakan. 10130 Thailand

Telephone: (66) (02) 754-3555

Facsimile number: (66) (02) 754-3975

E-Mail address of contact person: [varoonchai.l@samchaisteel.com](mailto:varoonchai.l@samchaisteel.com)

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

**If you wish to appoint a representative to assist you in this investigation, provide the following details.**

Name: Mr. John McDermott

Organization: John McDermott & Associates Pty Ltd

Position in the Company: Managing Director

Address: PO Box 3414 Belconnen Canberra ACT 2617

Telephone: +61 2 6258 9677

Facsimile /Telex number: +61 2 6258 0946

E-Mail address of contact person: [jmcd49@optusnet.com.au](mailto:jmcd49@optusnet.com.au)

*Note that in nominating a representative, Customs and Border Protection will assume that confidential material relating to your company in this investigation 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.**

Legal name of business: Samchai Steel Industries Public Company Limited

Kind of Entity: Public Company Limited

Any other business names that use for export and sell goods: None

- 2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholding able to cast, or control the casting 5 % or more of the maximum amount of votes that could be cast at a general meeting of your company)**

Shareholder's Name	Number of shares	Percentage (%)	Management Authority
Mr.Disapong Supboonkerd	270,207,000	31.79	-
Ms.Jintana Leelachaicharoenpan	175,000,000	20.59	Executive Director
Chinthammitr Family	157,200,050	18.49	Director
Mrs.Srisuda Ongasivachai	10,874,400	1.28	-
Mr.Pawich Dumrongpiyawut	7,850,000	0.92	-
Ms.Thitiporn Chantavipa	5,717,350	0.67	-
Mrs.Kanungnij Chantaratin	5,500,000	0.65	-
Ms.Atcharee Leerungruang	4,100,000	0.48	-
Mr.Anawat Jarurangsarn	4,000,000	0.47	-
Mrs.Tanyanan Duangraksa	3,700,000	0.44	-
<b>Total</b>	<b>644,148,800</b>	<b>75.78</b>	

Note: Chinthammitr Family includes Mr. Thawatchai Chinthammitr 114,400,100 shares and Mrs. Nuanjan Chinthammitr 42,799,950 shares.

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

Samchai is not a subsidiary of any company.

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

Samchai has no parent company.

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

Not applicable

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

No, Samchai has no parent company.

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

Samchai manufactures and sells steel pipes, which is our core business. However, we also trade other steel products not manufactured by Samchai in order to serve our customers needs.

- Samchai performs all the functions in relation to the GUC.

- Samchai Steel Industries Public Company Limited**



## Functions of Board of Director:

- To monitor and set the company's policies regarding business and financial practices, fund raising, fund management and risk management.
- To review investment proposals, approve the company's investment budget and monitor project-progress to ensure that it runs in accordance to the plan.
- To monitor the operation of the company to ensure that targets will be achieved or overachieved. To develop guideline to solve problems, ensuring that targets will be achieved or overachieved.
- To arrange general information report and financial information report for shareholders, stakeholders and investors in a timely manner. Ensure the information is accurate and complies with all relevant regulation and laws.
- To acknowledge important audit reports from the Audit Committee or internal auditor as well as the auditor and advisors in order to set guideline to improve significant.
- To assess sufficiency and appropriateness of the internal control and risk management system.
- To develop succession plan for executive positions.
- To appoint the Audit Committee and approve the scope of powers, duties and responsibilities of the Audit Committee.
- To appoint the Executive Directors or delegate one or more than one particular directors or other persons to act on behalf of Board of Directors.

## Functions of Executive Board:

- To make decisions in carrying out important tasks of the company. Set plans, type or size of missions, objectives, directions and policies if the company under the scope of powers and responsibilities that have been assigned.
- Manage and control the overall operation, production, customer relationship and report to the Board of Directors.
- To evaluate investment expansion plan as well as acquisition and disposition of the company's fixed asset and propose to the Board of Directors.
- To act and behalf of the company when conducting business with persons outside of the organization in the way that relates to and benets the company.



- To evaluate the company's fund raising activities to propose to the Board of Directors.
- To appoint advisors in different area that necessity for the operation of the company.
- To carry out general management activities.
- To approve business plan from each business unit and approve requests from business unit when the unit has no authority to approve such requests.

**Functions of Audit Committee:**

- To review the company's financial to ensure accuracy and adequate disclosure.
- To ensure that the company maintains an appropriate and efficient internal control system, consider independency of internal audit unit and recommendation of appointment, transference and retirement of head of internal audit unit or another unit which response internal auditing.
- To ensure that the company complies with the securities and exchange law, regulations of the Exchange and other relevant laws.
- To consider select and propose independence person for the appointment of the external auditor and make recommendation of remuneration of the auditor and meeting with auditor without management at least 1 time per year.
- To consider the related transactions or transactions that could create a conflict of interest is comply with law and set regulation to ensure that transaction is reasonable and give highest benefit to the company.
- To prepare Audit Committee Report to be published in the annual report. This report must be signed by Chairman of the Audit Committee.
- To perform any other act as delegated by the Board of Director and approved by the Audit Committee.

**Functions of Managing Director:**

- To manage and control the overall operation of the company.
- To manage or carry out assignment in accordance to policies, plans and budgets those have been set by the Board of Directors and/ or the Executive Committee.
- To have authority and approve budgets for the procurement of assets and services with benefit the company. Such approval authority applies only to general commercial under pre-special budget that have been set by the Board of Director.

- To give orders, set disciplines, issues notice and memo to ensure that operations are carried out in the way that benet the company and comply with the company's policies.
- To act on behalf of the company when conducting business with persons outside of the organization in the way that relates the company.
- To approve the appointment of advisors that deemed important to the operation of the company.
- To manage the company's business as delegated in order to ensure that objectives will be met and ensure the compliance with policies, regulations, commands, disciplines, resolution of shareholders meeting and/or resolution of the Board of Directors and the Executive Committee's meeting.

#### Functions of Accounting Dept:

- To record all collections of payments received from sales and other sources.
- To record all payments for all purchases made by different departments in Samchai.
- To perform closing of all accounts in order to obtain the monthly profit and loss statements.
- To keep tracks of all costing in relation to the production and inventory.

#### Functions of Financial Dept:

- To make payments based on the information from the accounting dept.
- To apply for Letter of Credits (L/C) issuance.
- To follow up with the collections of payments from the customers.
- To manage cash in-flow and cash out-flow.

#### Functions of Sale & Marketing Dept:

- To analyse customers' needs in order to develop new selling strategies.
- To visit and present Samchai's products to the customers.
- To conclude sales order and complete all transactions related to the sales process.

#### Functions of Personal& Administrator Dept (HR);

- To recruit, select, and conduct initial training for employees.
- To look after the employees' welfares.

- To conduct payroll transactions for all employees.

Functions of MIS Dept;

- To manage all Samchai's database.
- To solve all problems in relation to the computer utilization.

Functions of Purchasing Dept;

- To handle all purchases occurred in Samchai.

Functions of Production Dept;

- To plan and produce all products as accordance to the sales' order.

Functions of Engineer Dept;

- To maintain all machines and equipments.
- To develop additional equipments for the machines.

Functions of Quality System Dept;

- To ensure that all products produced are in accordance to the domestic and international standards guidelines.
- To issue mill certificates.

10. **Provide a list of your business 'Board of Directors.**

The list of the Board of Directors is as per below.



**Mr. Thongchai Leekanchanakorn**  
Chairman of Board of Directors  
Bachelor of Electronics Chiyoda College Tokyo Japan  
Training Course Director Accreditation Program (DAP) - IOD



**Mr. Wattana Suthipinijtham**  
Vice Chairman of Board of Directors  
M.B.A. New York University U.S.A.  
Training Course Director Accreditation Program (DAP) - IOD



**Ms. Jintana Leelachaicharnphan**  
Director & Executive Director  
Diploma (Accounting), Tungtrongsit Commerce School  
Training Course Director Accreditation Program (DAP) - IOD



**Mr. Thawatchai Chinthanimitr**  
Director  
B.B.A. Human Resource Management, Assumption University  
Training Course Director Accreditation Program (DAP) - IOD

**Mr.Varunchai Leekanchanakorn**

Director Executive Director & Vice President  
M.B.A. Boston University / LL Chulalongkorn University  
Training Course Director Accreditation Program (DAP) - IOD

**Mr.Banpot Prasertsuksakul**

Director Executive Director & Managing Director  
B.S. Political Science (Public Administration), Thammasat University  
Training Course Director Accreditation Program (DAP) - IOD

**Mr.Pornchai Kittipanya-ngam**

Independent Director & Chairman of Audit Committee  
B.B.A. (Accounting), Thammasat University  
Training Course Director Accreditation Program (DAP) - IOD

**Mr.Prichar Harnhathya**

Independent Director & Member of Audit Committee  
M.B.A. (Finance), Columbia University U.S.A.  
Training Course Director Accreditation Program (DAP) - IOD

**Mr.Chatchawan Siriwutiset**

Independent Director & Member of Audit Committee  
B.B.A. (Accounting), Thammasat University  
Training Course Director Accreditation Program (DAP) - IOD

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

Please see the annual report as per enclosed Compact Disc (CD)

- 12. Provide details of all transactions between your company and all related parties.  
For example:**

- Supplying /selling completed or partially completed products.

Summary of transaction between the company and related person that could create a conflict during 2010 as follows:

Transaction with Chongching steel coils Co., Ltd.		
Chongching Steel coils Co., Ltd.	Amount: MYR 500,000	Director: Mr. Chongching and Mr. Chongching
Transaction with Chongching steel coils Co., Ltd.		Chongching Steel coils Co., Ltd. purchased 1,000 tons of steel coils from the company.
Chongching	100	Chongching and the company were involved in the transaction.
Chongching	100	

Report: The above information is provided by board of directors meeting no. 3/2009 and management meeting no. 1/2009 and management meeting no. 1/2009 and management meeting no. 1/2009.

- **Supplying / selling raw materials.**

There is no business transaction with the related parties for the raw materials.

- **Performing management functions (including any financial functions)**

APPENDIX 2: Information on Position of Directors and Management as at December 31, 2010

Name	Executive Director	Chairman of Executive Director	Non-Executive Director	Independent Director	Chairman of Independent Director
1. Mr. Marlene Subingpin	0/1				
2. Mr. Chongching Chongching	1	1/N			
3. Mr. Marlene Subingpin	1/1/1				
4. Mr. Chongching Chongching	1/0/1/1		1/N		
5. Mr. Chongching Chongching	1/1/1/1		1		
6. Mr. Chongching Chongching	1/1/1/1				
7. Mr. Chongching Chongching	1/1/1				
8. Mr. Chongching Chongching	1/1/1				
9. Mr. Chongching Chongching	1/1/1/1				
10. Mr. Chongching Chongching	1				
11. Mr. Chongching Chongching	1				
12. Mr. Chongching Chongching	1				
13. Mr. Chongching Chongching	1				
14. Mr. Chongching Chongching	1				
15. Mr. Chongching Chongching	1				
16. Mr. Chongching Chongching	1				

Report:

X = Chairman of Board of Directors / = Director N = Chairman of Audit Committee

0 = Vice Chairman of Board of Directors // = Member of Audit Committee 1/ = Managing Director

Note: Please refer to the enclosed annual report 2010 page 71

- **Processing (including toll processing) of any raw materials, intermediary or completed productions.**

There is no business transaction with the related parties for the toll processing of any raw materials, intermediary or completed productions.

- **Trading in products/ materials supplied by related parties.**

There is no business transaction with the related parties for the products/ materials supplied by them.

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

**1. Indicated your accounting period.**

Accounting period is 1st January to 31<sup>st</sup> December.

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

75/14, 75/17, 85 Moo 5, Soi Wat sopanaram, Ekkachai Rd.,  
Amphur Muang, Samutsakorn 74000 Thailand

**3. Provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statement :**

**- Chart of account**

Please see chart of account as per enclosed.

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

Please see Auditor's report as per enclosed.

**- 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.**

Please see income statement as per enclosed.

**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 or half yearly statement should also be provided.**

Not applicable. All Samchai's accounts are audited every quarter.

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

Samchai's accounting system follows the Thai Accounting Standards (TAS), which was adapted from the International Financial Reporting Standards (IFRS). The major differences between the TAS and the IFRS are as below:

## Section A: TAS with major differences from IFRS

The following illustrates significant differences between existing TAS and their equivalent IFRS.

Topics	IFRS	TAS	Major differences
Operating segments reporting	IFRS 8	TAS 24	TAS 24, which is based on IAS 14 Segment Reporting, requires a disclosure of primary segment based on either business segment or geographical segment depending on an entity's risks and returns governing the primary segment.  IFRS 8 requires disclosure of operating segments based on the internally reported segments used by the chief operating decision maker to evaluate performance and decide how to allocate resources. More disclosure is required under IFRS 8.
Property, plant and equipment	IAS 16	TAS 32	Under TAS, entities can choose to record realisation of revaluation surplus through profit or loss, while under IAS 16 it has to be credited directly through retained earnings. As a consequence of the alternative treatment allowed under TAS, depreciation can effectively be calculated based on historical cost, even though property, plant and equipment are revalued.
Revenue recognition for real estate sales	IFRIC 15, IAS 11, IAS 18 (Appendix 9)	TAS 26	Under TAS, percentage of completion can be used as the basis for recognition of revenue from real estate sales.  IFRIC 15 provides guidance to determine whether an agreement for the construction of real estate is within the scope of IAS 16 or IAS 11. When the agreement is within the scope of IAS 11 and its outcome can be estimated reliably, the entity shall recognize revenue by reference to the stage of completion of the contract activity in accordance with IAS 11. When the agreement does not meet the definition of a construction contract, the entity shall recognize revenue in accordance with IAS 18 by determining first whether the agreement is for the rendering of services or for the sale of goods. Depending on the nature of the agreement, revenue is recognized by reference to the stage of completion of the transaction using the percentage of completion method or when the different criteria mentioned in IAS 18 paragraph 14 are met.
The effects of changes in foreign exchange rates	IAS 21	TAS 30	Under IFRS, an entity must determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Presentation currency can be chosen. Functional currency is not currently discussed under TAS. Entities in Thailand regard all transactions in currencies other than Thai baht as foreign currency transactions and present their financial statements in Thai baht.
Related party disclosures	IAS 24	TAS 47	Disclosure of compensation for key management is required under IFRS, but not under TAS.  Disclosure of transfer pricing policy is not required under IFRS, but is required under TAS.
Financial instruments: Presentation	IAS 32	TAS 48	TAS 48 is based on the previous version of IAS 32 which provides guidance for both presentation and disclosure of financial instruments. Disclosure guidance under IAS 32 has now been superseded by IFRS 7, under which additional disclosure is required.

A wave of changes of IFRS will become effective in 2009 and result in further significant differences between IFRS and TAS. The following summarizes key changes in IFRS that currently have a corresponding TAS. More information about changes in IFRS standards and interpretations can be found in Ernst & Young's 2008 IFRS Update (December 2008).

Topics	IFRS	TAS	Key changes of IFRS
Business combinations	IFRS 3 (effective 1 July 2009)	TAS 43 (revised, effective 1 January 2009)	<p>Although TAS 43 (revised) is equivalent to the current IFRS 3, the revision of IFRS 3 will result in the following major differences:</p> <p>IFRS 3 provides a choice to measure non-controlling interests (previously minority interests) on a transaction-by-transaction basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Under the current IFRS 3 and TAS 43, minority interest is measured at proportionate interest in the acquiree's net assets.</p> <p>IFRS 3 requires that acquisition-related costs are to be expensed through profit or loss at the time that services are received. Under the current IFRS 3 and TAS 43, acquisition-related costs are included in the cost of business combinations.</p> <p>Contingent liabilities of the acquiree are to be recognized at fair value if there is a present obligation that arises from a past event and fair value can be measured reliably. Under the current IFRS 3 and TAS 43, contingent liabilities are recognized if their fair value can be measured reliably.</p> <p>Contingent consideration recognised at fair value at the date of acquisition, with subsequent changes generally reflected in profit or loss.</p> <p>The acquirer is required to reassess the classification of all assets and liabilities of the acquiree.</p> <p>The acquirer is required to separately account for re-acquired rights of the acquirer and pre-existing relationships between the acquirer and acquiree, and separately account for indemnities related to liabilities of the acquiree.</p> <p>The acquirer is required to recognise gains or losses from measuring initial holdings in step acquisitions at fair value.</p>
Presentation of financial statements	IAS 1R (effective 1 January 2009)	TAS 35 (revised, effective 1 January 2009)	<p>IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Key changes are:</p> <p>Introduction of new terminology; replacing 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows', although these titles are not mandatory.</p> <p>All non-owner changes such as changes in the revaluation surplus of property, plant and equipment and gains or losses on revaluation of available-for-sale asset are presented in the statement of changes in equity as a single line, with details included in a separate statement called "Statement of comprehensive income".</p> <p>Requires that all items of income and expense be presented either in a single statement (a 'statement of comprehensive income') or in two statements (a separate 'income statement' and 'statement of comprehensive income'). Statement of comprehensive income combines income and expenses recognized in profit or loss together.</p> <p>When an entity restates its financial statements or retrospectively applies a new accounting policy, a statement of financial position (formerly balance sheet) must be presented as at the beginning of the earliest comparative period (i.e. a third balance sheet as at 1 January 2008 for the 31 December 2009 year-end) with related notes.</p>



Topics	IFRS	TAS	Key changes of IFRS
Borrowing costs	IAS 23 (effective 1 January 2009)	TAS 23 (revised effective 1 January 2008)	<p>The revision of IAS 23 eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.</p> <p>The revision of IAS 23 is not required to be applied to borrowing costs directly attributable to qualifying assets measured at fair value and inventories that are manufactured in large quantities on a repetitive basis.</p>
Consolidation and separate financial statements	IAS 27 (effective 1 July 2009)	TAS 44 (revised effective 1 January 2008)	<p>Although TAS 44 (revised) is equivalent to the current IAS 27, the revision of IAS 27 will result in the following major differences:</p> <p>Changes in ownership interests of a subsidiary that do not result in loss of control will be accounted for as an equity transaction and will have no impact on goodwill nor give rise to a gain or loss.</p> <p>Losses incurred by a subsidiary will be allocated between the controlling and non-controlling interests; even if the losses exceed the non-controlling equity investment in the subsidiary.</p> <p>On loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal.</p>

\* Note: the above information is from the website

[http://www.ey.com/Publication/vwLUAssets/Thai\\_GAAP\\_comparison\\_GL\\_IFRS/\\$FILE/Thai\\_GAAP\\_comparison\\_GL\\_IFRS.pdf](http://www.ey.com/Publication/vwLUAssets/Thai_GAAP_comparison_GL_IFRS/$FILE/Thai_GAAP_comparison_GL_IFRS.pdf)

The differences between the IFRS and the GAAP are as per follow:

- IFRS does not permit Last In First out (LIFO) as an inventory costing method, while US GAAP, the companies have the choice between LIFO and FIFO (is a common method for recording the value of inventory).
- IFRS uses a single step method for impairment write down rather than two step methods used in US GAAP.
- IFRS does not permit debt covenant violations after end of year.
- Development costs, these costs can be capitalized under IFRS, while it is considered as expenses under US GAAP.
- IFRS the Income statement extraordinary items are not segregated in the income statement, for US GAAP they are shown below the net income.

- IFRS the earning per share calculation does not average the individual interim period calculations, US GAAP the calculation does average the individual interim period incremental shares.

**6. Describe:**

**The significant account policies that govern your system of accounting, in particular:**

- **The method of valuation for raw material, work-in-process, and finished good inventories (eg. last in first out-LIFO, first in first out –FIFO, weighted average)**

	Valuation Method
Raw Material	
Work-in-process	
Finished good	

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

Samchai's cost allocation is as per below:

For raw materials, Samchai records the cost of raw materials using the basis of kilograms.

For the cost of production, including the utility cost, the depreciation cost, the direct labor cost, the facility cost, and the maintenance cost, Samchai records on the basis of products' types and sizes.

- **Valuation methods for damaged or sub-standard goods generated at the various stages of production.**

The damaged goods occurred during the production stage are down graded to Grade B goods. These damaged goods are sold to end user as Grade B or Grade C products. The price set for Grade B or Grade C products depends on production cost.

- **Valuation methods for scrap, by products, or joint products.**

Scrap are sold at the market price and put into the account systems.

- **Valuation and revaluation methods for fixed asset.**

The valuation and revaluation of the fixed assets is conducted by using the purchase price minus depreciation which is calculated using the Straight line method.

- **Average useful life for each class of production equipment and depreciation method and rate used for each.**

The average useful life and depreciation method and rate used are as follows:

Production equipment	Location	Useful life(Years)	Depreciation method	Rate
Building & Construction	Mahachai,Poochao	■	■	■
Machine	Mahachai,Poochao	■	■	■
Machine 18 "	Mahachai	■	■	■
Furniture & Office Equipment	Mahachai,Poochao	■	■	■
Vehicle	Mahachai,Poochao	■	■	■
Computer	Mahachai,Poochao	■	■	■

- **Treatment of foreign exchange gains and losses arising from transaction.**

Included in the income-statement.

- **Treatment of foreign exchange gains/losses arising from the transaction of balance sheet items.**

At the end of the accounting period, Samchai uses the exchange rate published by the Bank of Thailand (BoT) to calculate the gains/losses arising from the transactions on the balance sheet. Samchai then records the gains/losses on the income statement.

- **Inclusion of general expenses and / or interest.**

Accrual basis

- **Provisions for bad or doubtful debts.**

Samchai follows the provisions for bad or doubtful debts as according to the "Thai Revenue Department". The debtor who has been warned at least three times, the

Accounting Department will set such transaction as the doubtful debt in their accounting book. Hence the record will be as follow;

- Accrual within 1 year will result in a 50% doubtful debts account.
- Accrual due over 1 year will result in a 100% doubtful debts account.

Doubtful debts

Dr. Doubtful debt.

Cr. Reserve for doubtful debt.

After the case had been concluded at the court level, the accrual will be accounted as Bad Debt.

Bad debts

Dr. Bad debt.

Cr. Doubtful debt.

- **Expenses for idle equipment and /or plant shut-downs.**

Not applicable

- **Cost of plant closure.**

Not applicable

- **Restructuring costs.**

Not applicable

- **By products and scrap material resulting from your company's production process, and.**

Please refer to the answer for the "Question 6 - Valuation methods for scrap, by products, or joint products".

- **Effects of inflation on financial statement information.**

Not applicable

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

In 2010 and 2011, the federation of Accounting Professions had issued new and revised accounting standards and financial reporting standards which were relevant to Samchai's operations. This was effective for the accounting period beginning on or after January 1, 2011.

The only relevant change to Samchai is the Thai Accounting System (TAS) No. 19 on the employee benefit as follow:

- The retirement benefit's amount pending to pay to the retiring employees must be included on the balance sheet and income statements.

#### A-5 Income Statement

*Complete the spreadsheet entitled 'Income statement' within the HSS Exporter Questionnaire – THAILAND – 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.*

*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.*

All GUC costs are accumulated into the main Spread sheets, balance sheets etc. In order to calculate the actual GUC costs, the information must be taken out from the main balance sheets.

Please see the spreadsheet "Income statement"

#### A-6 Sales

*Complete the spreadsheet entitled 'Turnover' within the HSS Exporter Questionnaire – THAILAND – 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.*

Please see the spreadsheet "Turn Over"

**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 Customs and Border Protection may also compare prices at another level (e.g. ex factory).*

*You should report prices of all GUC shipped to Australia during the investigation 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 investigation period.*

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

Name: [REDACTED]

Address: [REDACTED]

Contact: [REDACTED]

Phone: [REDACTED]

Fax: [REDACTED]

Mobile: [REDACTED]

Email: [REDACTED]

Trade Level: [REDACTED]

**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.

All GUC shipments made from Samchai to Australia are via Ocean Transportations, for example, Containers and Break Bulk service. The below are steps of the shipment processes.

1. The GUC are loaded onto the containers (or truck) at Samchai's warehouse.
2. The containers depart Samchai's warehouse heading to Thailand's main ports.

For example, Sri Racha, Maptaput, Laem Chabang.

3. The containers are loaded onto the deck of the vessel.
4. The vessels depart Thailand heading for Australia. The destination port depends on the agreement (Sales Contract / Order).

- (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.**

The CONFIDENTIAL diagram below shows the stages of each party in the distribution chain. The payment term between [REDACTED] and Samchai is agreed on a [REDACTED] basis, the expenses including the shipping charges are pre-paid by Samchai.

There are no commissions paid because [REDACTED] is the purchaser. However, the pre exportation expenses are accounted for the shipping agency on the transportation expense occurred during the time of shipment.

- (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.**

The below are the stages of GUC ownership in the Distribution Chain. Please note that the purchasing term is based on [REDACTED] basis.

Stage 1 – Finished GUC / Ownership belong to Samchai.

Stage 2 – GUC arriving at the departing port (Thailand) / Ownership belongs to Samchai.

Stage 3 – The B/L has been issued (or the GUC are loaded on the deck of the vessel) / Ownership belongs to [REDACTED]

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

There are no agency or distributor agreements or other contracts.

- (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.**

The prices are negotiated through emails. Once the prices are acceptable by both parties [REDACTED] will issue the Purchasing Order (PO) while Samchai will issue the Sales Contract and duly signed.

Once the products are ready for shipment, [REDACTED] will arrange the available vessels. Meanwhile, Samchai will issue all shipping documents (Invoice, Packing lists, Mill's certificates etc.).

The payment is agreed upon [REDACTED] Thus, all shipping documents including the B/L must be presented to the bank. Samchai will receive the payment approximately [REDACTED]

There are no price lists for export market.

- (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).**

There is no relationship between Samchai and [REDACTED]



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

There are no forward orders between [REDACTED] and Samchai. The purchases are agreed depending on the price and the demand during the specific period.

- 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.

No.

- B-4 Complete the spreadsheet entitled 'Australian sales' within the *HSS Exporter Questionnaire - THAILAND - 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 investigation 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.

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/grade/type	commercial model/grade or type
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Finish	identify the finish of the HSS sold
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order

	confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity	Quantity in units shown on the invoice. Show basis eg kg.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges,

expenses*	container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

Notes

\*\* FOB export price and Ocean Freight:

Refer to Spreadsheet "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.

There are no other costs, charges or expenses incurred.

- 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.

There are no Discounts, Rebates or Allowances made.

- 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.

There is no credit note on any particular shipments, as all the payments are done by L/C.

- 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.

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs and Border Protection brokers, port and other costs incurred (itemize)

Sales to Australia are made on XXXX basis.

- B-9** Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the GUC from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment

Customs and Border Protection will select additional shipments for payment verification at the time of the visit.

Documents are attached.

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

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

The Description of GUC exported to Australia is as follow.

STANDARD	GRADE / CLASS	DESCRIPTION	APPLICATION
BS1387 : 1985	EXTRA LIGHT (XL)	(ERW) CIRCULAR HOLLOW SECTION STEEL PIPE	WATER & GENERAL USAGE
	LIGHT (L)		
	MEDIUM (M)		
	HEAVY (H)		
AS1074 : 1989	EXTRA LIGHT (XL)	(ERW) CIRCULAR HOLLOW SECTION STEEL PIPE	WATER & GENERAL USAGE
	LIGHT (L)		
	MEDIUM (M)		
	HEAVY (H)		
JIS G3444	STK400	(ERW) CIRCULAR HOLLOW SECTION STEEL PIPE	WATER & GENERAL USAGE
AS1163	C250	(ERW) SQUARE AND RECTANGULAR HOLLOW SECTION STEEL PIPE	CONSTRUCTION USAGE

The above products are plain steel pipes. These can be finished with different Coatings. Please see the chart below for coating types.

CODE (INTERNAL)	COATING TYPE
GPE	HOT DIPPED GALVANIZED COATING
VPE	PAINTED (PRIME) COATING

**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).**

Refer to Spreadsheet "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 investigation 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 – THAILAND* – accompanying spreadsheet provided alongside this questionnaire, detailing as follow

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

Refer to Spreadsheet "Like Goods"

- 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.

The catalogue of goods produced by Samchai is attached.

The products are classified into the following categories.

- Structural (Construction) application
- Water and General Application
- Furniture and Mechanical Structural Application

Each category contains different finishes (Coating) as follow.

- Black (Plain) Steel pipe
- Painted Steel pipe
- Hot dip Galvanized Steel pipe

The GUC export to Australia is under the Water & General and Structural Application. Please see below for the Standard Specification for each of the categories.

# STANDARD SPECIFICATION

## Water & General Application

Standard

Commercial

BS 1387 : 1985

DIN 2440 / 2444

JIS G3452 : 1997

ASTM A-53

TS 2206-227 - 2532

Classification	Grade	Mechanical Properties			Chemical Composition %					Tolerance		
		Tensile Strength Min. Mpa.	Yield Strength Min. Mpa.	Elongation Min %	C Max. %	Si Max. %	Mn Max. %	P Max. %	S Max. %	Outside Diameter	Wall Thickness	Hydraulic Test
ERW Carbon Steel Tube	Class A1	320-460	-	20	0.20	-	1.20	0.045	0.045	see table	± 15%	50 Bar/5 sec.
Welded Steel Tubes	Class M	320-460	195	20	0.20	-	1.20	0.045	0.045			
Steel Tubes	Light	320-460	195	20	0.20	-	1.20	0.045	0.045		+ Not Limit. - 8%	
Medium Weight suitable for screwing	Medium	320-460	195	20	0.20	-	1.20	0.045	0.045	see table	+ Not Limit. - 10%	50 Bar/5 sec.
	Heavy	320-460	195	20	0.20	-	1.20	0.045	0.045		+ Not Limit. - 10%	
Carbon Steel Pipes for Ordinary Piping	ST33-2	340-510	225	11-18	0.17	0.55	1.60	0.050	0.050	see table	-12.5%	50 Bar/5 sec.
Carbon Steel Pipes for Ordinary Piping	SGP	290	-	30	-	-	-	0.040	0.040	≤ 40 mm: ± 0.5 mm. ≤ 50 - 125 mm: ± 1% ≥ 150 - 175 mm: ± 1.6% ≥ 200 mm: ± 0.8%	+ Not Limit. - 12.5%	2.5 Mpa
Steel Pipe & Galvanized Steel Pipe	TYPE 2	320	-	20	-	-	-	-	-	See Table	-12.5%	5 Mpa/5 sec.
	TYPE 4	320	-	20	-	-	-	-	-			
Pipe, Steel, Black and Hot-Dipped, Zinc-Coated, Welded	Grade A	330	205	-	0.25	-	0.95	0.050	0.045	≤ 1 1/2" ± 0.4 mm.	-12.5%	See Table
	Grade B	415	240	-	0.30	-	1.20	0.050	0.045	> 2" ± 1%		

# STANDARD SPECIFICATION

## Structural Application

Standard	Classification	Grade	Mechanical Properties					Chemical Composition %					Tolerance		
			Tensile Strength	Yield Strength	Elongation	C	Si	Mn	P	S	Outside Diameter	Wall Thickness			
			Min. Mpa.	Min. Mpa.	Min. %										
BS 2446 / 2444	Black Steel Pipes / ERW / BPE / BLY	SAMCHA	320	195	20	0.20	-	1.20	0.045	0.045	± 1%		+ Unlim. - 12.5%		
	Round Pipe	HS 41	402	235	23	0.28	-	-	0.048	0.048	≤ 50 mm: ± 0.5 mm.	2.0 - 3.2 mm: ± 0.3 mm.			
		HS 50	490	314	23	0.21	0.57	1.53	0.043	0.043	≥ 50 mm: ± 1%	4.0 - 8.0 mm: ± 10%			
		HS 51	560	353	15	0.33	0.37	0.33-1.03	0.048	0.048					
BS 2446 / 2444	Square Pipe and Rectangular Pipe	HS 41	402	235	23	0.28	-	-	0.043	0.048	≤ 100 mm: ± 1.5 mm.	2.0 - 3.2 mm: ± 0.3 mm.			
		HS 50	490	314	23	0.21	0.57	1.53	0.048	0.048	≥ 100 mm: ± 1.5%	4.0 - 12.0 mm: ± 10%			
		STK 200	250	-	30	-	-	-	0.050	0.050	Class 1	Class 1, 4 mm: ± 0.6 mm.			
		STK 400	400	235	23	0.25	-	-	0.040	0.040	Under 50 mm: ± 0.5 mm.	4-12 mm: ± 15% (12.5%)			
BS 2446 / 2444	ERW Carbon Steel Tube for General Application	STK 400	400	235	23	0.25	-	-	0.040	0.040	50 mm and over: ± 1%.	12 mm: ± 15% (12.5%)			
		STK 490	490	315	23	0.18	0.55	1.53	0.043	0.043	Class 2	Class 2, 4 mm: ± 0.6 mm.			

**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 investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you must contact the Case 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 Customs and Border Protection requirements. If agreement cannot be reached as to the appropriate method Customs and Border Protection may not visit your company.*

*Customs and Border Protection will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation 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 investigation period.*

*If you do not have any domestic sales of like goods you must contact the Case Manager who will explain the information Customs and Border Protection requires for determining a normal value using alternative methods.*

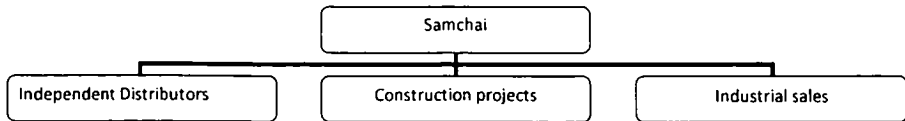
**D-1 Provide:**

- 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;
- 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.**

Distribution channels from our mill to domestic customers





- Samchai steel pipes are sold to
- Distributors: Who purchase in large quantities and on sell to their own customers. The distributors are independent of Samchai.
- Construction Projects: Sales, independent of distributors, are made directly to construction projects who purchase steel pipe in large quantities required for the project.
- Industrial sales: Sales are made direct to industrial users who use the pipe in fabrication of further finished products. For example, fences and gates.
- There are no agreements, written or otherwise, between Samchai and any of its customer levels.

Please find support documents 'SC Asset Project 1-5' attached

**D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Describe the effect, if any, that association has upon the price.**

- The domestic selling prices do vary according to the distribution channel. Distributors receive a lower price than construction projects and industrial sales. The domestic selling prices are not influenced by any association with the different customer levels.
- Distributors are totally independent of Samchai and in instances where large volumes are involved, prices are negotiated which are lower than normal when the transaction is by cash payment.

**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 term of the sales;
- Whether price includes the cost of delivery to customer.  
If sales are in accordance with price lists, provide copies of the price lists.

A standard internal price exists from the listed those prices given by product for example listed price for galvanize pipe is discount by ■% which standards cost domestic industry in Thailand. The discounts given are published for internal uses only are subject to continued revision. Variations are approved and set by the Managing Director and are based on three factors

- (a) Raw material costs
- (b) Current market prices and
- (c) Samchai's internal cash flow with greater weight given to (a) and (b)

The price lists, together with a sample of discount variations applicable to the IP are attached.

The complete sets of list variations are available to the investigating team

#### Stage 1

Price lists are given to all domestic sales personnel. Sales personnel are given price guide lines to quote large volume dealers on the basis of volume and prompt payment.

#### Stage 2

Based on an enquiry received from the customer, Samchai's sales man sends in the quotation containing the product type, size, price, quantity, delivery period, validity, and payment term.

#### Stage 3

If the quotation is accepted, the customer confirms the purchase order with Samchai. In the case of construction project sales, a sales contract is issued.

#### Stage 4

Based on the purchase order, the production order is issued to the production department. When the goods are ready, the logistic department will arrange the delivery.

#### Stage 5

In case of selling in credit terms, the invoice will be issued and sent out to the customers as agreed in the purchase order or the sales contract.

#### Stage 6

The selling price includes the transportation cost within Bangkok areas. For the areas outside Bangkok, Samchai outsource to the third party logistics company. As such, additional transportation charge will be added.

Please refer to titled 'price list' as per attached.

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

*This spreadsheet is to list all domestic sales of like goods (i.e. transaction by transaction) in the investigation 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.*

Column Heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Model/grade/type	commercial model/grade or type
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Finish	The finish of the HSS
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date.
Order number	show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	eg ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer eg. 60 days=60 etc
Quantity	quantity in units shown on the invoice eg kg.

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Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
Discounts	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Net invoice value	the net invoice value expressed in your domestic currency as recorded in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	any other costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

Notes

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

Please refer to spreadsheets 'Mahachai Domestic sales and Poochao Domestic sales' as per attached.

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

There is no other cost, charge or expense incurred which are not identified in the table in question D-4.

- D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- Provide a description;
- 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.

Commission

- There is no commission at all.

Discount

- Given depends on the volume.
- Customers who purchase regularly.

Rebate

- There is no rebate given.

Allowance offered

- There is no allowance offered to domestic sales.

- D-7** Select two domestic sales, in different quarters of the investigation period, those are at the same level of trade as the export sales.

Provide a complete set of documentation for those two sales. Including, for example:

- Purchase order
- Order acceptance
- Commercial invoice
- Discounts or rebate applicable
- Credit/debit notes

- Long or short term contract of sales
- Inland freight contract
- Bank documentation showing proof of payment

Customs and Border Protection will select additional sales for verification at the time of our visit.

Please find two complete set of documentation for those two sales as per attached.

## 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. Customs and Border Protection 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 Customs and Border Protection 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 investigation 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. Customs and Border Protection will not consider new claims made after the verification visit.*

## **E-1 COSTS ASSOCIATED WITH EXPORT SALES**

(These cost adjustments will relate to your responses made at question B-4, 'Australian Sales')

### **1. Transportation**

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

All purchases between Samchai and Stemcor are based on FOB (Thailand) basis. In such arrangement, Stemcor has to arrange the vessel or the containers to pick up the GUC at Samchai's warehouse.

The Inland Transportation costs obtained in excel spreadsheet "Australian Sales" are calculated based on the actual transportation (Truck) from Samchai's warehouse to the departing port (Thailand). The trucks are outsourced to the Shipping Agency who arranges the containers pick-up.

### **GENERAL LEDGER (TRANSPORTATION EXPENSES - 1 JULY 2010 TO 30 JUNE 2011)**

DESCRIPTION	DEBIT	CREDIT
TRANSPORT COSTS		
CASH		

**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 purchase made is in the term of FOB (Thailand), Samchai is responsible for all inland transportation costs from the warehouse to the departing port. The handling and the loading operations are outsourced to Samchai's shipping agency.

For Example,

Handling, Loading and Ancillary expenses occurred for "INVOICE No. 10SAM/00055" are THB [REDACTED] This includes the following costs.

- Terminal handling
- Wharfage and other port charges
- Document fees and customs brokers fees
- Other ancillary charges.

**GENERAL LEDGER (TRANSPORTATION EXPENSES - 1 JULY 2010 TO 30 JUNE 2011)**

DESCRIPTION	DEBIT	CREDIT
HANDLING, LOADING EXPENSES	THB [REDACTED]	
CASH		THB [REDACTED]

**3. Credit**

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation 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 sections E-2 below.



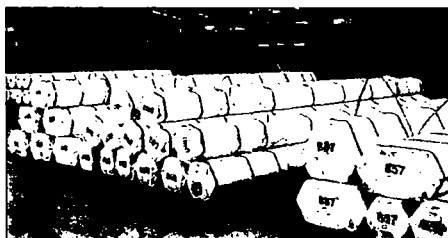
The payment terms on every purchase are under L/C. Therefore, there is no credit terms involved on any of purchase between Samchai and Stemcor.

#### 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'.

The Export packing method is different from the method of Domestic packing. The table below shows the difference as per mentioned.

EXPORT PACKING MATERIALS	DOMESTIC PACKING MATERIALS
Polystyrene wrapping	3 straps (Blue steel)
Two pre-slung	
10 straps (Blue steel)	



*Example of export's packing*

## Expenses and Labor costs

The costs of the Export packing consist of the following:

- Labor costs
- Polystyrene wrapping (Material)
- Pre-slung (Material)
- Blue steel straps (Material)

The packing costs depend on the size and No. of pieces in each bundle.

For example.

**SIZE: 65NB – BS1387:1985**

DESCRIPTION	USAGE	PRICE (THB) / bundle
POLYSTYRENE		
BLUE STEEL STRAPS		
STEEL WIRE (PRE-SLUNG)		
GRIP		
LABOR		
	TOTAL:	THB

## 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.**

There is no commission paid in relation to the export sales to Australia.

**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.

There are no warranties, guarantees and after sales services.

**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.

Other costs which may occurred are the salesmen's travel expenses, salesman's salaries. However, the costs are accumulated into the overall (Domestic and Export) account. Therefore, we do not have information in different sales details.

(To be discussed)

**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 investigation (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 investigation period.

The currency used for every purchase is in [REDACTED]

Samchai does not fix the exchange rates as the time of shipment may vary depending on the production.

The currency conversions (the exchange rate) depend on the period of shipment. Once all the shipping documents have been submitted to the bank, it takes approximately 10 days before our advising bank collect the payment from [REDACTED] advising bank. Samchai can either purchase a forward option to fix the exchange rate or wait until the negotiation date to book the spot exchange rate.

**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.

Samchai has three kinds of product that export to Australia. The table below shows the differences in both physical characteristics and value of products sold domestic and international:

Models	Physical Difference	Value Difference
Black Steel Pipe	Same physical characteristics. The only difference is the length.	Not Applicable
Painted Steel Pipe	Same physical characteristics. The only difference is the length.	Not Applicable
Galvanized Steel Pipe	Same physical characteristics. The only difference is the length.	Not Applicable

There are no differences in such quality, chemical composition, structure, or design to those GUC sold domestic and exports. However, the standard length in Thailand and Australia is different. Therefore, the only different is the length. (Thai = 6.00 m, Australia = 6.50 m)

- Black Steel Pipe

The Black Steel Pipe is the first finish goods that Samchai will get after the forming process. Samchai exports only round steel pipe to Australia.

- Black Painted Steel Pipe

The Black Painted Steel Pipe is the finish goods after the painting process on Black Steel Pipe.

- Hot Dip Galvanized Steel Pipe

The Hot Dip Galvanized Steel Pipe is the finish goods after dipping Black Steel Pipe with the zinc.

## 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
- 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.**

Under the Thailand-Australia Free Trade Agreement (TAFTA), importer in Australia can import goods that are under the conditions without import tax. The products of Samchai that export to Australia are under the TAFTA's conditions. So, there are no import charges and indirect taxes for transaction between Samchai and Australia.

For domestic sales, there is value added tax (VAT) of 7% on every sale. In contrast, there is VAT included in every purchase. Therefore, The VAT added is compensating through sales and purchasing.

### **3. Level of Trade**

**Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.**

**Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the 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 different functions: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

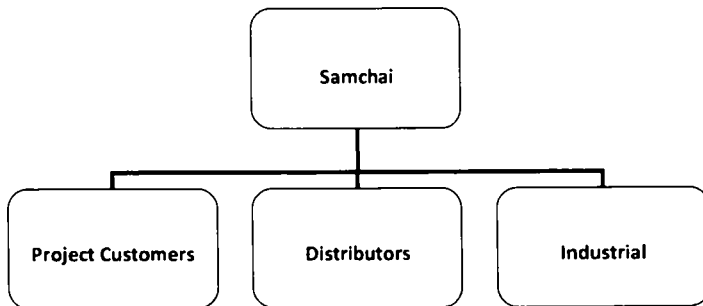
- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity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

or

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

In domestic market, Samchai has three level of trade that can classify as the followings:

- a. Project Customers  
Contractors
- b. Distributors  
Stockists (Dealer)
- c. Industrial  
Industrial usage such as, Fabricators etc.



#### 4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation 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, the average credit period may be determined as follows:

##### 1. Calculate an accounts receivable turnover ratio

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).



In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

**2. Calculate the average credit period**

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

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

Samchai does not have an extending credit cost even if we provide both cash and credit sales for domestic customer. Due to the limit under the law that does not allow any company except commercial bank to collect interest rate, Samchai does not charge any interest on domestic customer. However, the selling price in credit will higher than the selling price in cash for an opportunity cost of issuing credit to domestic customer instead of cash sales.

**3 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.

Samchai records inland transportation costs as a delivery expenses for domestic customer in Income Statement quarter by quarter. The general ledger of delivery expenses during the investigation period are stated below:

## Domestic Delivery Expenses

Delivery expenses are not separately recorded against each delivery into the accounting system. For the investigation period, domestic delivery expenses taken into the general ledger were:

	Debit	Credit
Delivery Expenses	THB [REDACTED]	
Cash		THB [REDACTED]

From the total domestic delivery expenses, the average delivery cost per tonne is calculated to be THB [REDACTED] (tonnes delivered divide by delivery cost)

The average delivery costs for the GIC during the investigation period are

	Debit	Credit
Delivery Expenses	THB [REDACTED]	
Cash		THB [REDACTED]

The average delivery cost per tonne for the GUC during the investigation period is calculated to be THB [REDACTED] (tonnes delivered divide by delivery cost)

The total of all domestic expenses under the investigation period is THB [REDACTED]. The amount sold domestically during the investigation period is [REDACTED] Kg or [REDACTED] tonnes

The calculation method is as below

$$[REDACTED] / [REDACTED] = [REDACTED] \text{ Baht per tonnes}$$

Then the amount of GUC sold domestically during the investigation period is [REDACTED] Kg or [REDACTED] tonnes

The delivery expenses of GUC domestic sales during the investigation period is as below

$$[REDACTED] \times [REDACTED] = [REDACTED]$$

#### 4 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.

Samchai records handling, loading, and ancillary expenses into handling expenses in production costs in Income Statement quarter by quarter. The general ledgers of handling expenses during the investigation period are stated below:

DESCRIPTION	DEBIT	CREDIT
Handling Expenses	THB [REDACTED]	
Cash		THB [REDACTED]

**5. 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".**

Samchai does not record any packing expenses in our accounting system.

**6. 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.**

There is no commission paid for domestic sales.

**7. 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.**

Samchai does not provide any warranties, guarantees, and after sales services for domestic selling. So, there are no costs incurred.

## 8. 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*.

### E-3 Duplication

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

For example:

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

Separate adjustment items must avoid duplication.

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

**SECTION F – THIRD COUNTRY EXPORTS**

Your response to this part of the questionnaire may be used by Customs and Border Protection 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. Customs and Border Protection 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 – THAILAND – 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 investigation 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.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation 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 investigation 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 investigation 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.

Please see the spreadsheets "Third country sales"

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

- Within the investigation period, products exported to [REDACTED] (third country) is Hot Dipped Galvanized Steel Pipe.
- Within the investigation period, products exported to Australia are Black Steel Pipe, Black Painted Steel Pipe and Hot Dipped Galvanized Steel Pipe.
- The difference are length, product standards, sizes and marking

Therefore, there are no effects on the sales of third country to export sales to Australia.

**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 - ie 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 investigation 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.

Samchai's production processes consist of the following major stages.

- 1.1) Select the HRC.

- Please see below for production flow chart.

The flowchart illustrates the pipe manufacturing process, starting with raw materials and ending with the delivered product. The steps are as follows:

- RAW MATERIALS**: The process begins with raw materials, represented by a pile of stones.
- MELTING**: The materials are melted, shown as a liquid being poured into a mold.
- EXTRUDING**: The molten material is extruded through a die, forming a continuous pipe.
- CUTTING**: The continuous pipe is cut into individual pipe sections.
- STORAGE**: The pipe sections are stored in a warehouse.
- TESTING**: The pipe sections undergo various tests, including:
  - TENSILE TEST**: Testing the pipe's strength under tension.
  - BENDING TEST**: Testing the pipe's flexibility.
  - FLATNESS TEST**: Testing the pipe's flatness.
  - WATER TIGHTNESS TEST**: Testing the pipe's ability to hold water.
  - HYDROSTATIC TEST**: Testing the pipe's ability to hold pressure.
  - FLATNESS TEST**: Another test for flatness.
  - WATER TIGHTNESS TEST**: Another test for water tightness.
  - HYDROSTATIC TEST**: Another test for hydrostatic pressure.
- PACKING**: The pipe sections are packed into a container.
- DELIVERY**: The packed pipe sections are delivered to the customer.



2. **Complete the spreadsheet entitled 'Production' within the HSS Exporter Questionnaire – THAILAND – 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.**

Please see the spreadsheet entitled "Production"

## **G-2 Cost Accounting Practices**

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

Samchai maintains the management accounting system issued by The Federation of Accounting Professions Thailand that pertaining to the adoption of the accounting standards (Revised 2009), financial reporting standards (Revised 2009) and interpretation of financial reporting standards, total 32 standards divided into 25 standards that have already implemented which modified number to matched for corresponding International Accounting Standards.

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 (i.e. different between standard and actual production costs) have been allocated to the GUC – and describe how those variances have been allocated.**

Samchai's cost accounting system does not base on standard costs. We do not use variance analysis in our cost accounting.

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

Samchai does not use variance analysis in cost accounting system. Therefore, there is no information available about cost variance.

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

Samchai does not have any section that is treated as a separate business to create profit individually and separately from the main organization. Thus, we do not have profit centre and cost centre in the company's 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 amortized or depreciated, and how allowances are made for capital expenditures and other development costs.**

There is no information available regarding profit centre and cost centre.

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

Samchai's cost accounting system records production costs based on types of products.

- a. Steel pipe (1/2" – 6") / small  
(8" to 18") / large
- b. Square pipe (25mm x 25mm to 125mm x 125mm) / small  
(150mm x 150mm x 350mm x 350mm) / large
- c. Rectangular pipe (50mm x 25mm to 125mm x 75mm) /small  
(150mm x 50mm to 300mm x 200mm) / large
- d. Painted pipes (small / large)
- e. Galvanized (small / large)

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

There are six types of production costs incurred by Samchai that values differently in cost accounting from financial accounting are as follows

- Raw Material:

Samchai has three types of raw materials; hot rolled steel in coils, cold rolled steel in coils, and zinc that might use in production process for different purpose.

- Salary and Wages in Production Department:

Salary and wages which Samchai pays to workers in the production department is included in the production cost.

- Repair & Maintenance:

Repair and maintenance are cost that comes from repairing and maintenance machine in the factory.

- Depreciation on factories and equipments:

Costs that occurred during the period of machines usage and factory opening.

- Utilities:

All electricity and water costs used to run all the productions and office works.

- Other Expenses:

For example: Insurances, over time costs, bonus etc.

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

Samchai does not engage in any start-up operations in relation to the GUC. Samchai mostly focuses on domestic sales rather than export. Therefore, there is no Start up cost related to Export sales as all of the costs are on the Domestic account.

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.**

Samchai registered in the Stock Exchange Market of Thailand since September 2004. However, Samchai established under the name 'Samchai Holding Public Company' in December 1996 with registered capital 10,000,000 baht and increased to 400,000,000 baht in October 1997.

### **G-3 Cost to Make and Sell on Domestic Market**

**Complete the spreadsheet entitled 'Domestic CTMS' within the HSS Exporter Questionnaire – THAILAND – 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 investigation 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 investigation at the address shown on the cover of this questionnaire.**

**Please specify unit of currency.**

Available in spreadsheet

**G-4 Cost to Make and Sell GUC (Australian Exports)**

Complete the spreadsheet entitled 'Australian CTMS' within the HSS Exporter Questionnaire – THAILAND – 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 investigation 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 investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

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

Available in spreadsheet

**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.**

There are cost difference between goods sold to the domestic market and those sold for export.

- Packing Costs

The packing requirements for export markets require full plastic wrappings (Polystyrene). While domestic packing does not require full wrapping. Please see below for the requirements.

EXPORT PACKING MATERIALS	DOMESTIC PACKING MATERIALS
Polystyrene wrapping	3 straps (Blue steel)
Two pre-slung	
10 straps (Blue steel)	

- Transportation Costs

The differences are the processes performed on the goods delivered. Export goods are delivered to the port which containers are outsourced. Moreover, the distance where the ports located is reasonably far. Meanwhile, the domestic goods are delivered within Bangkok area only.

- Selling Costs

Selling costs for the goods sells domestically and internationally are different. In export, Samchai need to pay for shipping fees, custom clearance, and etc.

**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.**

There is no difference between the costs shown and the costs as normally determined in accordance with Samchai's general accounting system. All the costs are centrally recorded at the accounting department. Samchai divides the costs into different departments.

Samchai does not employ standard costing methods in our accounting practice.

**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.**

Samchai calculates the cost to manufacture and sell in term of weighted average (baht/kg). This method has been used ever since the start up of the company.

**G-8 Major Raw Material Costs**

1. 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 Customs and Border Protection 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 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.

Samchai has two kinds of raw materials that has relation to the GUC; Hot Rolled Steel in Coils and Zinc.

i) Hot Rolled Steel in Coils

For Hot Rolled Steel in Coils, Samchai orders from both local and foreign suppliers.

Foreign Supplier

1. [REDACTED] is agency that will contact with any mills in [REDACTED] to supply Hot Rolled Steel in Coils to Samchai.  
[REDACTED]

Domestic Supplier

1. [REDACTED]

2. [REDACTED]

## ii) Zinc

Samchai orders zinc from Padaeng Industry PCL which is the domestic supplier in Thailand. There are three types of zinc that Samchai purchases from [REDACTED];

- Special High Grade Zinc Ingot
- Zinc die-casting alloy (PADAENG DA-5)
- Zinc Nickel.

Samchai uses the purchase price of raw material to calculate the selling price of finished products.

**SECTION H – PARTICULAR MARKET SITUATION**

*The applicants claim that a 'market situation' exists in respect of HSS from Thailand due to government influence on the price of the major raw material input, hot rolled steel, used in the manufacture of the GUC.*

*The existence of a 'market situation' could affect Customs and Border Protection's approach to calculating normal value within its dumping assessment.*

*In broad terms, it is generally the case that the normal value of the GUC is the price paid for like goods sold for home consumption in the country of export. One of the exceptions to using domestic selling prices for this purpose provides 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, Customs and Border Protection is providing producers/exporters of the subject goods in Thailand the opportunity to supply evidence that the sector under investigation is operating under market conditions. In examining the matter, Customs and Border Protection will also send questionnaires to the Thai Government and continue to examine information available from third-party sources.*

**It may be necessary for Customs and Border Protection to request additional information following receipt and review of your response.**

- 1 The application alleges that the price of HRC in Thailand is subject to price control (specifically a price 'ceiling') by the Thai Government (through the Ministry of Commerce)**

**Confirm whether HRC in Thailand is subject to any form of price regulation by the Thai Government. If so, answer the following questions:**

- (a) Describe the nature of the price regulation in place.**

The price of HRC in Thailand is subject to the Thai Government price control. Nevertheless, the selling price in the market is sometimes higher than the "ceiling" price.

- (b) Explain the rationale and aim of this price regulation.**



The "ceiling" price set by the Thai government is to control the HRC selling price, however, the HRC are often sold at higher price.

**(c) Identify exactly what products are subject to price control.**

The products that subject to price control as follow:

- Hot Rolled Steel Sheet in Coil (HRC)
- Hot Rolled Sheet/Plate (HRS)

**(d) Identify how long the price regulation has been in place, whether it was in place throughout investigation period, and whether you are aware of any plans to remove/vary the price regulation in the future.**

The price control has been issued by the Thai Government since November 2004. I am not aware of any plan to remove the price regulation in the future.

**(e) Provide copies of any notifications, law, regulations, directive or circulars issued by the Thai Government in relation to this price regulation**

Please find the document titled 'price suggestion by the Thai government' as per attached.

**(f) Explain whether members of the Thai Steel Industry have any influence over the levels of this Thai Government price regulation**

The members of the Thai Steel Industry do not have any influence on the Thai Government price regulation.

**(g) Can members of the steel industry petition/apply for variation of these regulations?**

Yes, the members of Steel Industry can apply for the variation of the regulations, however, they cannot make decisions.

**(h) Explain the impact (if any) these regulations have had on your business.**

There is no impact on Samchai.

**2. Are you aware of any other goods and services in the steel sector (including steel raw materials) whose prices are currently regulated or guided by the Thai Government during the period 1 July 2006 – 30 June 2011?**

Fully explain the levels and nature of these price regulations or guidelines.

Your response should identify any prices in the steel sector that are regulated or guided by any level of government (provincial, municipal or local).

The products which are guided by the Thai Government in November 2004 as follow:

- Wire rod
- Deformed Bars
- Steel sheets

There is price guideline because there had been complaints by the buyers that the steel products are too expensive.

3. **The application refers to the Product under Supervisory for 200 items listing. Provide a current copy of this list, as well as the copies of the listing for the Period 1 July 2006 – 30 June 2011.**

Please find the document entitled '200 watch list 1&2' as per attached.

4. **Raw Material Supply.**

**Provide a schedule displaying your average quarterly purchase price and quarterly purchased volume of HRC during the investigation period. Include:**

- a) **The name and address of your supplier;**
- b) **Whether the HRS is produced domestically or imported.**

a) Foreign Supplier

1. [REDACTED], a trading firm who source Hot Rolled Steel in Coils from [REDACTED]

Address: [REDACTED]

2. [REDACTED], Hot Roll Coil producer in [REDACTED].

Address [REDACTED]

Domestic Supplier

1. [REDACTED]

[REDACTED]  
[REDACTED]

2. [REDACTED]

[REDACTED]

[REDACTED]

b) The HRS is produced domestically and imported.

**3. Purchases of HRC**

- (a) Identify the person who authorizes the purchase order terms and other contract provisions for purchase of HRC by your company.**

The board of management makes decision on the purchase of HRC.

- (b) Explain how the purchase price of HRC by your business is determined, including any Thai Government involvement in your business pricing decisions.**

Samchai purchases HRC according to the sale orders and stock availability. The Thai Government does not involve in any pricing decisions.

- (c) Does HRC purchased for use in HSS, attract higher or lower selling prices than HRC purchased for use in the manufacture of other products? If so, provide an explanation of why this is the case.**

There is no difference between purchasing HRC for use in HSS and purchasing HRC for manufacturing other products.

- (d) Does your business coordinates selling price or supply of hot rolled-sheet with other domestic steel and steel product producers, any Thai Government departments or Steel Associations? If so, provide details.**

Samchai does not coordinate selling price or supply of hot rolled-sheet with other domestic steel producers.

- (e) Explain whether your business has been subjected to any direct or indirect price guidance or controls by Thai Government during the investigation period, with respect to raw materials inputs.**

Samchai has never been subjected to price guidance control by Thai Government.

- (f) If the Thai Government influences the price of raw materials inputs, provide a full explanation of the role of the Thai Government in determining raw material inputs prices.**

The Thai Government does not have any influences on Samchai.

- (g) How did, if at all, HRC inclusion on the Thai Government priority watch list, as published in the 'Products under Supervisory for 200 items' (October 2006), affect the price of HRC during the investigation period?**

There is no effect from the inclusion of HRC on the Thai Government priority watch list during the investigation period.

- (h) **Which Thai Government department or agency has responsibility for administering and monitoring the priority watch list described above?**

The Ministry of Commerce of Thailand has responsibility for administering and monitoring the priority watch list.

- (i) **Provide any documentation indicating the Thai Government determined price for HRC during the investigation period.**

Please find support documents under the name 'Notification of Central Commission for Product' as per attached.

- (j) **Explain whether your business has encountered any other price guidance or controls established by regional, provincial or special economic zone officials and/or organizations.**

Samchai has not encountered any price control established by the regional, provincial or special economic zone officials and/or organizations.

**4. Selling prices of HSS**

- (a) **Explain how the selling prices of HSS by your business are determined, including and Thai Government involvement in your business' pricing decisions, and indicate if HSS is subject to Thai Government direct or indirect pricing or government guidance pricing.**

Thai government does not involve in Samchai business pricing decisions.

- (b) **List the major factors influencing your business selling prices of HSS (e.g. competition from imports, increasing domestic demand etc).**

- Cost of Raw Material.

- Imported finished products.

- Increase in local producers.

**SECTION I – EXPORTER/PRODUCER'S DECLARATION**

I hereby declare that Samchai Steel Industries Public Company Limited.

Did, during the period of investigation export the GUC and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name : Mr. Varoonchai Leekanchanakorn

Signature : .....



Position in Company: Deputy Managing Director

Date: 18/11/2011

**SECTION J - CHECKLIST**

*This section is an aid to ensure that you have completed all sections of this questionnaire.*

Section	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – particular market situation	<input checked="" type="checkbox"/>
Section I – declaration	<input checked="" type="checkbox"/>

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