

SECTION A

COMPANY STRUCTURE AND OPERATIONS

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

A-1 Identity and communication

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

Response:

Head Office:

Name: ****

Position in the company: ****

Address: ****

Telephone: ****

Facsimile number: ****

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

Factory:

Address: Chang Hong Industrial Zone, Dali Town Foshan City,
Guangdong, China

Telephone: 86-757-89957561

Facsimile number: 86-757-85558931

E-mail address of contact person: exp20@huachang-alu.com

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

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

Response:

Name:

Address: 7/F, Building D, Parkview Green FangCaoDi, No.9, Dongdaqiao Road,
Chaoyang District, Beijing, China

Telephone: 13911901866

Facsimile/Telex number: +86 10-58137788

E-mail address of contact person: sun.lei@dentons.cn

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this review may be freely released to, or discussed with, that representative.

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

Response:

The legal name of our business is Guangdong Huachang Aluminium Factory Co., Ltd.(hereinafter as “Huachang”), whose kind of entity is a company, and Huachang did not use other business names to export or sell goods.

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

Response:

The owners of Huachang are listed as below:

Shareholders' Name	Share Percentage
****	****
****	****

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

Response:

Not applicable since Huachang is not a subsidiary of any other company.

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

Response:

Not applicable since Huachang is not a subsidiary of any other company.

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

Response:

Please refer to the Exhibit 1 for the affiliation of Huachang company.

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

Response:

No any management fees/corporate allocations are charged to Huachang by its related companies.

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

Response:

Huachang is a limited liability company who manufactures the goods.

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

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

Response:

Huachang performs all of the above functions listed.

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

Response:

Please refer to the Exhibit 2 for the internal organization chart. The function of each group is described and listed as follows:

Group	Function Description
Quality Inspection Department	Inspecting the qualities of finished goods and raw materials
Physical & Chemical Center	Researching and developing new products and technologies
Warehouse Department	Managing the inventories
Production Planning Department	Planning and arranging the production based on the orders and market demand
Equipment Department	Maintaining the machines and other production facilities
Supply Department	Purchasing materials and equipment
Audit Department	Internally auditing the other departments of Huachang
Accounting Department	Bookkeeping, tax returning, budget, cost accounting, and financial analysis
Project Sales Department	Managing the sales of products used to project.
Sales Department	Managing the domestic sales of finished goods
General Manager Office	Assisting the general manager to manage and control other departments
International Trade Department	Managing the export to other countries

Human Resource Department	In charge of recruiting, checking attendance, employing and unempolying workers and staff, and payroll.
Administrative Department	Managing the cars, safeguard, and internal dinning room

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

Response:

The directors of Huachang as follows:

Shareholders' Name	
CN	EN
****	****
****	****

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

Response:

Huachang did not generate annual report. Please refer to Exhibit 3 for the brochure of Huachang.

12. Are any of your company's operations in a Special Economic Area, Economic and Technical Development Zone, Bonded Zone, Export Processing Zone, High Technology Industrial Development Zone, the Western Regions, or any other similarly designated area?

Response:

No, Huachang does not operate in a Special Economic Area, Economic and Technical Development Zone, Bonded Zone, Export Processing Zone, High Technology Industrial Development Zone, the Western Regions, or any other similarly designated area.

13. If your answer to question A-3 12 above is 'Yes':

- advise if any benefits (e.g. grants, reduced liabilities on commercial interest rates, etc) from the Government of China (GOC) (including central, provincial, municipal, county or any other level of government) accrue to your company because of being located in such an area;
- please explain the nature of the operations, identify the specific zone(s) [or other area(s)] and provide a brief overview of all of the benefits of operating within the specified zone(s) or area(s).

Response:

Not applicable since Huachang answers “No”.

14. Provide details of all transactions between your company and all related parties. For example:

- Supplying/selling completed or partially completed products.
- Supplying/selling raw materials.
- Performing management functions (including any financial functions).
- Processing (including toll processing) of any raw materials, intermediary or completed products.
- Trading in products/materials supplied by related parties.

Response:

******registered an offshore company in ****named as ****. Some customers of Huachang wired to ****. that then transferred the payment to****.**

Huachang and its other related parties are independently operating respect business. No transaction listed above was made between Huachang and its other related parties other than **.**

A-4 General accounting/administration information

1. Indicate your accounting period.

Response:

The accounting period is from January 1st to December 31th.

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

Response:

The company's financial records held by Huanchang are at its office building.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:
- chart of accounts;

Response:

Please refer to the Exhibit 4 for the chart of accounts of Huachang.

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

Response:

Please refer to the Exhibit 5 for audited financial statements including all footnotes and the auditor's opinion for year 2017. So far the financial statements for year 2018 are not audited by Huachang. Huachang may provide audited financial statements in June when the independent auditor issues the auditor report for year 2018.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

Response:

Please refer to the Exhibit 6 for Huachang's internal financial statements for year 2018.

These documents should relate to:

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

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

Response:

Huachang audited its financial statements after accounting year ended.

Huachang will provide its auditor report for year 2018 later when it is available.

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

Response:

Huachang's accounting practice complies with the generally accepted accounting principles in China.

6. Describe:

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

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);

Response:

Huachang valued its stock-in of inventories at actual cost and stock-out of inventories at weighted average method.

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

Response:

Huachang allocated its actual amount of each cost factor (raw material, labour, packing and overheads) to its finished goods by allocation ratio.

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

Response:

Huachang did not value its damaged or sub-standard goods which were reintroduced into the melting process to produce new products.

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

Response:

Huachang did not value the scrap and by-products which were reintroduced into the melting process to produce new products.

- valuation and revaluation methods for fixed assets;
average useful life for each class of production equipment and depreciation method and rate used for each;

Response:

Huachang valued fixed assets at actual purchase cost. Huachang adopted straight line method to depreciate its fixed assets. The average useful life for each class of production equipment and residual rates are as follows:

Class	Useful life	Residual rate	Depreciation rate
Building	****	****	****
Machines	****	****	****
Electronic equipment	****	****	****
Transportation Equipment	****	****	****
Other	****	****	****

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

Response:

Huachang treated the foreign exchange gains and losses arising from transactions as financial expenses.

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

Response:

Huachang treated the foreign exchange gains/losses arising from the translation of balance sheet items as financial expenses.

- inclusion of general expenses and/or interest;

Response:

The general expenses and interest include administrative expenses, sales expenses and financial expenses. Please refer to the chart of accounts which demonstrated the each item of general expenses and interest.

- provisions for bad or doubtful debts;

Response:

Huachang did not make the provisions for bad or doubtful debts. Once the bad debts are incurred, Huachang attributes the amount of bad debt to administrative expense account.

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

Response:

Not applicable since Huachang did not incur such expenses.

- costs of plant closure;

Response:

Not applicable since Huachang did not incur costs of plant closure.

- restructuring costs;

Response:

Not applicable since Huachang did not incur restructuring costs.

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

Response:

The by-products and scrap materials are reintroduced into production process by Huachang without accounting treatment.

- effects of inflation on financial statement information.

Response:

Not applicable since Huachang did not consider the effects of inflation on financial statement information.

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

Response:

Huachang did not change its accounting methods over the last two years.

A-5 Income statement

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

	Most recent completed financial year (specify)		Review period: 1 January 2018 to 31 December 2018	
	All products	Goods Under Consideration	All products	Goods Under Consideration
Gross Sales (1)				
Sales returns, rebates and discounts (2)				
Net Sales (3=1-2)				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
OPERATING INCOME (10=3-9)				
Selling expenses (11)				
Administrative & general				

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expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12=13)				
INCOME FROM NORMAL ACTIVITIES (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
PROFIT BEFORE TAX (20)=(15+16+17+18+19)				
Tax (21)				
NET PROFIT (22)=(20-21)				

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

Prepare this information on a spreadsheet named "**A-5 Income statement**".

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

Response:

Please refer to Exhibit 7 for A-5 Income statement as request. In the spreadsheet A-5, Huachang reported cost and SG&A expenses incurred by goods

under consideration at the proportion of the net sales of goods under consideration accounted for the net sales of all products.

A-6 Sales

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

	Most recent completed financial year (specify)		Review period 1 January 2018 to 31 December 2018	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "**A-6 Turnover**".

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

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

Response:

Please refer to Exhibit 8 for the spreadsheet "A-6 Turnover".

A-7 Historical exports to Australia

State your company's exports to Australia (volume and values) of the goods for the following calendar years:

- 2017
- 2016
- 2015
- 2014

Response:

Please refer to Exhibit 9 for spreadsheet B-4b which demonstrated the exports to Australia (volume and values) of the goods for the above calendar years.

SECTION B

SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex-factory level.

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

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

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

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

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

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

Response:

In the review period, the customer in Australia of Huachang was ** who is a distributor in Australia of Huachang and whose address and contact information are as follows:**

Address: ****

Contact name: ****

Tel: ****

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

Describe how the goods are sent to each customer in Australia, including a diagram if required.

Response:

Huachang delivered the goods to its customer in Australia by** .**

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.

Response:

The distribution chain included three parties that are**, **** and ****.**

Huachang is the supplier and delivered the goods to** based on ****.**

Then ** shipped the goods to **** and paid Huachang through the bank account of ****.**

****** Subsequently wired the payment to Huachang in ****.**

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

Response:

Huachang retained the ownership of the goods until the goods arriving **. When the goods were on the board, the ownership was transferred to****.**
Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

Response:

Not applicable since Huachang did not enter into any agency, or distributor agreements or other contracts in relation to the Australian market.

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.

Response:

The Australian customer of Huachang sent the price enquiry to Huachang through e-mail. The salesman of Huachang negotiated the quantities, model, shipping and payment term. Please refer to Exhibit 10 for the negotiation mails between Huachang and its Australian customer.

The export price was based on cost factors and negotiation between Huachang and its customer.

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

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

Response:

Not applicable since Huachang is not related to its Australian customer.

- 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.

Response:

No, Huachang's export selling prices do not vary according to the distribution channel identified. All Australian customers of Huachang are distributor trade level.

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

Column heading	Explanation
Customer name	names of your customers
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.
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.
Quarter	The quarter that the date of sale occurred
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 e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms e.g. 60 days=60 etc.
Quantity	Quantity in units shown on the invoice. Show basis e.g. kg.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts on the invoice	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.
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 in the currency of the exporting country	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	the amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.

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Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

** FOB export price and Ocean Freight:

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

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

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

Response:

Please refer to Exhibit 11 for the spread sheet B-4. In the review period, Huachang had one shipment of the goods under consideration to its Australian customer.

Huachang explained each column as follows:

Column heading	Explanation by Huachang
Customer name	In this column Huachang reported name of its customer on the commercial invoice.

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Level of trade	The level of trade of Huachang customers in Australia is distributor
Model/grade/type	Commercial model/grade or type is aluminum profile.
Product code	Huachang reported product code in according with the preform invoice which was sent to its Australian customer.
Invoice number	Huachang reported invoice number on the commercial invoice.
Invoice date	Huachang reported invoice date on the commercial invoice.
Date of sale	Huachang reported the invoice date in this column.
Quarter	The sale occurred in the 3 rd quarter of 2018.
Order number	Not applicable the customer did not issue an order to Huachang. Huachang does not challenge a date other than invoice date as being the date of sale.
Shipping terms	Huachang reported *** in accordance with the commercial invoice.
Payment terms	The payment was paid after delivery.
Quantity	Huachang reported quantity in kg in accordance with the commercial invoice.
Gross invoice value	Huachang reported the total shown on invoice. The total included the ocean freight reimbursed by its Australian customer.
Discounts on the invoice	Not applicable.
Other charges	Huachang did not incur any other charges, or price reductions, that affect the net invoice value.
Invoice currency	Huachang reported USD used on the invoice.
Exchange rate	Huachang reported the exchange rate used in August 2018 to convert the currency of the sale to the currency used in your accounting system.
Net invoice value in the currency of the exporting country	Huachang reported the net invoice value expressed in ¥ (China Yuan) as it is entered in Huachang's accounting system.
Rebates or other allowances	Not applicable since Huachang did not incur any deferred rebates or allowances.
Quantity discounts	Not applicable since Huachang did not make quantity discount.
Ocean freight**	Huachang reported the ocean freight incurred on the export shipment listed in spread sheet B-4. Huachang's Australian customer reimbursed the ocean freight.
Marine insurance	Not applicable since Huachang did not incur marine insurance.
FOB export price**	Huachang calculated FOB price at the port of shipment.
Packing*	Not applicable since Huachang did not incur Packing expenses. The packing cost was attributed to cost of production and packing materials are treated as inventory.
Inland transportation costs*	Huachang reported inland transportation cost in USD from its factory to Nansha port in this column.

Handling, loading & ancillary expenses*	The handling, loading & ancillary expenses that were contained in inland transportation cost reported.
Warranty & guarantee expenses*	Not applicable since Huachang did not incur warranty & guarantee expenses.
Technical assistance & other services*	Not applicable since Huachang did not incur expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Not applicable since Huachang did not incur commissions.
Other factors*	Not applicable Huachang attributed any other costs, charges or expenses in relation to the exports to Australia to SG&A account if any.

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

Response:

Huachang did not incur other costs charges or expenses in respect of the export listed in spread sheet B-4 above.

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

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

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

Response:

Not applicable since none of discount, rebate or allowance offered on export sales to Australia was incurred by Huachang.

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.

Response:

Not applicable since Huachang did not issue credit note (directly or indirectly) to the customer in Australia in relation to the invoices listed in the detailed transaction by transaction listing in response to question B-4.

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

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

Response:

Not applicable since Huachang did not make responsible for arrival of the goods at an agreed point within Australia.

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

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

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

Response:

In the review period, Huachang had only one shipment of goods under consideration to Australia. Please refer to Exhibit 12 where Huachang provided all documents related to the export sale.

SECTION C

EXPORTED GOODS & LIKE GOODS

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

Response:

In the review period, Huachang exported aluminum profiles and aluminum alloy windows to Australia. For the commission identifies and classifies the exported goods, Huachang provided the pictures and technical chart in relation to the two models exported to Austrlia in the review period.

Please refer to Exhibit 13 for the pictures and technical chart provided by Huachang.

C-2 List each type of goods exported to Australia (these types should cover all types listed in spreadsheet “**B-4 Australian sales**” – see section B of this questionnaire).

Response:

During the review period, the goods exported to Australia by Huachang were * and *** that were goods not under consideration.**

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

- and prepare a spreadsheet named “**C-3 Like goods**”, providing a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods	Product code of comparable model sold	If goods are identical	Where the good exported to Australia is not

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exported to Australia	on the domestic market of the country of export	indicate "YES". Otherwise "NO"	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
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Response:

In the review period all models sold domestically are comparable to the goods under consideration exported to Australia. has listed the models in spread sheet C-3 as Exhibit 14.

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

Response:

The classification is not necessary because all goods sold on the domestic market are identical to the goods under consideration exported to Australia during the review period.

SECTION D

DOMESTIC SALES

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

*All domestic sales made during the review period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the review period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices –

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

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.

D-1 Provide:

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

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

Response:

All domestic customers of Huachang are distributor trade level and not associated with Huachang's business. Huachang supplied the goods to

its domestic customers based on market prices. No association effects on its domestic selling prices.

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

Response:

Not applicable since Huahchang's all domestic customers is at distributor trade level. The domestic selling prices vary according to cost of production, quality standard, demand and competition in domestic market rather than distribution channel.

D-3 Explain in detail the sales process, including:

the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and whether price includes the cost of delivery to customer. If sales are in accordance with price lists, provide copies of the price lists.

Response:

Huachang sets its selling prices based on the following considerations:

Primary material prices,

Tax payable by Huachang,

Packing cost,

and Quality standard.

Huachang receives the customer orders by fax or from its order system where customers enter into orders.

The delivery is made by Huachang.

Huachang issued VAT invoices to its domestic customers after the goods are delivered. The original VAT invoices are expressed to its customers. The customers

paid Huachang through bank after receiving the VAT invoices. A few of the customers paid Huachang in cash.

For domestic sales, the term of sales included free on truck and delivery into store.

The domestic sales are in accordance with the negotiation between Huahchang and its customers and final approval of the management of Huachang.

D-4 Prepare a spreadsheet named “**D-4 Domestic sales**” listing **all** sales of like goods made during the review period. The listing must be provided on a CD-ROM. Include all of the following information.

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Model/grade/type	commercial model/grade or type of the goods
Product code	code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date.
Quarter	The quarter that the date of sale occurred
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.
Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the	the net invoice value expressed in your domestic currency as recorded in your accounting system

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exporting country	
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity 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.

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

Response:

Please refer to Exhibit 15 for the spread sheet D-4. Huachang explained each column reported as follows:

Column heading	Explanation by Huachang
Customer name	Huachang provided both Chinese and English names of all domestic customers as well as customer codes.
Level of trade	During the review period, all domestic customers of Huachang are at distributor level.
Model/grade/type	Huachang reported the product names in this field based on the records of its sales settlement slips.
Product code	Huachang reported the product codes in this field column based on the records of its sales settlement slips.
Invoice number	Instead of invoice numbers, Huachang reported the numbers of sales settlement slips in this field.
Invoice date	Huachang reported the year and month when invoices were issued to its customer in this field.
Date of sale	Huachang does not consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used. Huachang reported same date as the field "invoice date".
Quarter	Huachang reported the quarter that the date of sale occurred.

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Order number	Huachang reported order numbers as request. Huachang does not challenge invoice date as being the date of sale.
Delivery terms	Huachang reported delivery into store in this field.
Payment terms	payment term agreed with Huachang’s customers is 30 days.
Quantity	Huachang reported quantity in KG in this field.
Gross Invoice value	Huachang reported gross value after excluding VAT based on the records of sales settlement slips.
Discounts on the Invoice	Not applicable since Huachang did not discount the domestic sales during the review period. Huachang reported zero in this field.
Other charges	Huachang did not incur any other charges, or price reductions for domestic sales during the review period. Huachang reported zero in this field
Net invoice value in the currency of the exporting country	the net invoice value expressed in RMB is equal to gross invoice value because the discount and other charges were zero in review period.
Rebates or other Allowances	Not applicable. Huachang reported zero in this field.
Quantity discounts	Not applicable. Huachang reported zero in this field.
Packing*	Not applicable since Huachang did not expense its packing materials and that as inventory were attributed into material costs.
Inland transportation Costs*	Not applicable since inland transportation costs were expensed into selling cost under SG&A.
Handling, loading And ancillary Expenses*	Not applicable since Huachang did not incur handling, loading & ancillary expenses in the review period.
Warranty & Guarantee expenses*	Not applicable since Huachang did not incur warranty & guarantee expenses in the review period
Technical assistance & other services*	Not applicable since Huachang did not incur expenses for after sale services such as technical assistance or installation costs in the review period.
Commissions*	Not applicable since Huachang did not incur commission in the review period.
Other factors*	Not applicable. Huachang attributed other costs, charges or expenses in relation to the domestic sales to SG&A if any.

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

Response:

Please refer to response to question D-4.

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:
provide a description; and explain the terms and conditions that must be met by the customer to qualify for payment.

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

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.

Response:

Please refer to the response to question D-4.

D-7 Select two domestic sales, in different quarters of the review period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

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

Response:

Please refer to Exhibit 16 for the selected two domestic sales.

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 (i.e. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The review must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

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

1. Transportation

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

Response:

The inland transportation was attributed to the transportation expense sub-account of selling expense account of Huachang's general ledger.

2. Handling, loading and ancillary expenses

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

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

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

Response:

Handling, loading and ancillary expenses were attributed to SG&A accounts if any.

3. Credit

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

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

Response:

Please refer to Exhibit 17 for the interest rate list covering the review period.

For the commercial invoice in Exhibit 11, Huachang received the first payment in advance on 20 July 2018 and received the remained payment on 17 August 2018.

The payment dates are demonstrated on transaction confirmation in Exhibit 12.

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**'.

Response:

Huachang attributed packing cost to cost of production account rather than expensed the packing material and labour cost.

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.

Response:

No commission was paid in relation to the export sales to Australia reported in spread sheet B-4.

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.

Response:

Huachang did not incur the expenses for 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.

Response:

Other factors affecting price comparability were expensed and attributed to SG&A accounts if any.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a ‘sustained’ movement during the period of review (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect ‘sustained’ movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the review period.

Response:

Huachang does not claim price adjustment on the fluctuations in exchange rates.

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, “**Domestic sales**”)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

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

Response:

Huachang does not claim the adjustment because the physical characteristics of the goods under consideration exported to Australia are identical with the domestic selling goods in D-4.

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

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

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Response:

Huachang does not challenge the adjustment to import charge and indirect tax.

3. Level of trade

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

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

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

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

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

- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

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

or

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

Response:

Huachang does not claim the price adjustment based on level of trade. The Australian and domestic customers of Huachang are at same level of trade.

4. Credit

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

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

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

Provide the applicable interest rate over each month of the review period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system¹, 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).

¹ Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

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.

Response:

Please refer to Exhibit 17 for the interest rate list over the review period.

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

5. Transportation

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

Response:

The inland transportation was expensed and attributed to the transportation sub-account of selling expense general ledger account.

6. Handling, loading and ancillary expenses

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

Response:

Handling, loading and ancillary expenses were attributed to SG&A accounts.

7. Packing

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

Response:

The packing method is based on model rather than different market. The packing material and labour cost were attributed to cost of production account under general ledger.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

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

Response:

Huachang did not incur any commission in domestic sales market.

9. Warranties, guarantees, and after sales services

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

Response:

Huachang did not incur the expenses for warranties, guarantees, and after sales services in domestic sales market.

10. Other factors

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

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;

- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

Response:

The costs of other factors were attributed to SG&A if any.

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.

Response:

Huachang may ensure that there is no duplication.

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

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

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

Supply this information in spreadsheet named “**F-1 Third country**”

Response:

Please refer to Exhibit 18 for F-1 spread sheet “Third country”. Huachang explained each column in the spread sheet as follows:

Column heading	Explanation by Huachang
Country	As requested, Huachang reported name of the country that it exported like goods to over the review period.
Number of customers	As requested, Huachang reported the number of different customers that it has sold like goods to in the third country over the review period.
Level of trade	The level of trade that Huachang export like goods to in the third country is distributor.
Quantity	Huachang Indicated the quantity, in KG, exported to the third country over the review period.
Unit of quantity	Huachang shows the unit of quantity KG.
Value of sales	As requested, Huachang shows net sales value to all customers in third country over the review period.
Currency	Currency in which Huachang have expressed data in column SALES is CNY
Payment terms	Typical payment terms with customer(s) in the country is 60 days.
Shipment terms	Typical shipment terms to customers in the third country is FOB.

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

Response:

The sales to third countries are identical with the export sales to Australia. There are not significant difference effects between third countries and Australia.

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

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

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

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

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and*
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)*

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the review period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-1 Production process and capacity

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

Response:

Please refer to Exhibit 19 for the flowchart of the production process for all products including the goods exported to Australia. The scrap and by-products are produced at melting, Extrusion and cutting stages of production process and reintroduced into the production by Huachang.

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

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

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

Provide this information on a spreadsheet named "G-2 Production".

Response:

Please refer to Exhibit 20 for the spreadsheet G-2 Production.

G-3 Cost accounting practices

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

Response:

Cost accounting method

Huachang manages its accounting system by ERP software and Excel.

Huachang adopts the following method to account of its cost accounting data.

Step 1:

Raw and packing materials used to production process are debited cost of production (COP). The labours and manufacturing overheads in relation to production process are debited cost of production.

Step 2:

Total cost of finished models is calculated by the formula: beginning balance of COP + debit of current COP – ending balance of COP.

Step 3:

Total cost is allocated between exported and domestic selling goods based on quantities produced.

Step 4:

Cost of each finished model for export or domestic sales is calculated following the Step 3 in according with the formula:

(Quantity produced of each finished model * allocation ratio) / the sum of allocated quantities of all finished models for export or domestic sales * total cost of finished models for export or domestic sales.

Reconcile to audited financial statement

Cost of each model is debited in sub-ledgers of finished goods account. The weighted average stock-out amount of each model is credited in sub-ledger of finished goods account. The total of debited amounts is reconciled to COP and total of credited amounts is reconciled to main operating cost on the audited income statement.

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

Response:

Huachang's cost accounting system is not based on standard (budgeted) costs. The total cost of all finished goods is actual amount. When Huachang allocates total actual cost of finished goods between different models, Huachang uses a group of allocation ratios which were designed by Huachang in accordance with consumption levels of different models.

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

Response:

During the review period, Huachang did not incur any significant or unusual cost variances.

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

Response:

Not applicable. Huachang did not found profit/cost centres in its cost accounting system. All cost items are calculated and summed in factory-scope.

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

Response:

Not applicable. Huachang did not found profit/cost centres and allocates all costs in factory-scope.

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

Response:

Huachang records production costs based on models of finished products.

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

Response:

Not applicable since no difference exists between cost accounting system and financial accounting system.

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

Response:

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

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.

Response:

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

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

1. Prepare this information in a spreadsheet named "G-4 Domestic CTMS".

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

² The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

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Production Volume					
Unit Cost to Make					
Selling Costs					
Administration Costs					
Financial Costs					
Delivery Expenses ³					
Other Costs ³					
Total SG&A					
Sales Volume					
Unit SG&A					
Unit Cost to Make and Sell					

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

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

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

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

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

Please specify unit of currency.

Response:

Please refer to Exhibit 21 for spread sheet G-4 where all amounts are measured in CNY. In Huachang’s accounting system the delivery expense is attributed to selling expense account. Under SG&A accounts, Huachang did not incur other costs.

2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

Response:

Total cost to make

Huachang reported the cost information by the sources as follows:

Raw material account-1403

Packing material account-1404

Finished goods account-1405

Huachang reported the SG&A information by the sources as follows:

Selling expense account-6601

Administration expense account-6602

Financial expense account-6603

Main business cost-6002

The calculation

Please refer to Exhibit 22 summary worksheet for the calculation of cost allocation to support spread sheet G-4.

Please refer to Exhibit 23 summary worksheet for the calculation of SG&A allocation to support spread sheet G-4.

The summary worksheets summed the detail or allocation sheets based on models.

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

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

1. Prepare this information in a spreadsheet named "G-5 Australian CTMS".

	Quarter X	Quarter X	Quarter X	Quarter X	Review Period
Model/Type exported to Australia – from					

PUBLIC RECORD

spreadsheet LIKEGOOD					
Material Costs ¹					
Direct Labour					
Manufacturing Overheads					
Other Costs ²					
Total Cost to Make					
Production Volume					
Unit Cost to Make					
Selling Costs					
Administration Costs					
Financial Costs					
Delivery Expenses ³					
Other Costs ³					
Total SG&A					
Sales Volume					
Unit SG&A					
Unit Cost to Make and Sell					

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

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

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

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

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

Please specify unit of currency.

Response:

Please refer to Exhibit 24 for spread sheet G-5 where Huachang measures amounts in CNY.

2. 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.

Response:

There are no cost differences between goods sold to the domestic market and those sold for export. Huachang allocated costs based on all goods.

3. 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.

Response:

There are not significant differences between the costs shown and the costs as normally determined in accordance with Huachang's general accounting system.

4. 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.

Response:

In calculating the unit cost to make, Huachang divided total cost per quarter of the model exported to Australia by the quantity produced per quarter of the model to derive the unit cost to make.

In calculating the unit cost to sell, Huachang firstly allocates costs under SG&A accounts per quarter based on the main business cost per quarter of each model then divided the allocated cost by sales quantity per quarter of the model exported to Australia to derive unit cost to make.

G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

Response:

In spread sheets G-4 and G-5, Huachang listed all raw material costs as well as packing material costs. Among all material costs, only * [one kind of raw material] cost accounts for 10% or more of the total production cost and is the major input. Other materials are far less than 10%.**

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

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

Response:

The major input ****[one kind of raw material] used by Huachang is not produced by any associate of Huachang. In cost of production, Huachang valued aluminium bar by the weighted average stock-out price.

SECTION H – COUNTERVAILING

Following the original investigation the Commission found that producers in China of aluminium extrusions and upstream suppliers have benefited from a number of subsidies granted by the GOC (meaning any level of government – refer to the Glossary of Terms for further information), and that these subsidies are countervailable.

INVESTIGATED PROGRAMS

In the most recent Review of Measures into aluminium extrusions (Review No. 392) conducted by the Anti-Dumping Commission, the following programs were found to be countervailable in respect of aluminium extrusions exported from China to Australia:

Program Number	Program Name	Program Type
2	One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’	Grant
3	Provincial Scientific Development Plan Fund	Grant
4	Export Brand Development Fund	Grant
5	Matching Funds for International Market Development for Small and Medium Enterprises (SME)	Grant
6	Superstar Enterprise Grant	Grant
7	Research & Development (R&D) Assistance Grant	Grant
8	Patent Award of Guangdong Province	Grant
9	Training Program for Rural Surplus Labour Force Transfer Employment	Grant

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Program Number	Program Name	Program Type
15	Aluminium provided at less than adequate remuneration	Less than adequate remuneration
18	Preferential tax policies in the Western Regions	Tax
21	Tariff and Value Added Tax (VAT) Exemptions on Imported Materials and Equipment	Tariff and VAT Exemptions
26	Innovative Experimental Enterprise Grant	Grant
29	Special Support Fund for Non-State-Owned Enterprises	Grant
32	Venture Investment Fund of Hi-Tech Industry	Grant
35	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Grant
47	Preferential tax policies for high and new technology enterprises	Tax
48	Provincial Government of Guangdong (PGOG) tax offset for R&D	Tax
56	PGOG special fund for energy saving technology reform	Grant
58	Development assistance grants from the Zhaoqing New and High Tech Industrial Development Zone (ZHTDZ)	Grant
59	Processing trade special fund	Grant
60	Trade insurance support fund	Grant
61	Enterprise employment fixed point monitoring work subsidy	Grant
62	Special funds for provincial enterprises to transfer and upgrade equipment	Grant
63	Reserve funds for enterprise development	Grant
64	High integrity enterprise award 2014	Grant
65	Jiangmen engineering technology research centre award	Grant
66	2016 Shanghai Automotive Commodities Exhibition special fee subsidy	Grant
67	Corporate remuneration survey subsidy	Grant
68	Energy saving project subsidy	Grant
69	Science and technology project subsidy	Grant
70	Provincial engineering and technology research centre 2016	Grant
71	Foreign trade development fund subsidy of Jiangmen City	Grant

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Please answer the questions within parts H-1 to H-9 in relation to these programs.

H-1 Preferential income tax programs (programs 18, 47 and 48)

1. Did your business or any company/entity related to your business receive any benefit³ under the above detailed preferential income tax programs during the review period (1 January 2018 to 31 December 2018).

Response:

During the review period, Huachang and its entities related to its business did not receive any benefit under program 18 because it and its associates are not located in the western region of China nor received any benefit under program 48 that is provided by Provincial Government of Guangdong (PGOG).

As high and new technology enterprise, Huachang received benefits under program 47 during the period.

2. It is our understanding that the general tax rate for enterprises in China during the review period was 25%. Confirm whether this is correct and if not, please identify the general tax rate for enterprises in China during the review period.

Response:

Yes, general tax rate for enterprises in China during the review period was *.

3. Provide a copy, bearing the official stamp of the appropriate level of the GOC, of all corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed for the last three completed financial years.

Response:

Please refer to Exhibit 25 for the income tax return filed for years 2016, 2017 and 2018.

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

³ Refer to the Glossary of Terms for a definition of benefit in this context.

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

Response:

During the review period Huachang paid corporate income tax at 15% which related to program 47.

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

Response:

The income tax rate of less than the general rate relates to program 47.

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

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

Response:

During the review period, Huachang was exempted amount ** of corporate income tax which related to program 47.**

7. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products).

Response:

All products have benefited from program 47.

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

Response:

Firstly Huachang must apply for the high and new technology enterprise through the website of the GOC. Subsequently the GOC reviews the data and documents filed by Huachang. Following the review, the review result is publically demonstrated by GOC. After publically be demonstrated, Huachang is recorded and filed in the GOC. Finally the GOC will approve Huachang by a certification which officially certifies that Huachang is a high and new technology enterprise. After being treated as a high and new technology enterprise, Huachang benefited from corporate income tax.

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

Response:

Please refer to Exhibit 26 for the copy of the application form.

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

Response:

Huachang incurred consulting fee of ** for receiving the program.**

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

Response:

The eligibility criteria Huachang had to meet in order to receive benefits under this program is that Huachang made profit during the accounting year. If Huachang suffers a loss for accounting year, Huachang can't receive the benefit under the program 47.

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

- a) whether or not your business exports or has increased its exports;
- b) the use of domestic rather than imported inputs;
- c) the industry to which your business belongs; or
- d) the region in which your business is located.

Response:

Huachang's eligibility for the program 47 was not conditional on the above criteria.

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

Response:

The program 47 is in relation to the following items:

**Intellectual property owned by Huachang,
Ability of converting scientific and technological achievements into
production process,
Level of managing R&D organization,
And increase rate of net asset and sales income.**

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

Response:

Under the program 47, Huachang does not keep any records as well as the corporate income tax return because the benefit is indirect and exempted tax rather than the financial grant from the GOC.

15. Indicate where benefits under this program can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements.

Response:

The benefits under the program 47 can be found on the corporate income tax return filed to the GOC and is indirectly indicated under corporate income tax accounts of accounting system and financial statements.

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

Response:

To Huachang's knowledge, the program 47 still operates.

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

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

Response:

Not applicable since the program 47 is still in effect and has not been substituted by another program.

18. For each of your last three completed taxation years, complete the table as described below.

Prepare this information in the attached spreadsheet named "**H-1 Income Tax**" included as part of the *Exporter Questionnaire accompanying spreadsheet* provided with this questionnaire.

Response:

Please refer to Exhibit 27 for spread sheet H-1 Income Tax.

H-2 Grants and preferential policies (Programs 2, 3, 4, 5, 6, 7, 8, 9, 26, 29, 32, 35, 56 and 58)

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period **1 January 2015 to 31 December 2018**?

Response:

No, Huachang and its entity related to its business did not receive any benefit under the above programs during the period 1 January 2015 to 31 December 2018.

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period **1 January 2015 to 31 December 2018**?

Response:

No. Huachang did not receive any benefit under any other grant during the period 1 January 2015 to 31 December 2018.

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

Response:

The following questions from H-3 through H-16 are not applicable since Huachang did not receive any benefit from any program stated in questions H-2.1 and H-2.2.

3. Provide complete details involving the amount of the grant received, including whether the grant was received in a lump sum or multiple instalments.
4. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products that have undergone research and development).
5. Describe the application and approval procedures for obtaining a benefit under the program.
6. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
7. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
8. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
9. State whether your eligibility for the program was conditional on one or more of the following criteria:
 - a) whether or not your business exports or has increased its exports;
 - b) the use of domestic rather than imported inputs;
 - c) the industry to which your business belongs; or
 - d) the region in which your business is located.
10. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
11. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
12. Indicate where benefits under this program can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements.

13. To your knowledge, does the program still operate or has it been terminated?
14. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

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

15. Identify the body responsible for administering the grant.
16. Identify the date of approval of the grant and the date the grant was received.

Indicate where the grant was accounted for on your business' financial statements.

H-3 Tariff and VAT Exemptions on Imported Materials and Equipment (Program 21)

It is our understanding that certain enterprises in China are eligible for exemption from the payment of import duty and import VAT on imported inputs, technologies and equipment.

If your business or any company/entity related to your business received enefits under any such program during the period **1 January 2018 to 31 December 2018**, please answer the following questions.

Response:

During the review period 1 January 2018 to 31 December 2018, Huachang and its entity related to its business did not import materials, technologies and equipment. Before the review period, Huachang imported production line equipment from foreign countries.

1. Provide complete details involving the exemption of tariff and import VAT received, for any imported technologies and equipment.

Response:

For each of the imported its production line equipment, Huachang paid tariff and import VAT at tariff rate. Huachang did not received exemption benefit related to the imported production line equipment.

2. Provide complete details involving the amount of the VAT refund received, including whether the refund was received in a lump sum or multiple instalments. Prepare this information in the attached spreadsheet named "**H-3 VAT and Tariff**" included as part of the *Exporter Questionnaire accompanying spreadsheet* provided alongside this questionnaire.

Response:

Huachang did not receive the VAT refund. Please refer to Exhibit 28 for spread sheet H-3 where Huachang provided the imported production line equipment that were depreciated during the review period.

3. Describe the application and approval procedures for obtaining a benefit under these programs.

Response:

Not applicable. Huachang did not apply for and was approved for these program. No benefit was obtained by Huachang.

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

Response:

Not applicable.

5. Outline the fees charged to, or expenses incurred by your business for purposes of receiving these programs.

Response:

Not applicable. Huachang neither received these programs nor incurred the fees or expenses.

6. Outline the eligibility criteria your business had to meet in order to receive benefits under these programs.

Response:

Not applicable. Huachang did not benefit from these programs.

7. State whether your eligibility for these programs was conditional on one or more of the following criteria:

- a) whether or not your business exports or has increased its exports;
- b) the use of domestic rather than imported inputs;
- c) the industry to which your business belongs; or
- d) the region in which your business is located.

Response:

Not applicable. Huachang did not benefit from these programs.

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

Response:

Not applicable. Huachang did not benefit from these programs.

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

Response:

Not applicable. Huachang did not benefit from these programs.

10. Indicate where benefits under these programs can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements.

Response:

Not applicable. Huachang did not benefit from these programs.

11. To your knowledge, do these programs still operate or have they been terminated?

Response:

Not applicable. Huachang did not benefit from these programs.

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

Response:

Not applicable. Huachang did not benefit from these programs.

13. If any of these programs have been terminated and is being substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.

Response:

Not applicable. Huachang did not benefit from these programs.

14. Were the materials and/or equipment that were entitled to a refund of VAT used in the production of the goods during the review period? If yes, provide the following information:

- (a) type of inputs;
- (b) cost of inputs;
- (c) quantity of inputs; and
- (d) amount of VAT refunded.

Response:

Not applicable. Huachang were not entitled to a refund of VAT for its imported equipment listed in Exhibit 28.

Has your company received exemption from payment, or refunds of import duty and import VAT, for imported material inputs including technologies and equipment at any time that were used in the production of the goods during the review period? If yes, provide the following information:

- (a) description of imported product;
- (b) country of origin;
- (c) quantity of imported product;
- (d) purchase price;
- (e) terms of purchase (f.o.b., c.i.f., etc);
- (f) ocean freight;
- (g) value for duty of imported product;
- (h) regular rate of taxes and duties;
- (i) concessionary rate of taxes and duties;
- (j) amount of duties and taxes normally applicable;
- (k) amount of duties and taxes paid;
- (l) amount of duties and taxes exempt;
- (m) date of importation;
- (n) tariff classification number;
- (o) customs entry number; and
- (p) application fee.

Response:

Not applicable. Huachang hasn't received exemption from payment, or refunds of import duty and import VAT, for its imported equipment at any time that were used in the production of the goods during the review period.

15. Explain if (and how) the GOC determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).

Response:

Not applicable. The GOC does not determine which imported inputs are consumed by Huachang in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs.

16. Explain how the GOC determined the percentage rate of duty exemption.

Please note that goods consumed in the production of exported goods (inputs) include:

- (a) goods incorporated into the exported goods; and
- (b) energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.

Response:

Not applicable since the GOC did not determine the percentage rate of duty exemption for Huachang.

17. Provide a representative sample of copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods.

Response:

Please refer to Exhibit 29 for the tariff payments for the imported equipment reported in Exhibit 28.

18. In addition to the import entry documents, you must also provide copies, if applicable, of any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.

Provide copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

Response:

Not applicable. Huachang did not benefits from these programs. Huachang did not submit any application to approval document from the GOC. Huachang does not have any report or audit by the GOC authority responsible for administering the duty rebate or duty drawback scheme.

H-4 Aluminium provided by government at less than adequate remuneration (Program 15)

In Review 392, the Anti-Dumping Commission found that public bodies (in the form of state-owned enterprises (SOEs)) were supplying aluminium, directly or indirectly, to manufacturers of aluminium extrusions at less than adequate remuneration. Aluminium is defined as all forms of aluminium, whether in pure form or alloyed.

The term SOE is defined in the glossary of this questionnaire.

In relation to this program, provide the following information.

1. Did your business or any company/entity related to your business receive any benefit under the above program during the review period 1 January 2018 to 31 December 2018?

Response:

No, Huachang did not receive any benefit under the above program during the review period. Huachang purchases aluminium bar and ingot inputs from domestic suppliers based on the agreement price between Huachang and its suppliers.

2. Does your business purchase primary aluminium from SOEs?

Response:

No. Most of aluminium bar and ingot inputs were purchased from Non State-owned suppliers.

3. Provide a list, including a contact name and address, of all your suppliers of aluminium. Indicate whether the supplier is a SOE and whether they supply pure aluminium, aluminium alloy, or both.

Response:

Please refer to Exhibit 30 for the list of contact name and address of all supplier of aluminium bars and ingots.

4. Provide a listing showing the purchase price of aluminium from each supplier during each month of the review period.

Response:

Please refer to Exhibit 31 for the price list of aluminium bars and ingots from each supplier during the review period.

Prepare this information in the attached spreadsheet named "**H-4 Aluminium Purchases**" included as part of the *Exporter Questionnaire accompanying spreadsheet* provided alongside this questionnaire.

Please add more space for additional suppliers and aluminium categories as required.

Response:

Please refer to Exhibit 32 for spreadsheet "H-4 Aluminium Purchases" as requested.

5. Did your business receive any reduction/reduced price for the purchase of these goods/services during the review period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.

Response:

No, Huachang did not receive any reduction/reduced price for the purchase of these goods/services during the review period.

6. Provide copies of all contractual agreements that detail the obligations of the SOE and your business with reference to the granting and receipt of the assistance/benefits.

Response:

Huachang can't provide the contractual agreements. None of the SOEs granted any assistance/benefit to Huachang. Huachang did not have such contractual agreements which contained the obligations with reference to the granting and receipt of the assistance/benefits.

7. Did your business import any raw material during the review period? If yes, please provide details of all such imports, including date, source, type, amount and price.

Explain the reason/s for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

Response:

Not applicable since Huachang did not import any raw material during the review period.

H-5 Any other programs

If the GOC, any of its agencies or any other public body or authorised body has provided any other benefit⁴ under any other assistance programs to your entity not previously addressed, identify the program(s).

This may have included:

- the provision of grants, awards or prizes;
- the provision of goods or services at a reduced price (e.g. electricity, gas, raw materials (including, for example, transport, etc.));
- the reduction of tax payable including income tax and VAT;
- reduction in land use fees;
- loans from Policy Banks at below-market interest rates; or
- any other form of assistance.

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

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

⁴ Refer to the Glossary of Terms for a definition of benefit in this context.

Response:

Please refer to Exhibit 33 for the list of other programs where Huachang indicated the goods scope benefiting from each program.

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

Response:

The programs in the list were granted automatically. Huachang did not need the application and approval.

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

Response:

Not applicable.

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

Response:

Not applicable since no fees or expenses were incurred for the programs in the list.

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

Response:

Not applicable since the programs were granted automatically.

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

- a) whether or not your business exports or has increased its exports;
- b) the use of domestic rather than imported inputs;
- c) the industry to which your business belongs; or
- d) the region in which your business is located.

Response:

Not applicable since the programs were granted automatically.

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

Response:

Not applicable since the programs were granted automatically.

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

Response:

Huachang keeps the benefits under the non-operating income sub-ledger of accounting system. Huachang has provided the sub-ledger sourced from the accounting system as the list of program in Exhibit 33.

9. Indicate where benefits under this program can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements.

Response:

The benefits under the programs in the list can be found under non-operating income account of accounting system.

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

Response:

Huachang does not have the knowledge on the programs. When the benefits are received from the GOC or its agency, Huachang only records under non-operating income account and does not care more about the programs.

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

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

Response:

Not applicable. Huachang does not have knowledge about the programs being terminated or substituted.

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