

## Exporter Questionnaire

**Case number:** 499

**Product:** Hot Rolled Structural Steel Sections

**From:** Japan, Republic of Korea (Korea), Taiwan (except for exports by Feng Hsin Steel Co Ltd) and the Kingdom of Thailand (Thailand)

**Review period:** 1 January 2018 to 31 December 2018

**Response due by:** **11 February 2019**

**Case manager:** Jukka Mäntynen

**Phone:** + 61 3 8539 2428

**Return completed questionnaire to:** investigations2@adcommission.gov.au

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

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## INSTRUCTIONS

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

The Anti-Dumping Commission (the Commission) is conducting a Review of Anti-dumping measures into hot rolled structural steel sections exported to Australia from the Republic of Korea, the Kingdom of Thailand, Taiwan (except for exports by Feng Hsin Steel Co Ltd) and Japan.

The Commission will use the information you provide to determine normal values and export prices over the Review period (the period). This information will determine whether hollow structural steel sections are dumped.

### If you do not manufacture the goods

If you play a role in the export of the goods but do not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods), it is important that you forward a copy of this questionnaire to the relevant manufacturers and inform the case manager of the contact details for these manufacturers **immediately**.

The Commission will still require your company to complete this exporter questionnaire except Section G – Cost to make and sell.

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

You do not have to complete the questionnaire. However, if you do not respond, do not provide all of the information sought, do not provide information within a reasonable time period, or do not allow the Commission to verify the information, we may deem your company to be an uncooperative exporter. In that case the Commission must determine a dumping margin having regard to all relevant information.

Therefore, it is in your interest to provide a complete and accurate response to this exporter questionnaire, capable of verification.

### Extension requests

If you require a longer period to complete your response to this exporter questionnaire, you must submit a request to the case manager, in writing, for an extension to the due date for all or part of the questionnaire. This request must be made prior to the due date. A request for extension will be rejected if received after the due date.

When considering the extension request, the Commission will have regard to:

- the Commission's responsibility to conduct the case in a timely and efficient manner;
- the reasons why you could not provide a response within the whole period and not only the period remaining between the request and the due date;
- ordinary business practices or commercial principles;
- the Commission's understanding of the relevant industry;
- previous correspondence and previous dealings with your company; and
- information provided by other interested parties.

More information on extensions can be found in the Customs (Extension of Time and Non-cooperation) Direction 2015 at <https://www.legislation.gov.au/Details/F2015L01736>.

You will be informed of the decision whether your request for an extension has been rejected, granted in full or granted in part. For example, you may be granted an extension to submit all sections except for Section A or you may be granted a shorter extension than you requested.

A summary of any requests and grants of extensions to submit a response to this exporter questionnaire will be published in the public record.

### Submitting a response to the exporter questionnaire

## PUBLIC RECORD

Responses to the exporter questionnaire should be lodged by email listed on the cover page. In submitting the response to the exporter questionnaire, you must answer all questions, include all attachments and spreadsheets, and provide a non-confidential version of your response to this exporter questionnaire.

If your response to this exporter questionnaire contains major deficiencies that, in the Commissioner's view, cannot be quickly and easily rectified in a further response, then your company may be deemed as an uncooperative exporter.

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

The Commission may wish to conduct a visit to your company to verify your questionnaire response for completeness, relevance and accuracy of the information to your company's records.

The verification visit is not meant to be a chance for you to provide new or additional information. The Commission expects your response to the questionnaire to be relevant, complete and accurate.

Any verification visit typically commences approximately 2 to 4 weeks after the due date of the response to the exporter questionnaire. To assist with planning of a verification visit, please contact the case manager as soon as possible for a potential verification date to be scheduled.

Verification is usually conducted over 4 days. However, in complex cases, a verification visit may be scheduled over 5 days. A verification visit will include a detailed examination of your company's records and we will collect copies of relevant documents. The verification will require the participation of key staff, including your financial accountant, production manager and sales staff. A tour of the manufacturing facility may also be required during the verification visit.

Note that the Commission may disregard any data or information that is not verified, including new or additional information provided after the verification visit.

A report will be prepared following the verification visit, which details the outcomes of the visit. This report will be placed on the public record and may include the publication of the preliminarily-assessed dumping margin. The Commission considers that the dumping margin is not confidential information, but rather an aggregate figure derived from confidential data.

You will be provided with an opportunity to comment on the accuracy and confidentiality of the verification report prior to its publication on the public record.

The Commission may elect to undertake an alternative verification methodology than an on-site verification to satisfy itself of the completeness, relevance and accuracy of the data.

For information on the Commission's verification procedures, refer to Anti-Dumping Notice No. 2016/30 available on the Commission's website.

### **Important instructions for preparing your response**

- All questions in this exporter questionnaire must be completed. If a question is not applicable to your situation, please answer the question with "Not Applicable" and provide an explanation as to why.
- All questions must be answered in English. An English translation must be provided for documents not originally in English.
- Clearly identify all units of measurement (e.g. KG) and currencies (e.g. AUD) used. Apply the same measurement consistently throughout your response to the questionnaire.
- Label all Confidential Attachments to your response according to the section of the questionnaire it relates to (e.g. label the chart of accounts as Attachment A-5.6)
- The data must be created as spreadsheet files in Microsoft Excel.
- If you have used formulas to complete spreadsheets, these formulas must be retained and not hard-coded.

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- You must retain all worksheets used in answering the questionnaire. Be prepared to provide these worksheets during the Commission's verification of your data.
- If you cannot present electronic data in the requested format contact the case officer as soon as possible.
- Where possible, electronic data should be emailed or shared with the Commission via SIGBOX, a secure online document repository. Please contact the case manager to request access to SIGBOX if required.

## CHECKLIST

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

<b>Section</b>	Please tick if you have responded to all questions
Section A Company information	✓
Section B Export sales to Australia	✓
Section C Exported goods & like goods	✓
Section D Domestic sales	✓
Section E Due allowance	✓
Section F Third country sales	✓
Section G Cost to make and sell	✓
Exporter's declaration	✓
Non-confidential version of this response	✓

<b>Attachments</b>	Please tick if you have provided spreadsheet
B-2 Australian sales	✓
B-4 Upwards sales	✓
B-5 Upwards selling expenses	✓
D-2 Domestic sales	✓
F-2 Third country sales	✓
G-3 Domestic CTM	✓
G-4.1 SG&A listing	✓
G-4.2 Dom SG&A calculation	✓
G-5 Australian CTM	✓
G-7.2 Raw material CTM	✓
G-7.4 Raw material purchases	✓
G-8 Upwards costs	✓

## GOODS UNDER CONSIDERATION / GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices are hollow structural steel sections.

The goods subject to anti-dumping measures (the goods) are

*Hot rolled structural steel sections in the following shapes and sizes, whether or not containing alloys:*

- *universal beams (I sections), of a height greater than 130mm and less than 650mm;*
- *universal columns and universal bearing piles (H sections), of a height greater than 130mm and less than 650mm;*
- *channels (U sections and C sections) of a height greater than 130mm and less than 400mm; and*
- *equal and unequal angles (L sections), with a combined leg length of greater than 200mm.*

*Sections and/or shapes in the dimensions described above, that have minimal processing, such as cutting, drilling or painting do not exclude the goods from coverage of the investigation.*

### Excluded goods

The measures do not apply to the following goods:

- *hot rolled 'T' shaped sections, sheet pile sections and hot rolled merchant bar shaped sections, such as rounds, squares, flats, hexagons, sleepers and rails; and*
- *sections manufactured from welded plate (e.g. welded beams and welded columns).*

### Tariff classification

Goods identified as hot rolled non-alloy steel sections, as per the shapes and sizes described above, are classified to the following tariff subheadings in schedule 3 to the *Customs Tariff Act 1995*:

- 7216.31.00 statistical code 30 (channels — U and C sections);
- 7216.32.00 statistical code 31 (universal beams — I sections);
- 7216.33.00 statistical code 32 (universal column and universal bearing piles — H sections); and
- 7216.40.00 statistical code 33 (equal and unequal angles — L sections).

Goods identified as hot rolled alloy steel sections, as per the shapes and sizes described above, are classified to tariff subheading 7228.70.00 (statistical codes 11 and 12) in schedule 3 of the *Customs Tariff Act 1995*.

## Model Control Code structure

Details of the model control code (MCC) structure for the goods are detailed in the table below. Export sales data (Section B-2), domestic sales data (Section D-2) and cost to make and sell data (Section G-3, G-4 & G-5) submitted in this response must follow this MCC structure. At a minimum, the data must report sales and cost data separately for each of the mandatory MCC categories identified by the Commission.

Category	Sub-category	Identifier	Sales data	Cost data	Key category
Prime	Prime	P	Mandatory	Not applicable	Yes
	Non-prime	N			
Shape	Universal Beams ('I' sections)	I	Mandatory	Mandatory	Yes
	Universal Columns and Universal Bearing Piles ('H' sections)	H			
	Channels ('U' or 'C' sections)	C			
	Angles (Equal and Unequal Angle sections)	A			
Minimum yield strength	Less than 265 MPa	A	Mandatory	Mandatory	Yes
	Greater than or equal to 265 MPa	B			
Tensile strength	Less than 400 MPa	A	Optional	Optional	No
	Greater than or equal to 400 MPa and less than 450 MPa	B			
	Greater than or equal to 450 MPa and less than 500 MPa	C			
	Greater than or equal to 500 MPa	D			
Thickness	Minimum cross-sectional thickness less than 11-12mm	1	Optional	Optional	No
	Minimum cross-sectional thickness greater than or equal to 11-12mm	2			
Dimension	Beam or section height less than 230 mm	S	Optional	Optional	No
	Beam or section height equal to or greater than 230 mm	L			
Weldability	Carbon equivalent value specified in relevant standard	Y	Optional	Optional	No
	Carbon equivalent value not specified in relevant standard	N			

*Prime* refers to steel that is of acceptable quality for the application for which it is intended and not of some lower level of quality such as *defective*.

*Shape* refers to section such as beam, column, channel or angle.

*Minimum yield strength* refers to steel made to a standard which explicitly specifies minimum yield strength.

*Tensile strength* refers to minimum tensile strengths.

*Thickness* refers to the minimum thickness of flanges or webs.

*Dimension* refers to beam, column, channel or angle height.

*Weldability* refers to steel made to a standard which explicitly specifies a maximum carbon equivalent value.

As an example of how goods will be classified using only the mandatory categories of this MCC structure: Prime 'I' section Universal Beam with minimum yield strength of 400 MPa would have an MCC of P-I-B.



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The MCCs will be used to model match export models to the identical or comparable domestic models. In addition, the MCCs will be used to determine the profitability of domestic sales in the ordinary course of trade test by comparing domestic selling prices to the corresponding cost to make and sell. The MCC may also be used to compare the export price to the cost to make the exported model as part of the constructed normal value.

If there are models manufactured and sold by your company that do not align within the MCC structure above, this should be raised by lodging a submission with the Commission as soon as is practicable, but no later than the time this questionnaire is due, otherwise the response may be deemed deficient.

## SECTION A COMPANY INFORMATION

### A-1 Company representative and location

1. Please nominate a contact person within your company:

**Response:**

**Head office:**

**Name:** *B. H. Huang*  
**Position in the company:** *Vice President of Sales & Marketing Division*  
**Address:** *6F., No. 9, Sec 1, Chang-an E. Rd. Taipei City, 10441, Taiwan*  
**Telephone:** *+886-2-2551 1100*  
**Facsimile number:** *+886-2-2562 6620*  
**E-mail address of contract person:** *bhhuang@tunghosteel.com*

**Factory:**

**Miaoli Works:**

**Address:** *No.22, Pingding Erhu Village , Sihu Township , Miaoli County 36842, Taiwan*  
**Telephone:** *+886-37-923333*  
**Facsimile number:** *+886-37-923311*  
**E-mail address of contract person:** *h151fy@tunghosteel.com*

**Kaohsiung Works:**

**Address:** *No.8, Jiasing St., Siaogang District, Kaohsiung City 81257, Taiwan*  
**Telephone:** *+886-7-8023131*  
**Facsimile number:** *+886-7-8010696*  
**E-mail address of contract person:** *k15hhi@tunghosteel.com*

2. If you have appointed a representative, provide the their contact details:

**Response:**

**Name:** *Troy Morrow*  
**Organisation:** *Mobile Business Consultants*  
**Position:**  
**Address:** *PO Box 3291 Nerang QLD 4211*  
**Telephone:** *+61 0 419 782205*  
**Facsimile/Telex number:**  
**E-mail address of contact person:** *troy@lentro.com.au*

*In nominating a representative, you are granting authority to the Commission to discuss matters relating to the case with the nominated representative, including your company's confidential information.*

3. Please provide the location of the where the company's financial records are held.

**Response:**

***The accounting records for Tung Ho Steel Enterprise Corporation are held at Taipei Main office.***

4. Please provide the location of the where the company's production records are held.

**Response:**

***The production records for Tung Ho Steel Enterprise Corporation are held at Miaoli mill and Kaohsiung mill.***

## **A-2 Company information**

1. What is the legal name of your business?

**Response:**

***"Tung Ho Steel Enterprise Corporation" (Hereafter referred to as ("THS")) is the legal name of our company***

2. Does your company trade under a different name and/or brand? If yes, provide details.

**Response:**

***No, THS always trade under the same name.***

3. Was your company ever known by a different legal and/or trading name? If yes, provide details

**Response:**

***No, THS only known by one legal name.***

4. Provide a list of your current board of directors and any changes in the last two years.

**Response:**

***Board of Directors***

***Chairman: Henry Ho***

***Director: Henry Ho  
Yushu Hou  
Huiming Wu  
Baohe Chen  
Zhiming Huang  
Chaohe Lin  
Yanliang Hou***

***Independent Director: Yiji Liu  
Zhuangxi Zhang  
Tedming Liu***

5. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint-ventures)? If yes, provide:

(a) A diagram showing the complete ownership structure; and

**Response:**

**For diagram showing the complete ownership structure, please refer to Confidential Attachment A-2-5-a**

(b) A list of all related companies and its functions

**Response:**

**For list of all related companies and its functions, please refer to Confidential Attachment A-2-5-b**

6. Is your company or parent company publicly listed?  
If yes, please provide:  
(a) The stock exchange where it is listed; and

**Response:**

**THS is listed in Taiwan Stock Exchange.**

(b) Any principle shareholders<sup>1</sup>

**Response:**

<b>Shareholders' Name</b>	<b>Percentage of shares (%)</b>
<b>Shen Yuan Investment Co. Ltd</b>	<b>11.97%</b>
<b>Nan Shan Life Insurance Co. Ltd</b>	<b>5.64%</b>
<b>Mao Sheng Investment Co. Ltd</b>	<b>5.25%</b>

**As dated: 2018/04/12**

If no, please provide:

(a) A list of all principal shareholders and the shareholding percentages.

**Response:**

**This question is not applicable, since our answer for #6 is yes.**

7. What is the overall nature of your company's business? Include details of the products that your company manufacture and sell and the market your company sells into.

**Response:**

**THS produce goods from raw materials and product into finish goods; Deformed bar, H-Shape Beam, Channels, Plates, Sheet Piles, I-Beams, Welded H-Beams, and Steel Billets. THS sell majority in Taiwan, and we also sell to overseas countries, such as Australia, New Zealand, Singapore, United States, Canada, China, Korea, Malaysia, Thailand, Samoa, Solomon Island, Phillipine, Hong Kong, Fiji, Papua New Guinea, Indonesia and Vietnam...etc.**

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:  
(a) produce or manufacture;  
(b) sell in the domestic market;  
(c) export to Australia; and

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<sup>1</sup> Principal shareholders are those who are 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.

(d) export to countries other than Australia.

**Response:**

***This question is not applicable, since THS does perform all of the functions in relation to the goods under consideration.***

9. Provide your company's internal organisation chart.

**Response:**

***For THS company's internal organisation chart, please refer to Confidential Attachment A-2-10.***

10. Describe the functions performed by each group within the organisation.

**Response:**

***For THS company's internal organisation chart, please refer to Confidential Attachment A-2-11.***

11. Does your company produce brochures, pamphlets or other promotional material? If yes, please provide them.

**Response:**

***THS don't have any brochures now, and all the products that we can produce are on our web-site, <http://www.tunghosteel.com>***

### **A-3 General accounting information**

1. What is your financial accounting period?

**Response:**

***The accounting period for THS is calendar year (1 January to 31 December).***

2. Are your financial accounts audited? If yes, who is the auditor?

**Response:**

***Yes, KPMG is the auditor.***

3. What currency are your accounts kept in?

**Response:**

***New Taiwan Dollar.***

4. What is the name of your financial accounting system?

**Response:**

***[Confidential Accounting System]***

5. What is the name of your sales system?

**Response:**

[REDACTED]

**[Confidential Accounting System]**

6. What is the name of your production system?

**Response:**

[REDACTED]

**[Confidential Accounting System]**

7. If your financial accounting, sales and production systems are different, how do the systems interact? Is it electronically or manual? Please provide a detailed explanation and include diagrams.

**Response:**

[REDACTED]

**[Confidential Accounting System]**

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

**Response:**

**No, since January 2013, our accounting practice is using IFRS (“International Financial Reporting Standards”), which is requested by Taiwanese government, therefore, our accounting practice has no differ in any way from the generally accepted accounting principles in Taiwan.**

9. Have there been any changes to your accounting practices and/or policies over the last two years? If yes, please provide details.

**Response:**

**No, there is no any changes to our accounting practices and/or policies over the last two year.**

#### **A-4 Financial Documents**

1. Please provide the two most recently completed annual reports and/or financial statements for your company and any other related companies involved in the production and sale of the goods.

**Response:**

**Since our annual report for year 2018 aren't ready, so the two most recently competed will be year 2016 & 2017, as well year 2018 Chinese financial report will only be ready by April 2019, and July 2019 for English version, so we can only provide financial report for year 2016, 2017, and first 3 quarter of year 2018.**

**For year 2016 annual report in Chinese version, please refer to the Confidential Attachment A-4-1-a.**

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***For year 2016 annual report in English version, please refer to the Confidential Attachment A-4-1-b.***

***For year 2017 annual report in Chinese version, please refer to the Confidential Attachment A-4-1-c.***

***For year 2017 annual report in English version, please refer to the Confidential Attachment A-4-1-d.***

***For year 2016 audited consolidated financial statement in Chinese version, please refer to the Confidential Attachment A-4-1-e***

***For year 2016 audited consolidated financial statement in English version, please refer to Confidential Attachment A-4-1-f***

***For year 2016 audited unconsolidated financial statement in Chinese version, please refer to the Confidential Attachment A-4-f-g***

***For year 2016 audited unconsolidated financial statement in English version, please refer to the Confidential Attachment A-4-1-h***

***For year 2017 audited consolidated financial statement in Chinese version, please refer to the Confidential Attachment A-4-1-i***

***For year 2017 audited consolidated financial statement in English version, please refer to Confidential Attachment A-4-1-j***

***For year 2017 audited unconsolidated financial statement in Chinese version, please refer to the Confidential Attachment A-4-1-k***

***For year 2017 audited unconsolidated financial statement in English version, please refer to the Confidential Attachment A-4-1-l***

***For first three quarter of year 2018 audited consolidated financial statement in Chinese version, please refer to the Confidential Attachment A-4-1-m***

***For first three quarter of year 2018 audited consolidated financial statement in English version, please refer to Confidential Attachment A-4-1-n***

2. If the financial statements in A-4.1 are unaudited, provide for each company:
- (a) the tax returns relating to the same period; and
  - (b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

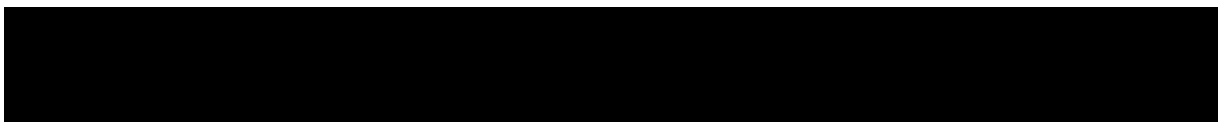
***Response:***

***This question is not applicable, since all the financial statements are audited by KPMG.***

3. Does your company maintain different profit centres? If yes, provide profit & loss statements for the profit centre that the goods falls into for:
- (a) the most recent financial year; and
  - (b) the period.

***Response:***





***[Confidential profit and cost centre information]***

4. If the period is different to your financial period, please provide:
- (a) Income statements directly from your accounting information system covering the most recent financial period and the period; or
  - (b) Quarterly or half yearly income statements directly from your accounting system covering the most recent financial period and the period.

***Response:***

***This question is not applicable, since the investigation period is the same as THS's financial period.***

5. Please provide a copy of your company's trial balance covering the most recent financial year.

***Response:***

***For THS's trial balance for year 2018, please refer to Confidential Attachment A-4-5 (FOR OFFICIAL USE ONLY)***

6. Please provide your company's chart of accounts

***Response:***

***For THS's chart of accounts, please refer to Confidential Attachment A-4-6 (FOR OFFICIAL USE ONLY)***

*If any of the documents are not in English, please provide a complete translation of the documents.*



## SECTION B EXPORT SALES TO AUSTRALIA

If your company exported low or no volumes of the goods to Australia during the review period, please contact the case manager as soon as possible. You may be required to complete this section (and G-5) as it relates to export sales to a country other than Australia. You may also be asked other supplementary questions. Extensions will not be granted as a result of delays in contacting the case manager in this regard.

### B-1 Australian export sales process

1. Provide details (and diagrams if appropriate) of the export sales process of your company and any entities (e.g. agents) including:

**Response:**

***For negotiation process diagrams of export sales process, please refer to Confidential Attachment B-1***

- (a) Marketing and advertising activities

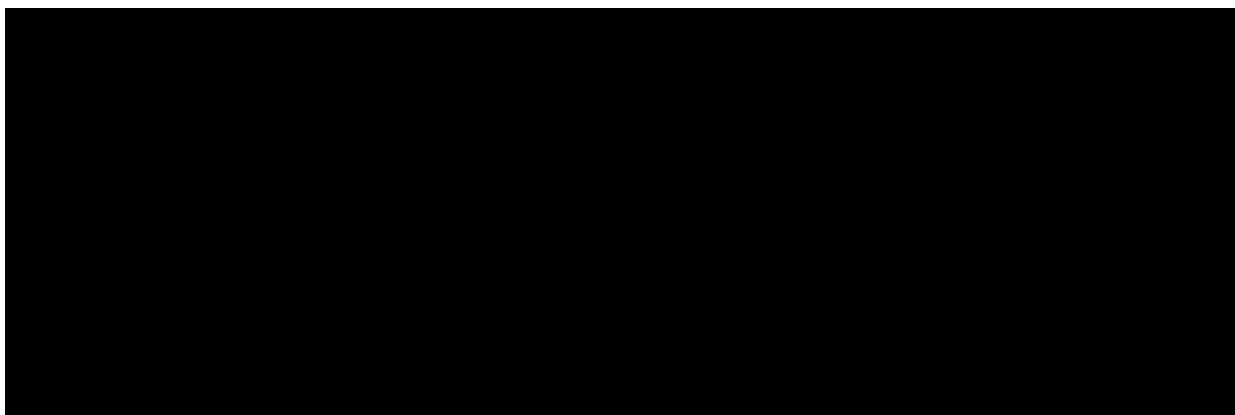
**Response:**

***This question is not applicable, since THS don't do any marketing and advertising activities for any overseas market.***

- (b) Price determination and/or negotiation process

**Response:**

***During the investigation period,*** [REDACTED]



***[Confidential customer negotiation]***

- (c) Order placement process

**Response:**

***[REDACTED] will send a spreadsheet through e-mail with all size assortments/orders for next shipments. Then, THS will sort the assortment and make contract. If any extra order after contract signed by both parties, THS will make an amendment contract.***

***[Confidential customer detail]***

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(d) Order fulfilment process and lead time

**Response:**

[REDACTED]

**[Confidential lead time]**

(e) Delivery terms and process

**Response:**

**THS always offer the [REDACTED] market as shipment term; Once confirm vessel schedule with shipping company, after THS finish produce the goods, we will deliver the goods from our factories to any port of Taiwan.**

**As regard to [REDACTED], Taiwan as shipping term; Once confirm vessel schedule with shipping company, after THS finish produce the goods, we will deliver the goods from our factories to [REDACTED]**

[REDACTED]

**[Confidential delivery terms]**

(f) Invoicing process

**Response:**

**After THS receive Bill of Lading from shipping company, we will provide shipping document (copy of invoice, packing list, packing declaration, and BL) [REDACTED]**

[REDACTED]

**[Confidential customer information]**

(g) Payment terms and process

**Response:**

[REDACTED]

**[Confidential customer payment terms]**

2. In what currency do you invoice your Australian customers? If it is not in your local currency:

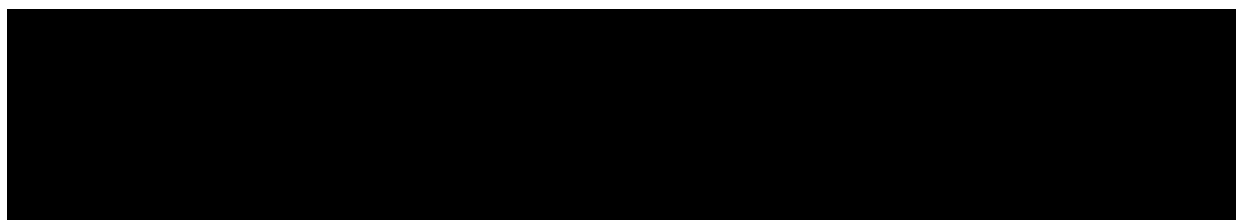
**Response:**



**[Confidential customer currency data]**

- (a) Do your customers pay you into a foreign currency denominated account? If yes, provide details;

**Response:**



**[Confidential customer payment process]**

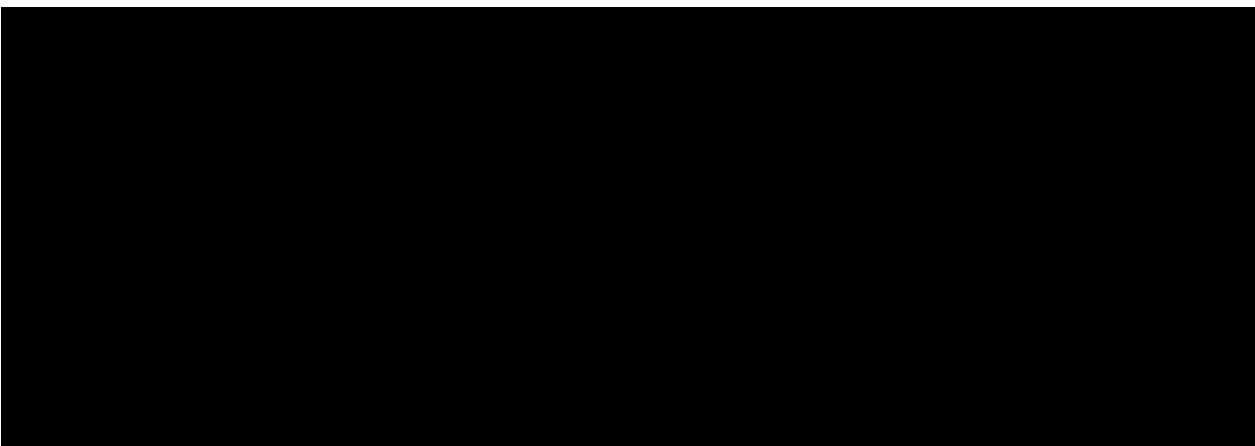
- (b) Do you use forward contracts to lock in the foreign exchange rate relating to the export sales? If yes, provide details;

**Response:**

**No, we don't use forward contracts to lock in the foreign exchange rate.**

- (c) How is the exchange rate determined and how often is it updated in your accounting system?

**Response:**



**[Confidential customer exchange rate determination]**

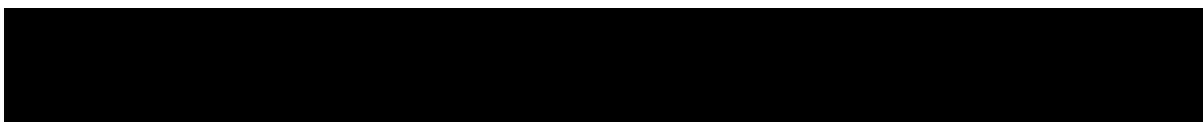
3. Are there any Australian customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**Response:**

**THS is not related to any Australian customers.**

4. If sales are in accordance with price lists or price extras list, provide copies of these lists.

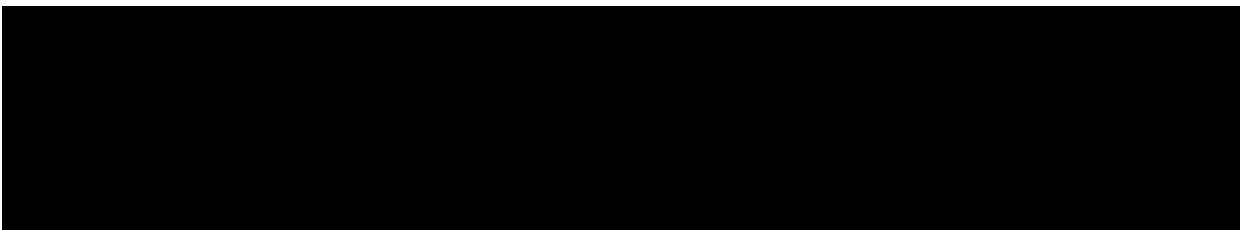
**Response:**



***[Confidential pricing information]***

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

**Response:**



***[Confidential customer pricing]***

6. Did you provide on-invoice discounts and/or off-invoice rebates to any Australian customer or an associate of the customer in relation to the sale of the goods during the period? If yes, provide a description and explain the terms and conditions that must be met by the customer to obtain the discount.

**Response:**

***This question is not applicable since THS doesn't have any discount, rebate, or allowance offered on export sales to Australia.***

7. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the goods during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

**Response:**

***THS never issued any credit notes (directly or indirectly) to the customer in Australia.***

8. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:
- (a) What date are you claiming as the date of sale?
  - (b) Why does this date best reflect the material terms of sale?

**Response:**

***This question is not applicable since our invoice date will be taken to be the date of sale.***

## **B-2 Australian sales listing**

1. Complete the worksheet named "B-2 Australian sales"
- This worksheet lists all export sales (i.e. transaction by transaction) to Australia of the goods invoiced within the period.
  - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.

**PUBLIC RECORD**

- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If there are any direct selling expenses incurred in respect of the exports to Australia not listed in the spreadsheet, add a column. For example, 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.

**Response:**

***For the worksheet named "B-2 Australian sales", please refer to Confidential Attachment B-2-1 (FOR OFFICIAL USE ONLY)***

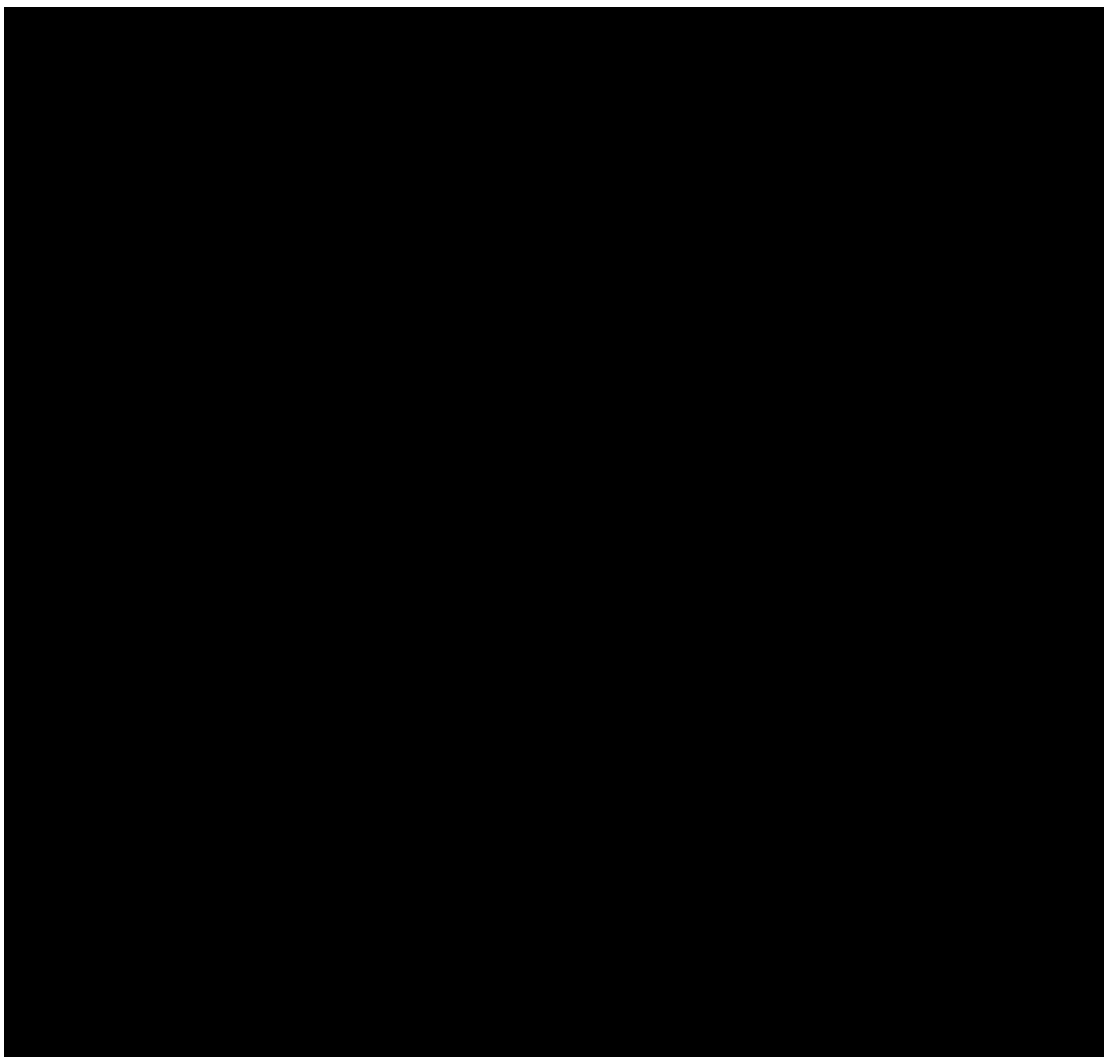
***We have made two adjustments;***

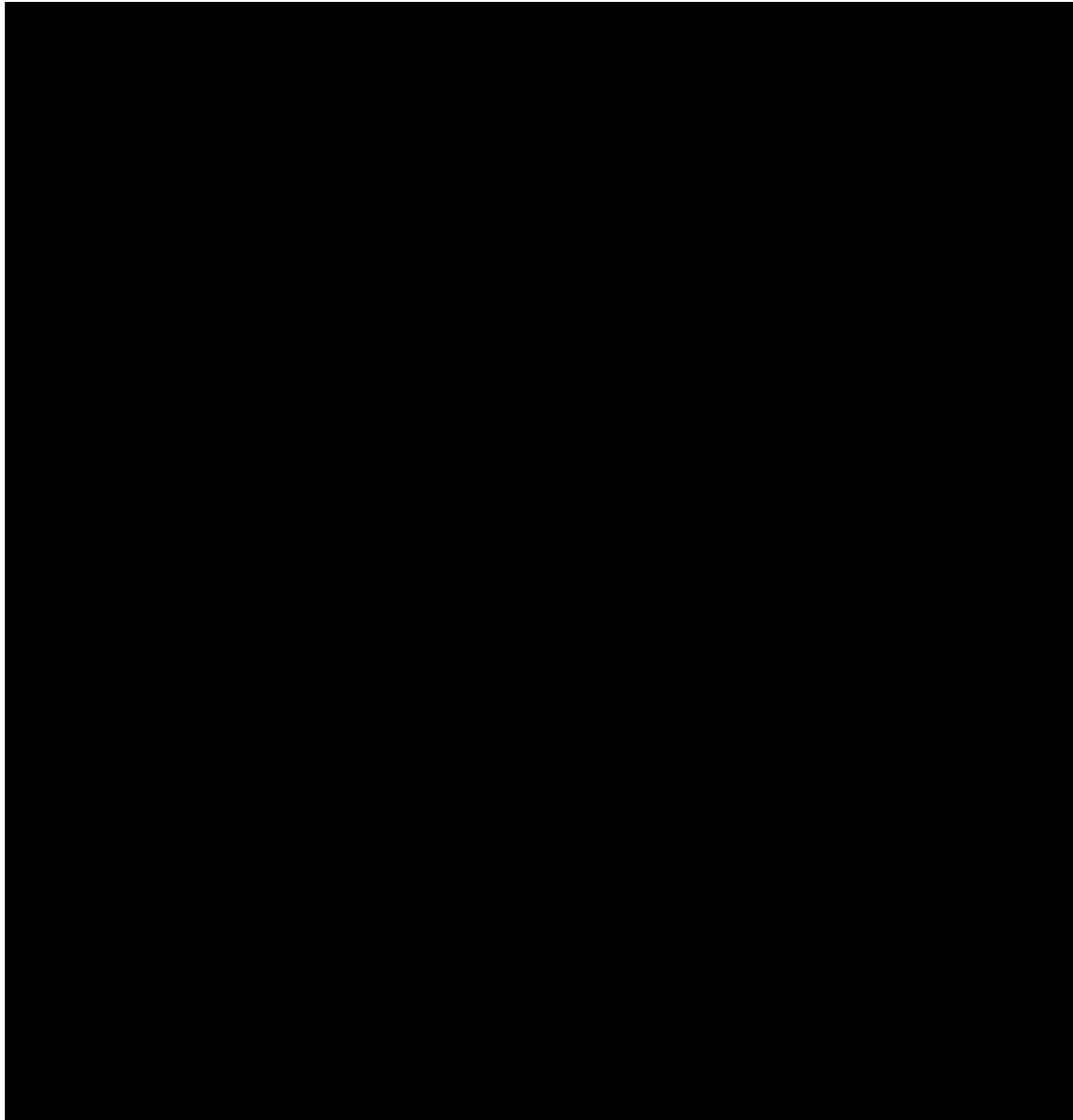
1. ***MCC Category Thickness - we have changed the minimum cross-sectional thickness less than 12 mm instead of 11mm, also the minimum cross-sectional thickness greater than or equal to 12 mm instead of 11mm.***



***[Confidential additional charges]***

***In addition, we have added some columns for easier comparison as detail below***





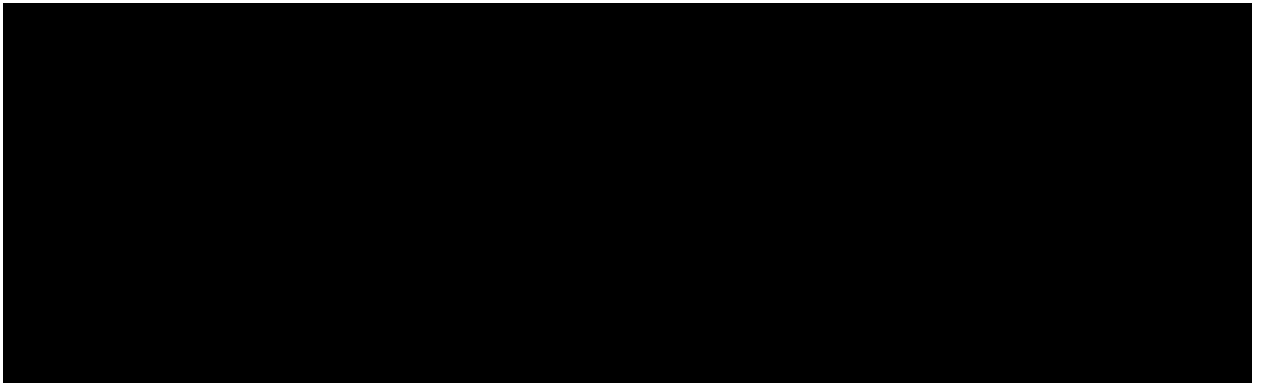
*[Confidential additional MCC categories]*

*Model – Steel Grade*

*Dimension – THS size code*

*Customer order number – Order number from customer*

*Ex-factory order number – order number when cargo shipped out of factory*



**[Confidential additional information]**

**Custom Broker fee, Bank Charges & Letter of Credit fee, Export Inspection, Trade Promotion service fee, Pier thorough fee, Port services charge, and Bill of lading fee - We have restated the columns, Handling and other, to 7 columns. They are all related to Handling and other column.**

**Unit Custom Broker fee, Unit Bank Charges & Letter of Credit fee, Unit Export Inspection, Unit Trade Promotion service fee, Unit Pier thorough fee, Unit Port services charge, and Unit Bill of lading fee - expressed per unit**

**Unit Total Allowances - The sum of Unit Other discounts, Unit Ocean freight, Unit Marine insurance, Unit Packing, Unit Inland transport, Unit Customs Brokers Fee, Unit Bank Charges & Letter of Credit Fee, Unit Export Inspection, Unit Trade promotion services fee, Unit Pier through fee, Unit Port Service Charge, Unit Bill of lading fee, Unit Handling & Other, Unit Warranty Expenses, Unit Technical Support, Unit Commission, Unit Other Cost**

**Unit Ex-factory Price - Unit invoice value deducts unit total allowance**

2. Provide a table listing the source of the data for each column in the export sales listing (B-2.1).

**Response:**



**[Confidential accounting system]**

### **B-3 Sample export documents**

1. Select the two largest invoices by value and provide the following documentation:
- Contracts
  - Purchase order and order confirmation
  - Commercial invoice and packing list
  - Proof of payment and accounts receivable ledger
  - Documents showing bank charges
  - Invoices for inland transport
  - Invoices for port handling and other export charges
  - Bill of lading
  - Invoices for ocean freight & marine insurance (if applicable)
  - Country of origin certificates (if applicable)

*If the documents are not in English, please provide a translation of the documents.*

**Response:**

**For two largest invoices by value, please refer to Confidential Attachment B-3-1 (FOR OFFICIAL USE ONLY) and Confidential Attachment B-3-2 (FOR OFFICIAL USE ONLY)**

2. For each document, please annotate the documents or provide a table reconciling the details in the export listing (in B-2) to the source documents (in B-3.1).

**Response:**

**For source documents to reconciling the details in the export listing, we have already including in Confidential Attachment B-3-1 (FOR OFFICIAL USE ONLY) and Confidential Attachment B-3-2 (FOR OFFICIAL USE ONLY)**

## **B-4 Reconciliation of sales to financial accounts**

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listing in B-2, D-2 and F-2 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "B-4 Upwards sales", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> B-4 Upwards sales***

2. Please provide all documents (e.g. general ledgers, trial balances), other than those in A-5, B-2 and D-2, required to complete the "Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

**Response:**

***For all documents of B-4, please refer to Confidential Attachment source documents for B-4 Upwards Sales (FOR OFFICIAL USE ONLY)***

3. For any amount in the "Upwards sales" worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column F of the worksheet; and
  - highlight or annotate the amount shown in the source document.

**Response:**

***For the name of the source document, please refer to column D of the worksheet.***

## **B-5 Reconciliation of direct selling expenses to financial accounts**

1. Please complete the worksheet named "B-5 Upwards selling expense" to demonstrate that the direct selling expenses (e.g. Inland transport) in B-2 and D-2 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "B-5 Upwards selling expense", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> B-5 Upwards selling expense***

2. Please provide all documents (e.g. general ledgers, trial balances), other than those in A-5, B-2 and D-2, required to complete the "Upwards SG&A" worksheet. If the documents include spreadsheets, all formulas used must be retained.

**Response:**

***For the worksheet named "B-5 Upwards selling expense", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> B-5 Upwards selling expense***



**PUBLIC RECORD**

3. For any amount in the “Upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
- the name of the source document, including the relevant page number, in column F of the worksheet; and
  - highlight or annotate the amount shown in the source document.

***Response:***

***We have named the source document in column C of the worksheet.***

## SECTION C EXPORTED GOODS & LIKE GOODS

The Commission considers the MCC structure in and of itself is not likely to be commercially sensitive information. Any claim that disclosing the MCC information is confidential or would adversely affect your business or commercial interests must be raised by lodging a submission as soon as practicable, but no later than the time this questionnaire is due.

### C-1 Models exported to Australia

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

**Response:**

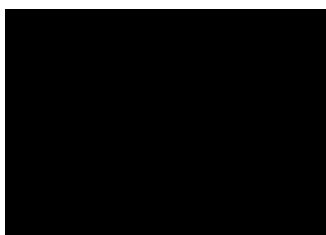
***The goods that THS have exported to Australia during the investigation period are Universal beams, Universal Columns, and Parallel Flange Channels with Grade 300 accordance with AS/NZS 3679.1:2016, and JIS size Universal beams with Grade 300 accordance with AS/NZS 3679.1:2016, and BSEN size Universal column with JIS G 3136 SN400B steel grade.***

***For AS/NZS 3679.1:2016 standard, please refer to Confidential Attachment C-1  
For JIS G 3136 Standard, please refer to the Confidential Attachment C-2-c***

2. Provide a list of MCCs of the goods exported to Australia. This must cover all MCCs listed in the Australian sales listing in B-2.
  - This list must be disclosed in the public record version of the response.

**Response:**

***For all MCC code sold to Australia, please refer table below,***



***[Confidential MCC codes sold to Australia]***

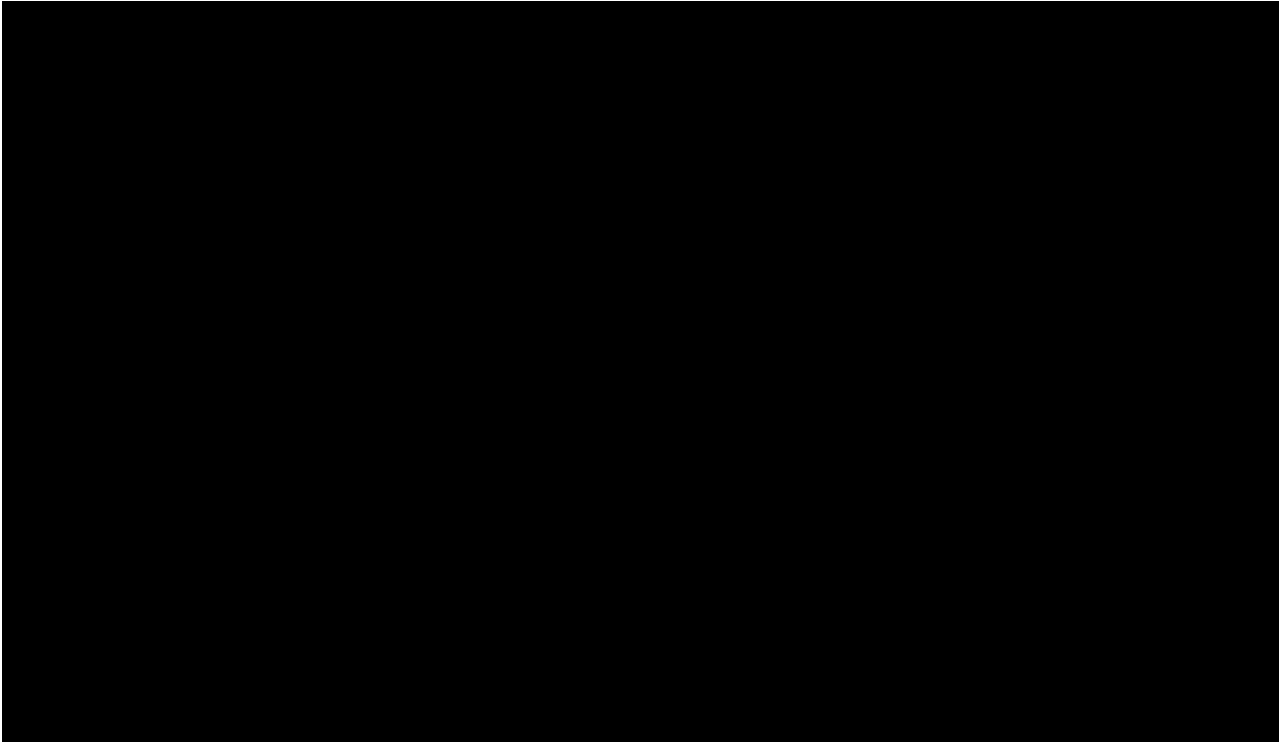
### C-2 Models sold in the domestic market

1. Fully describe all like goods your company sold on the domestic market during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the like goods sold on the domestic market.

**Response:**

***THS can produce varies products (H-beams, channels, and Tapered flange beams) and varies standards (JIS, CNS, AS/NZS, BS, ASTM, and EN) for wide range usage. We need to group the similar type of the steel grade from different standards, so we can optimize our production management.***





*[Confidential detail of goods sold on domestic market]*

*For JIS G 3101 Standard, please refer to the Confidential Attachment C-2-a*

*For JIS G 3106 Standard, please refer to the Confidential Attachment C-2-b*

*For JIS G 3136 Standard, please refer to the Confidential Attachment C-2-c*

*For JIS G 3192 Standard, please refer to the Confidential Attachment C-2-d*

*For CNS 2473 Standard, please refer to the Confidential Attachment C-2-e*

*For CNS 2947 Standard, please refer to the Confidential Attachment C-2-f*

*For CNS 13812 Standard, please refer to the Confidential Attachment C-2-g*

*For CNS 1490 Standard, please refer to the Confidential Attachment C-2-h*

*For ASTM A6 Standard, please refer to the Confidential Attachment C-2-i*

*For ASTM A36 Standard, please refer to the Confidential Attachment C-2-j*

*For ASTM A572 Standard, please refer to the Confidential Attachment C-2-k*

*For ASTM A709 Standard, please refer to the Confidential Attachment C-2-l*

*For ASTM A992 Standard, please refer to the Confidential Attachment C-2-m*

*For AS/NZS 3679.1:2016 Standard, please refer to the Confidential Attachment C-2-n*

*For BS EN 10025-1 Standard, please refer to the Confidential Attachment C-2-o*

**PUBLIC RECORD**

*For BS EN 10025-2 Standard, please refer to the Confidential Attachment C-2-p*

*For BS EN 10025-3 Standard, please refer to the Confidential Attachment C-2-q*

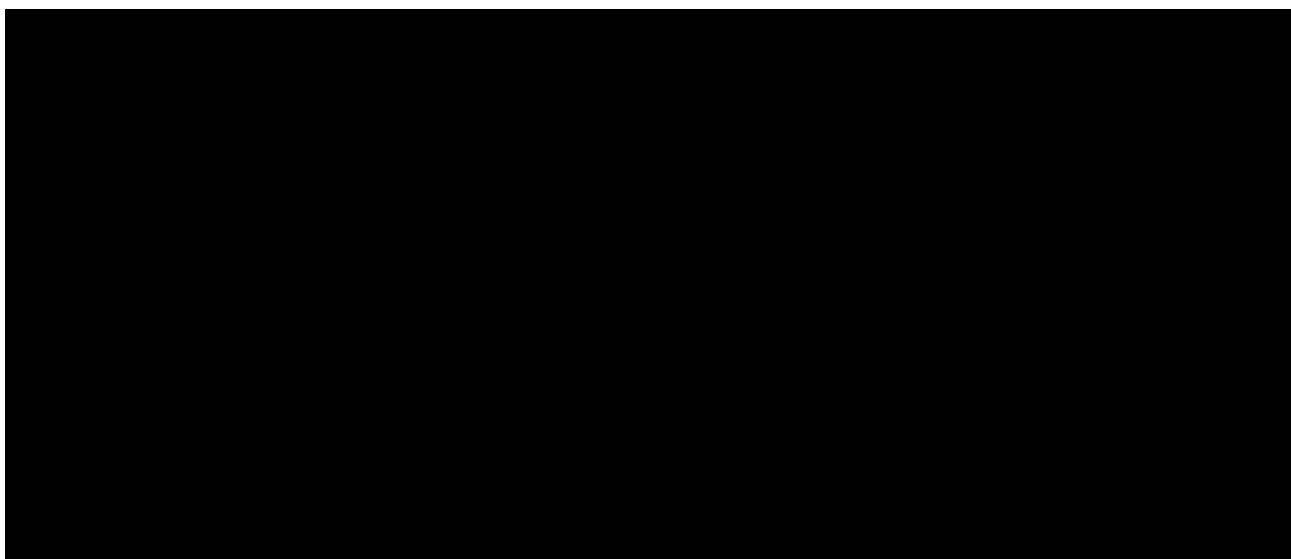
*For BS EN 10034 Standard, please refer to the Confidential Attachment C-2-r*

*For BS 4-1 Standard, please refer to the Confidential Attachment C-2-s*

*For Euronorm 19-57 and 53-62 Standard, please refer to the Confidential Attachment C-2-t*

2. Provide a list of MCCs of like goods sold on the domestic market. This must cover all MCCs listed in the domestic sales listing in D-2.
  - This list must be disclosed in the public record version of the response.

**Response:**



*[Confidential MCC sold on domestic market]*

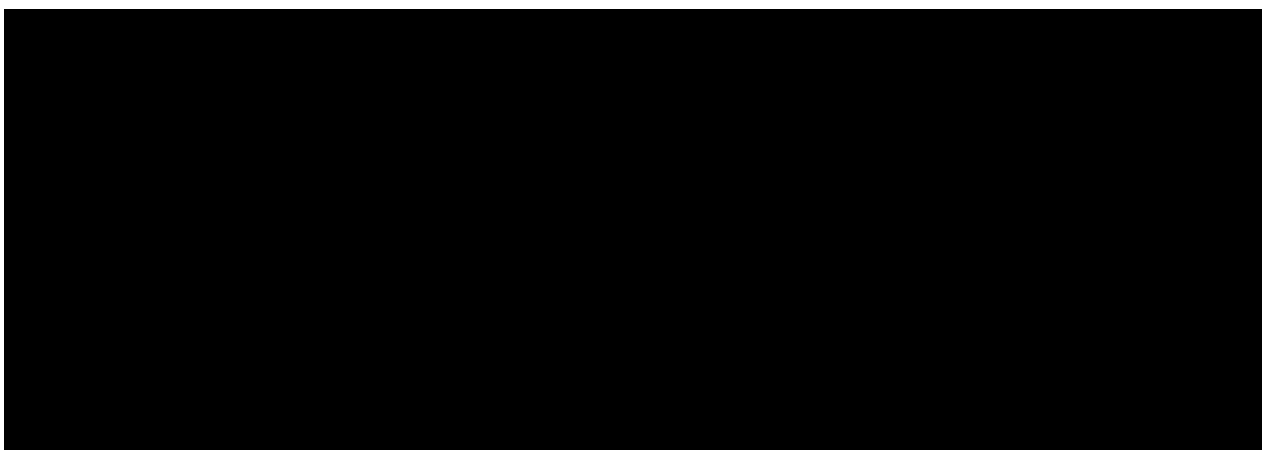
### **C-3 Internal product codes**

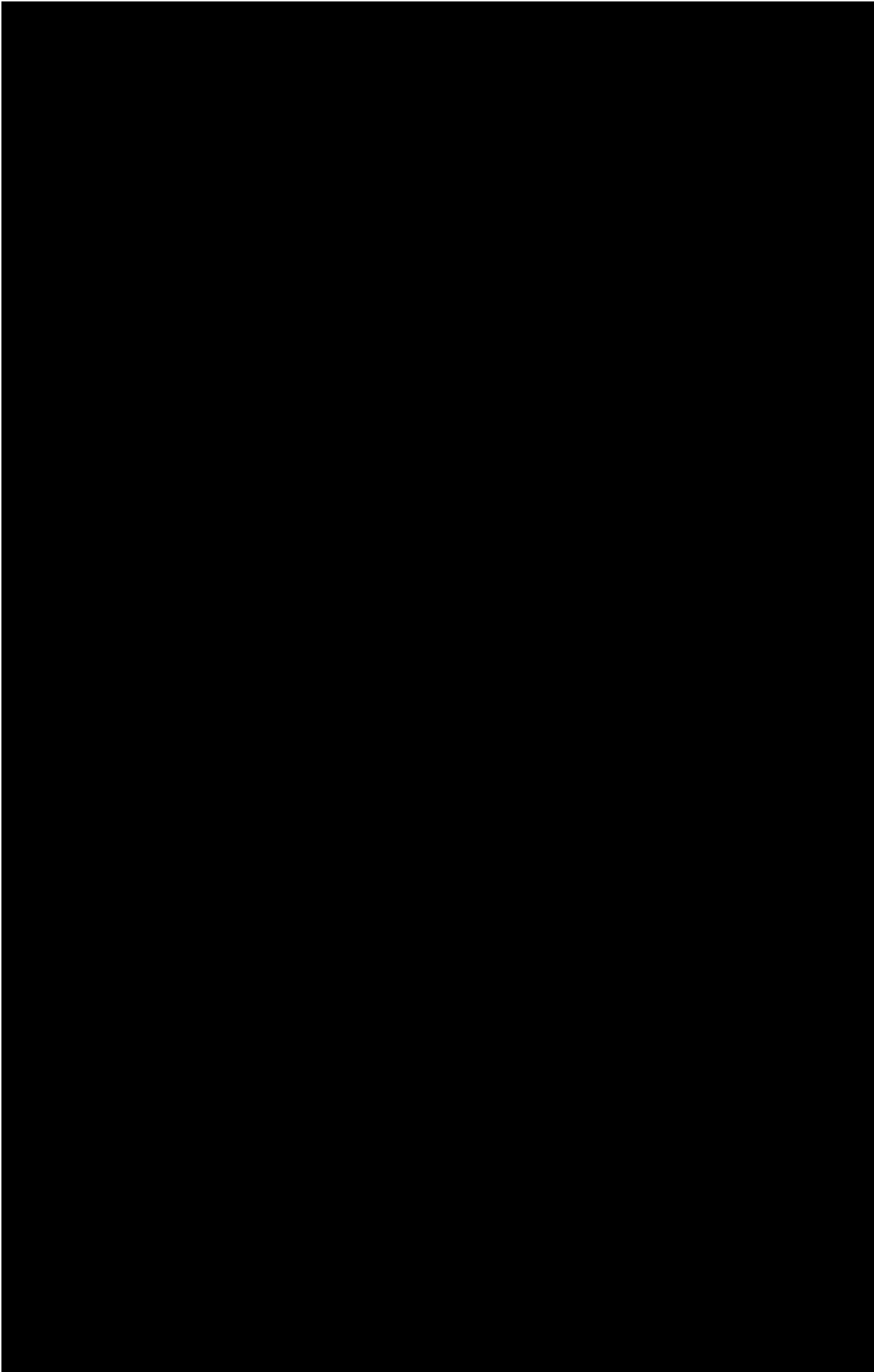
1. Does your company use product codes or stock keeping unit (SKU) codes?

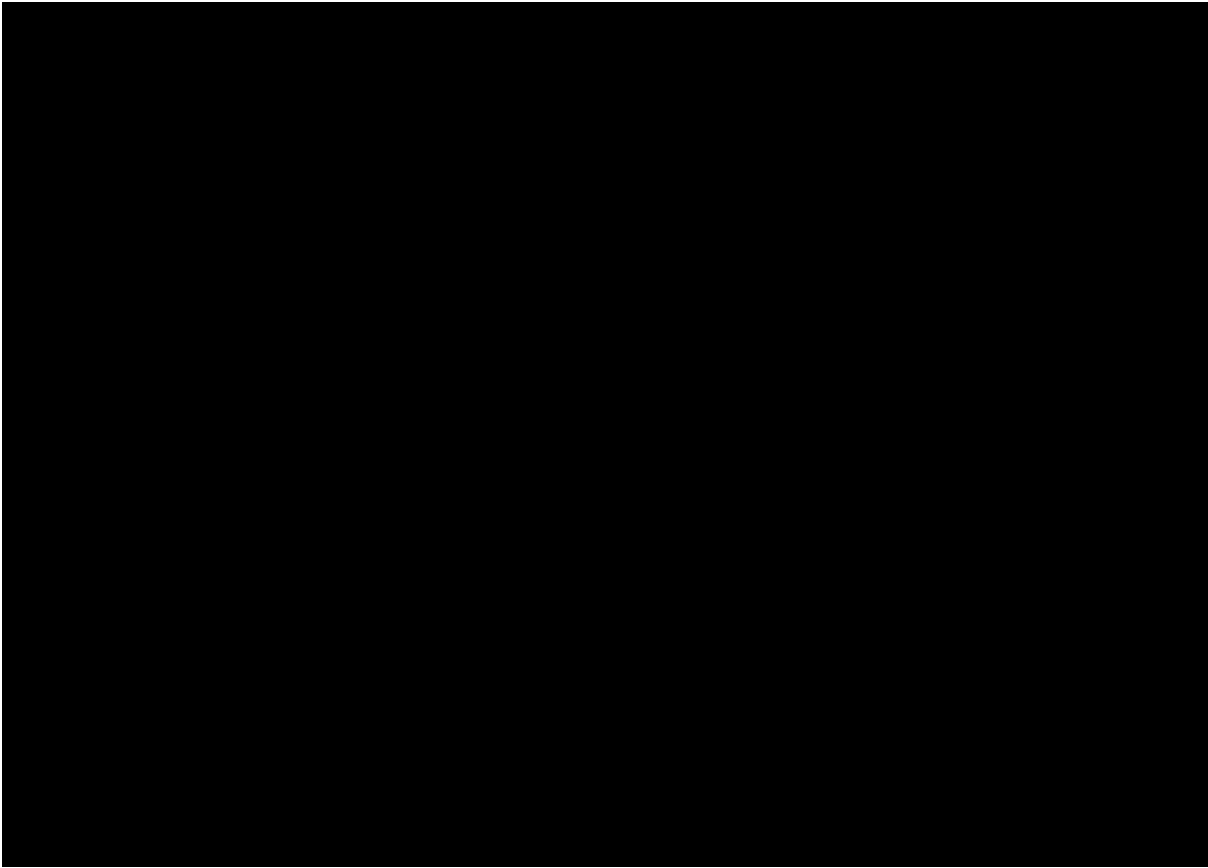
If yes:

- (a) Provide details of the product or SKU coding system for the goods, such as a legend or key of the meaning for each code within the product or SKU code.

**Response:**





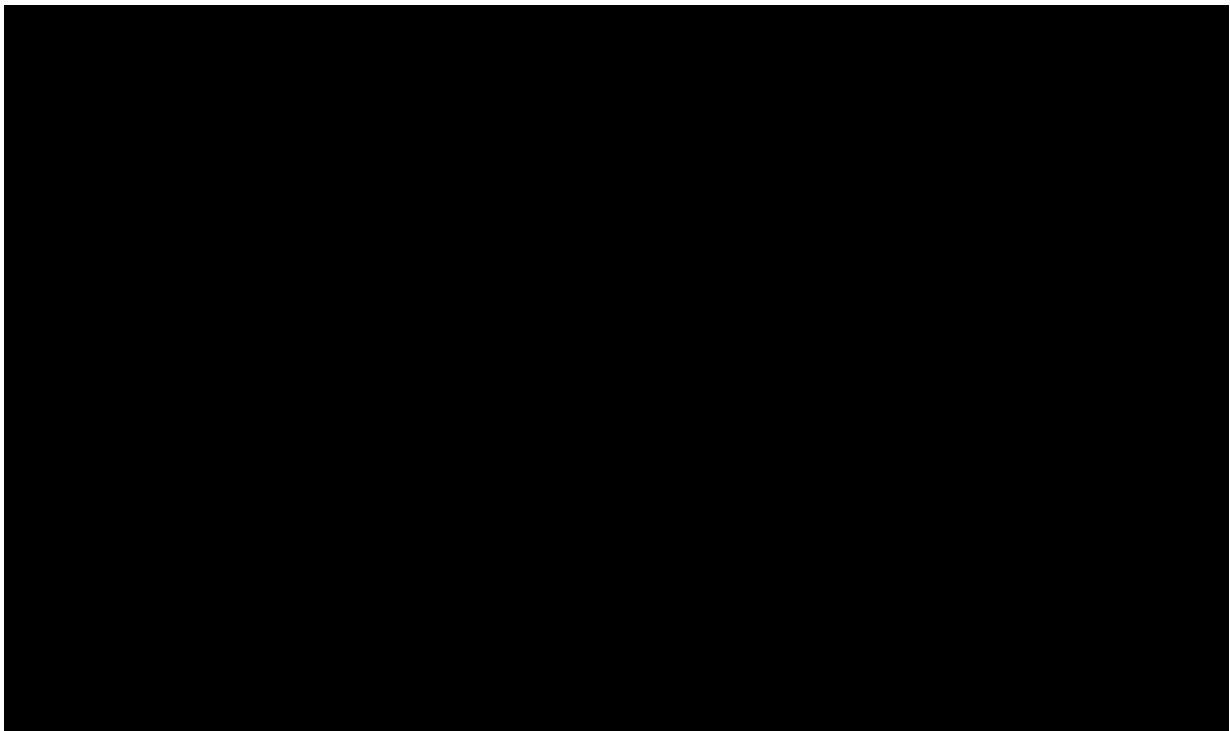


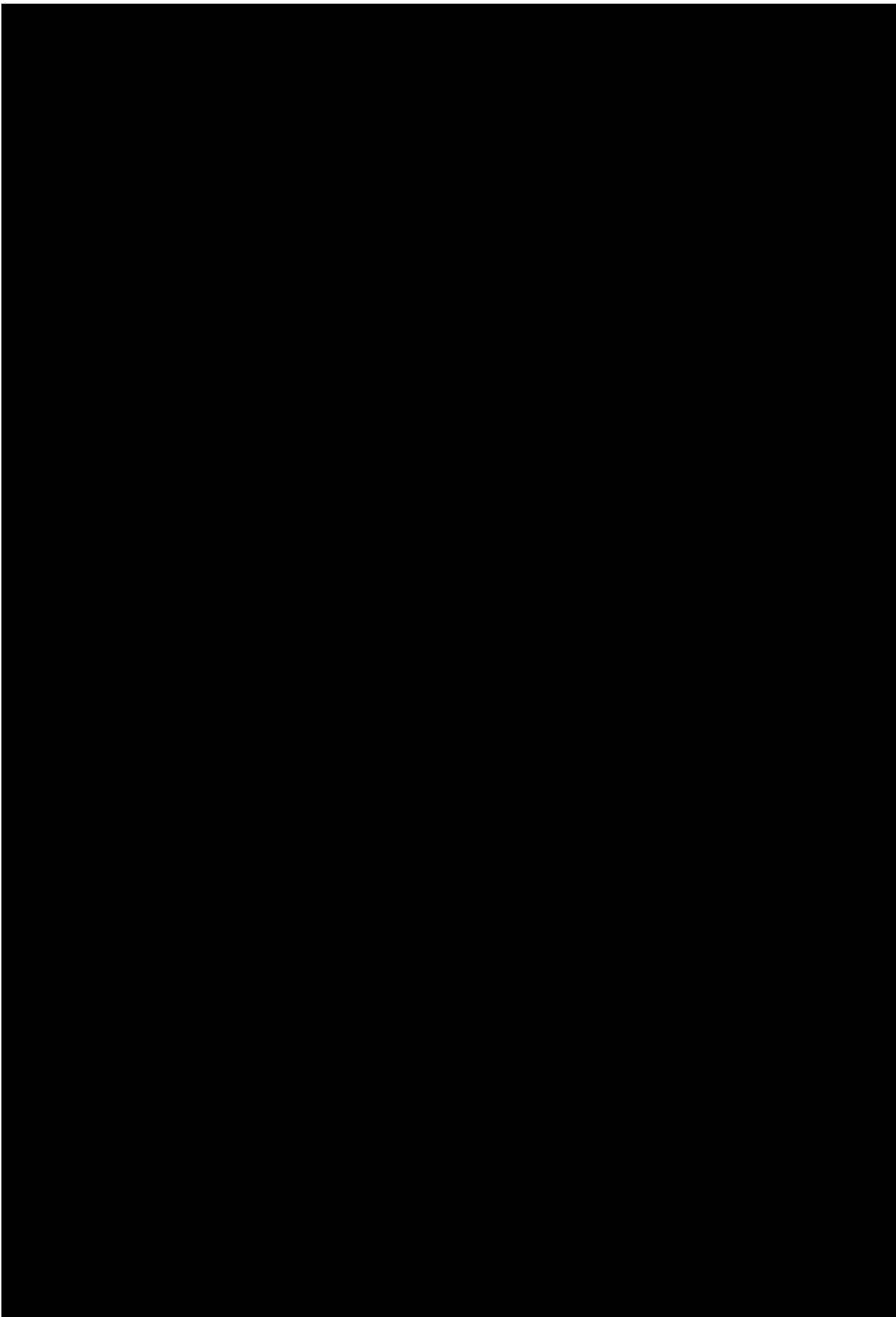
*[Confidential internal SKU codes]*

(b) Provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire.

***Response:***

***We don't' mapped the product codes to the MCC, we just fill in the corresponded code for MCC.***





***[Confidential additional MCC categories]***

(c) Provide a table of showing the product or SKU codes for each MCC.

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If no:

- (a) Provide details on the method used to identify the MCC in the sales and cost spreadsheets.

**Response:**

***For a table of showing the product codes for each MCC, please refer to Confidential Attachment C-3-c***



## SECTION D DOMESTIC SALES

### D-1 Domestic sales process

1. Provide details (and diagrams if appropriate) of the domestic sales process of your company and any other related entities including:

**Response:**

***For negotiation process diagrams of domestic sales process, please refer to Confidential Attachment D-1***

- (a) Marketing and advertising activities

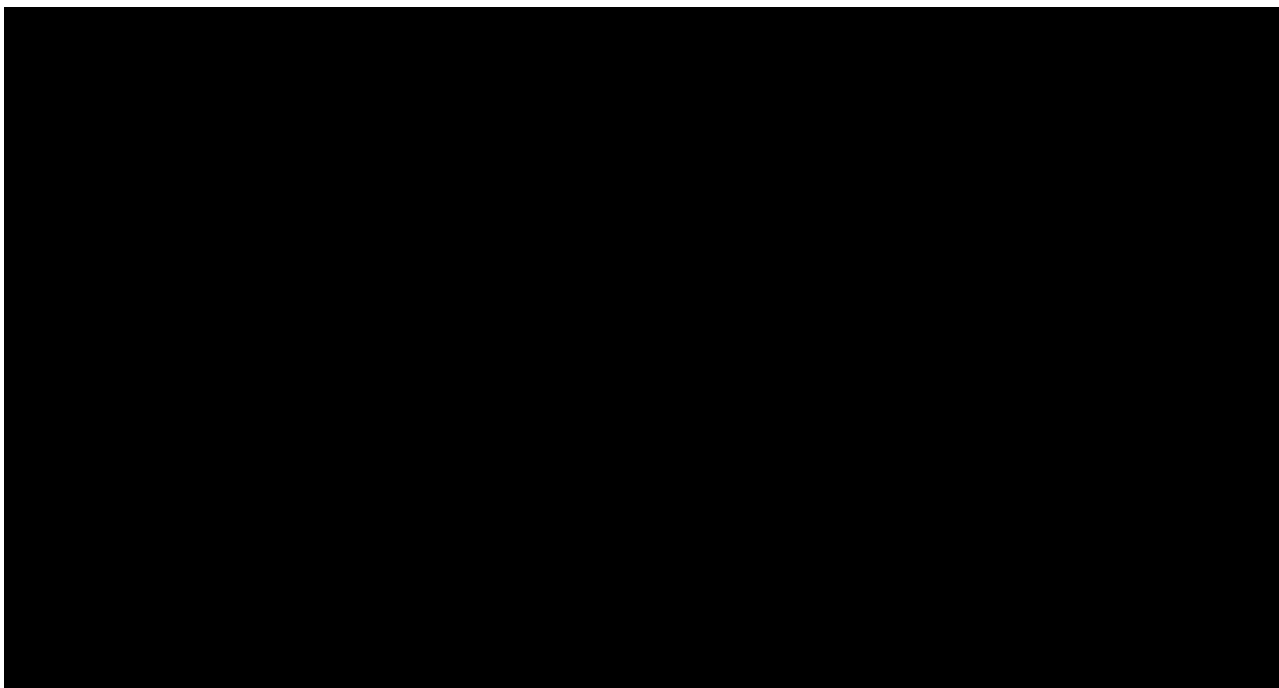
**Response:**

***THS do have marketing and advertising activities for domestic market.***

- (b) Price determination and/or negotiation process

**Response:**

***The price determination is decided by THS depend on market situation and discuss with customers before offer.***



***[Confidential customer price determination]***

- (c) Order placement process

**Response:**



[REDACTED]

***[Confidential order placement process]***

(d) Order fulfilment process and lead time

***Response:***

[REDACTED]

***[Confidential lead time]***

(e) Delivery terms and process

***Response:***

***The term of the sales for domestic market are “Delivered into store” and “ex-factory”***

(f) Invoicing process

***Response:***

***Once customers’ order delivery out of THS factory, we will issue invoice to customer.***

(g) Payment terms and process

***Response:***

[REDACTED]

***[Confidential payment terms]***

2. Are any domestic customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

***Response:***

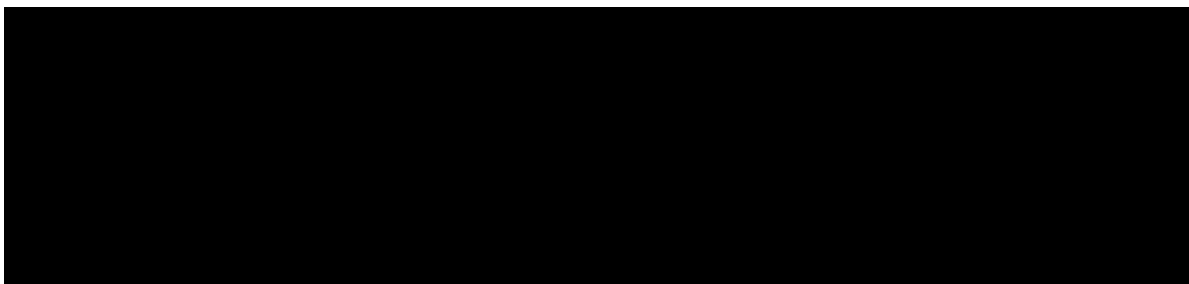
[REDACTED]

***[Confidential customer information]***

3. If sales are in accordance with price lists or price extras list, provide copies of these lists.

***Response:***

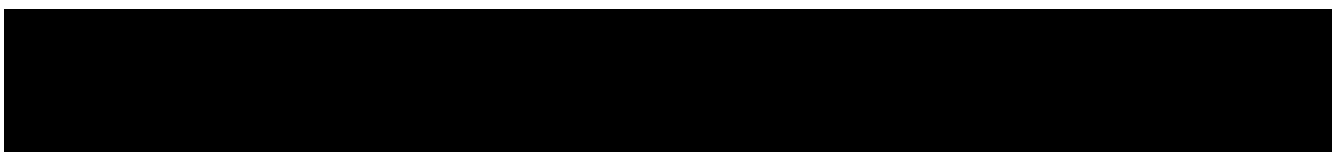
[REDACTED]



***[Confidential pricing information]***

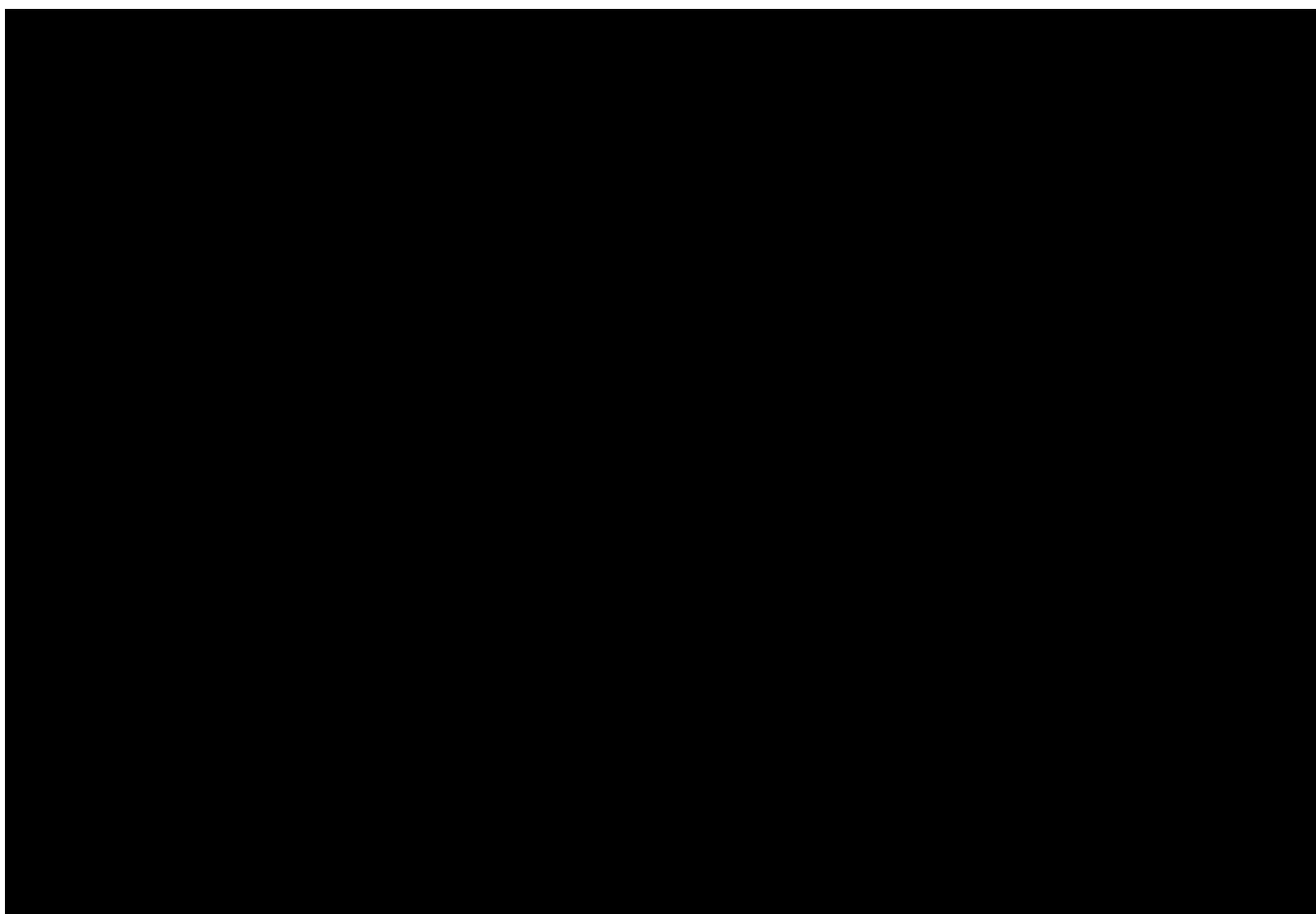
4. Do your domestic selling prices vary according to the distribution channel identified? If yes, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

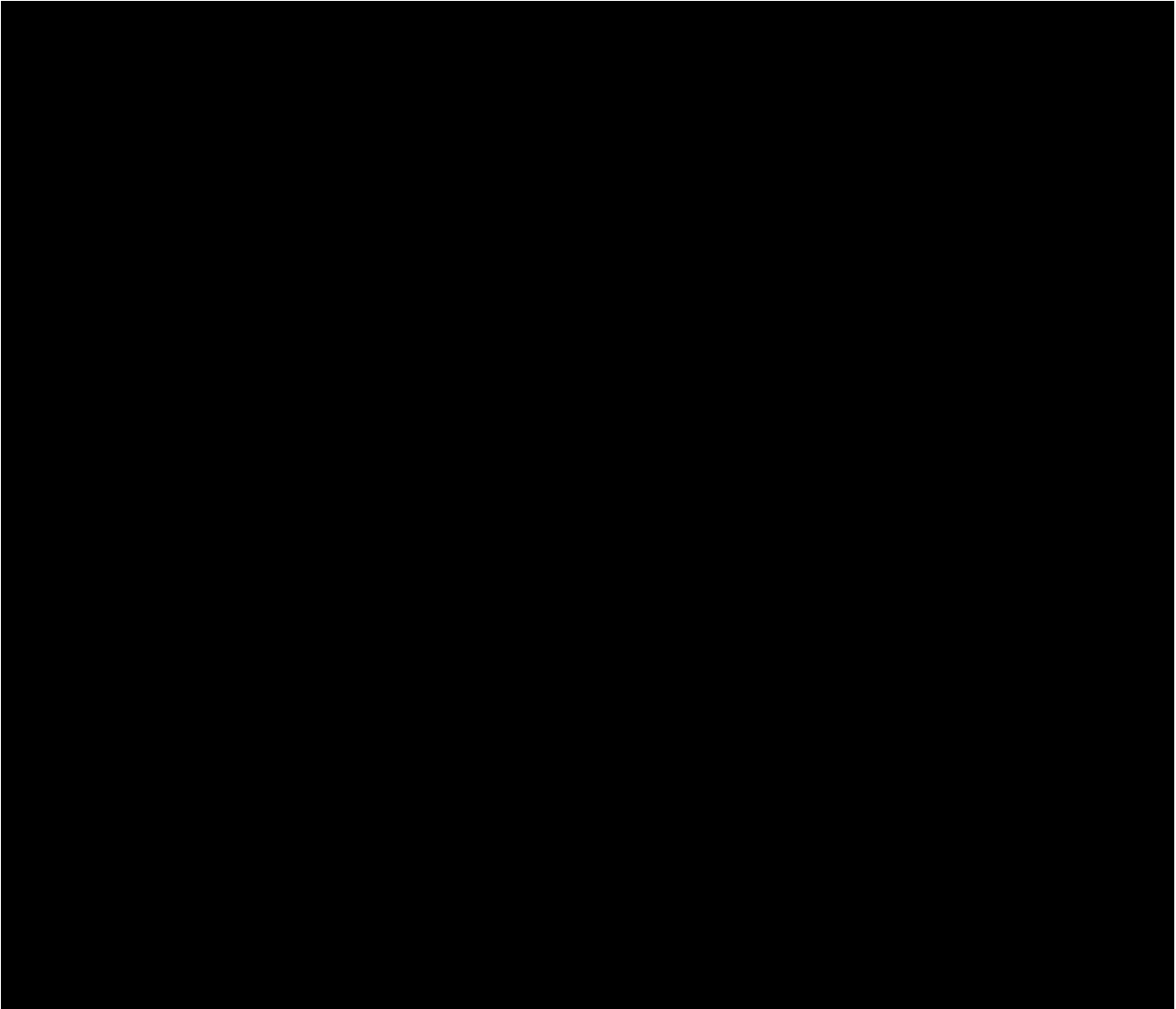
***Response:***



***[Confidential pricing information]***

5. Did you provide on-invoice discounts and/or off-invoice rebates to the customer or an associate of the customer in relation to the sale of the like goods during the period? If yes, provide a description; and explain the terms and conditions that must be met by the importer to obtain the discount.





***[Confidential discount information]***

6. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the like goods during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

***Response:***

***This question is not applicable, since THS has never issued credit notes, directly or indirectly to the customers.***

7. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:
- (a) What date are you claiming as the date of sale?
  - (b) Why does this date best reflects the material terms of sale?

***Response:***

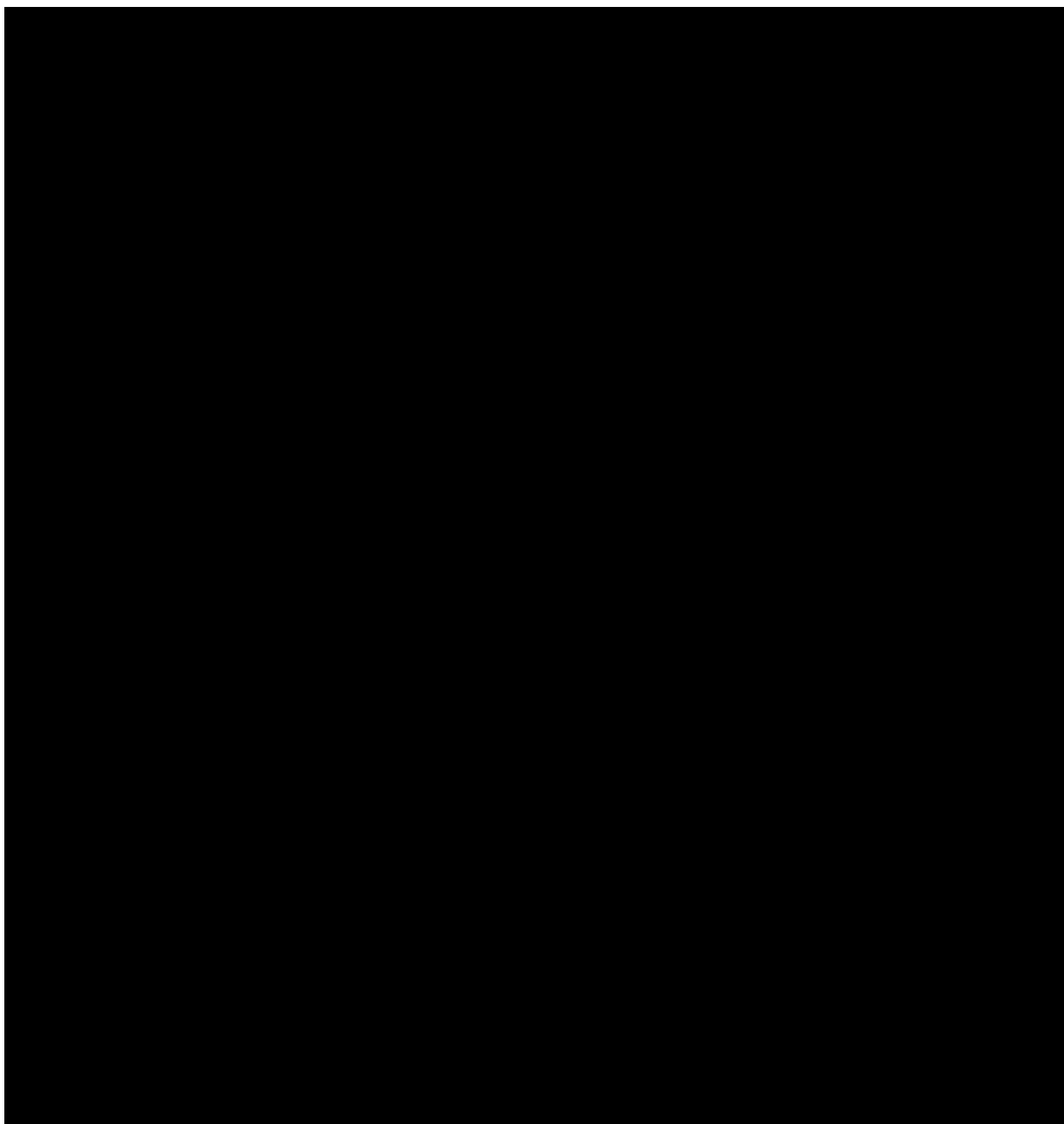
***This question is not applicable since our invoice date will be taken to be the date of sale.***

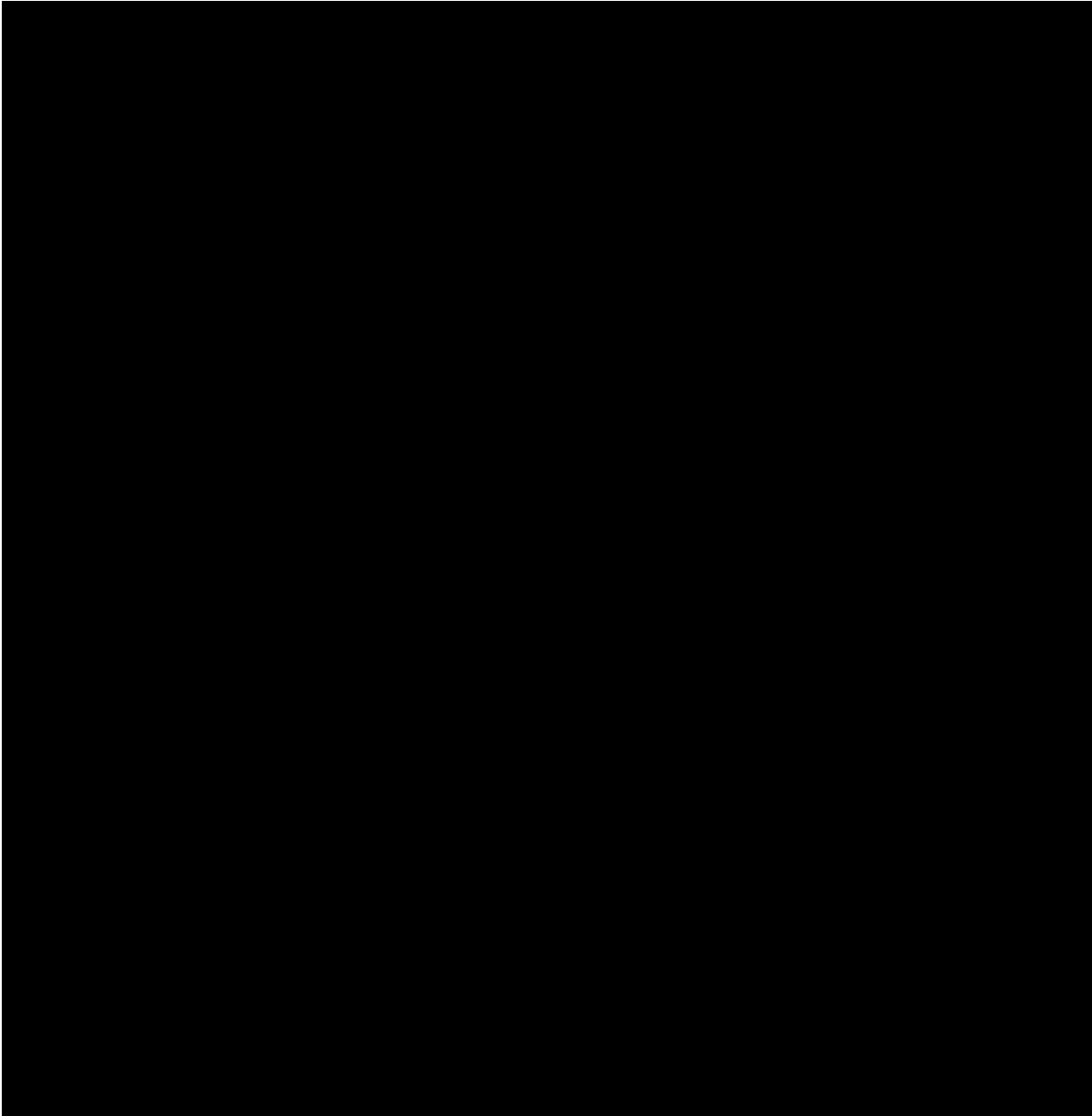
## D-2 Domestic sales listing

1. Complete the worksheet named "D-2 Domestic sales"
  - This worksheet lists all domestic sales (i.e. transaction by transaction) of like goods invoiced within the period, even if they are models not exported to Australia
  - If you have claimed in D-1.7 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - 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-2 above, add a column for each item. For example, certain other selling expenses incurred.

**Response:**

***For the worksheet named "D-2 Domestic sales", please refer to Confidential Attachment D-2-1 (FOR OFFICIAL USE ONLY)***





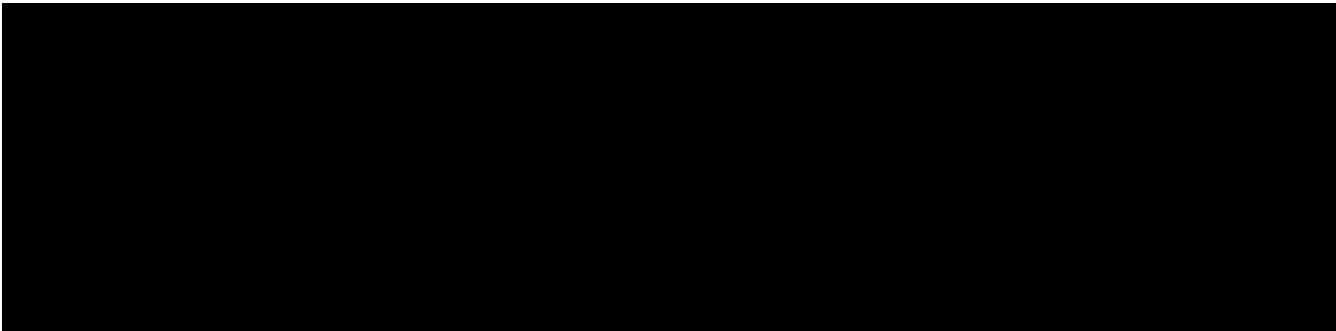
*[Confidential additional MCC categories]*

*Model – Steel Grade*

*Dimension – THS size code*

*Customer order number – Order number from customer*

*Ex-factory order number – order number when cargo shipped out of factory*





***[Confidential discount information]***

***Unit Total Allowances - The sum of Unit Other discounts, Unit Ocean freight, Unit Marine insurance, Unit Packing, Unit Inland transport, Unit Customs Brokers Fee, Unit Bank Charges & Letter of Credit Fee, Unit Export Inspection, Unit Trade promotion services fee, Unit Pier through fee, Unit Port Service Charge, Unit Bill of lading fee, Unit Handling & Other, Unit Warranty Expenses, Unit Technical Support, Unit Commission, Unit Other Cost***

***Unit Ex-factory Price - Unit invoice value deducts unit total allowance***

***For table list of domestic customers and code, please refer to Confidential Attachment D-2-2***

2. Provide a table listing the source of the data for each column in the domestic sales listing (D-2.1).

***Response:***

***In our AS400 system, there are all the data for each column in the domestic sales listing and we also have the paper documents store in the office, where we store the files.***

### D-3 Sample domestic sales documents

1. Select the two largest invoices by value and provide the following documentation:
  - Contracts
  - Purchase order and order confirmation
  - Commercial invoice and packing list
  - Proof of payment and accounts receivable ledger
  - Documents showing bank charges
  - Delivery invoices

**Response:**

***For two largest invoices by value, please refer to Confidential Attachment D-3-1 (FOR OFFICIAL USE ONLY) and Confidential Attachment D-3-2 (FOR OFFICIAL USE ONLY)***

*If the documents are not in English, please provide a translation of the documents.*

2. For each document, please annotate the documents or provide a table reconciling the details in the domestic sales listing (in D-2) to the source documents (in D-3.1).

**Response:**

***For source documents to reconciling the details in the domestic sales listing, we have already including in Confidential Attachment D-3-1 and Confidential Attachment D-3-2***

### D-4 Reconciliation of sales to financial accounts

This section is not required if you have completed B-4.

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listing in D-2 is complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "B-4 Upwards sales", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> B-4 Upwards sales (FOR OFFICIAL USE ONLY)***

2. Please provide all documents (e.g. general ledgers, trial balances), other than those in A-5 and D-2, required to complete the "Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

**Response:**

***For all documents of B-4, please refer to Confidential Attachment B-4 Upwards Sales (FOR OFFICIAL USE ONLY)***

3. For any amount in the "Upwards sales" worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column F of the worksheet; and
  - highlight or annotate the amount shown in the source document.

**Response:**



**PUBLIC RECORD**

***For source document of B-4, please refer to Confidential Attachment B-4 Upwards Sales (FOR OFFICIAL USE ONLY)***

## SECTION E DUE ALLOWANCE

### E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:

**Response:**

***This question is not applicable, since THS has never provide credit to any domestic customer. In addition, we always receive local LC and T/T in advance first before we delivery cargo.***

- (a) Do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
- Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
  - Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover

**Response:**

***This question is not applicable, since THS doesn't provide a rolling credit facility to our domestic customers.***

- (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?

**Response:**

***The question is not applicable, we don't provide short term borrowings or an overdraft facility to any of our domestic customers.***

- (c) Do you have term deposits or other cash product (e.g. bonds)? If yes, what is the interest rate, or average of interest rates?

**Response:**

***This question is not applicable, since we don't offer any term deposits or other cash products to our domestic customers.***

2. Do you provide credit to any Australian customers in relation to sales of the goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:

**Response:**

***This question is not applicable, since THS has never provide credit to Australian customers. We receive a standby LC as credit, and then receive TT payment after vessel depart.***

- (a) Do you provide a rolling credit facility to your Australian customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
- Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
  - Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover

**Response:**

***This question is not applicable, since THS doesn't provide a rolling credit facility to our Australia customers.***

- (b) If your Australian customers pay you into a foreign currency denominated account (question B-1.2(a) refers):
- i. Do you have short term borrowings or an overdraft facility denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?

**Response:**

***The question is not applicable, we don't provide short term borrowings or an overdraft facility to any of our Australia customers.***

- ii. What is the interest rate, or average of interest rates, applying to term deposits or other cash product (e.g. bonds) denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?

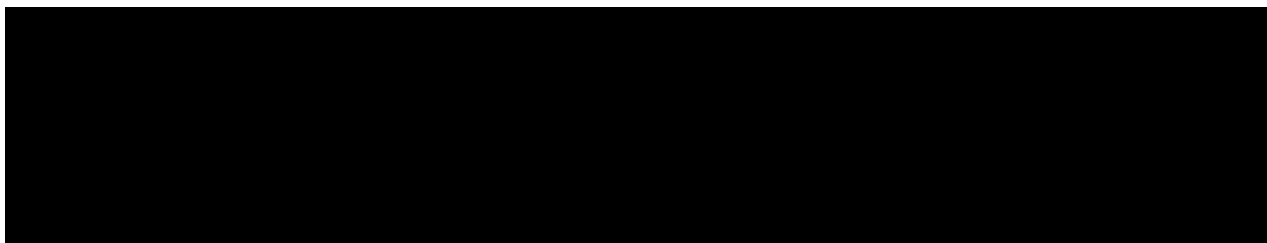
**Response:**

***This question is not applicable, since we don't have any term deposits or other cash product in foreign currency account to our Australia customers.***

## **E-2 Packaging**

1. What is the packaging used for your domestic sales of like goods?

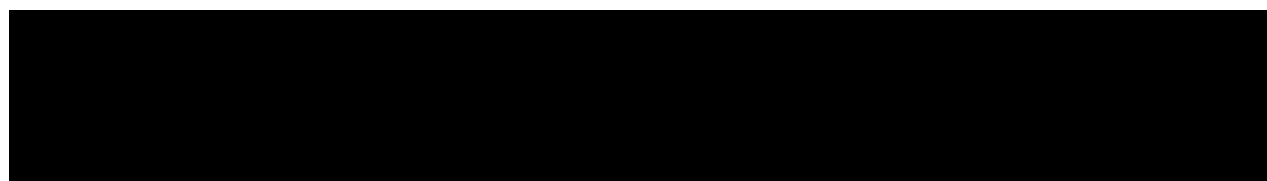
**Response:**



***[Confidential packaging information]***

2. What is the packaging used for your export sales of the goods to Australia?

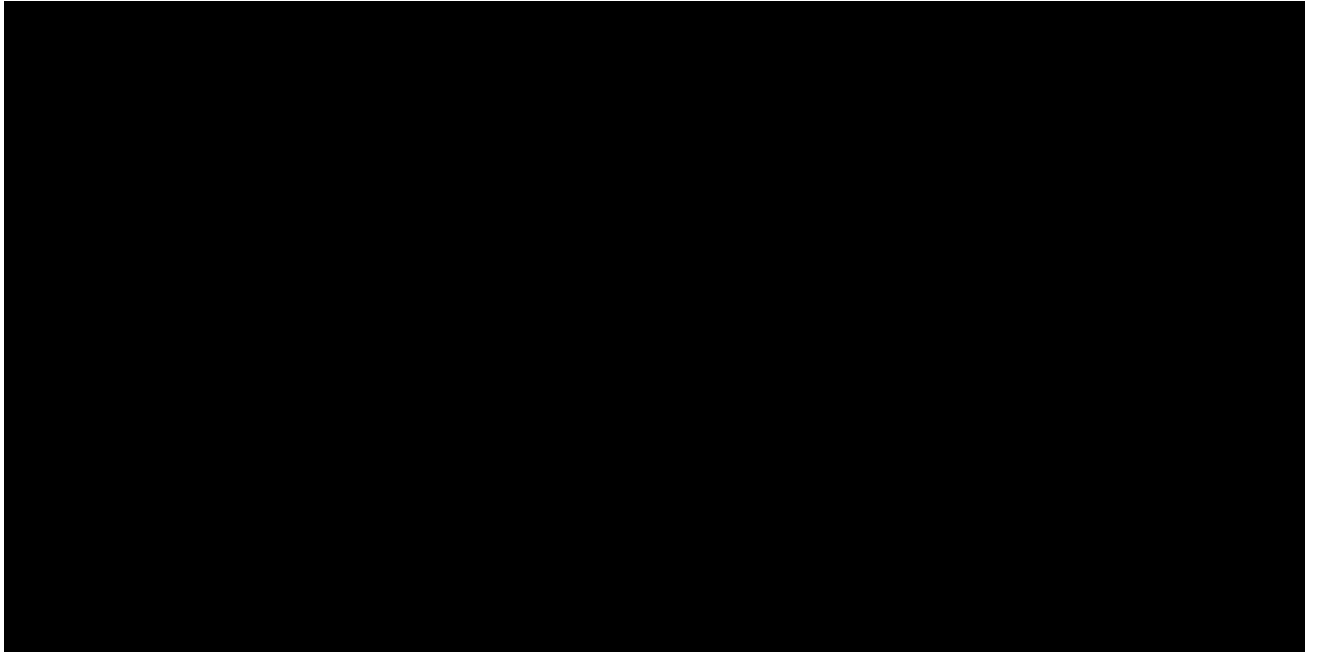
**Response:**



***[Confidential packaging information]***

3. If there are distinct differences in packaging between your domestic and export sales:
- (a) Provide details of the differences

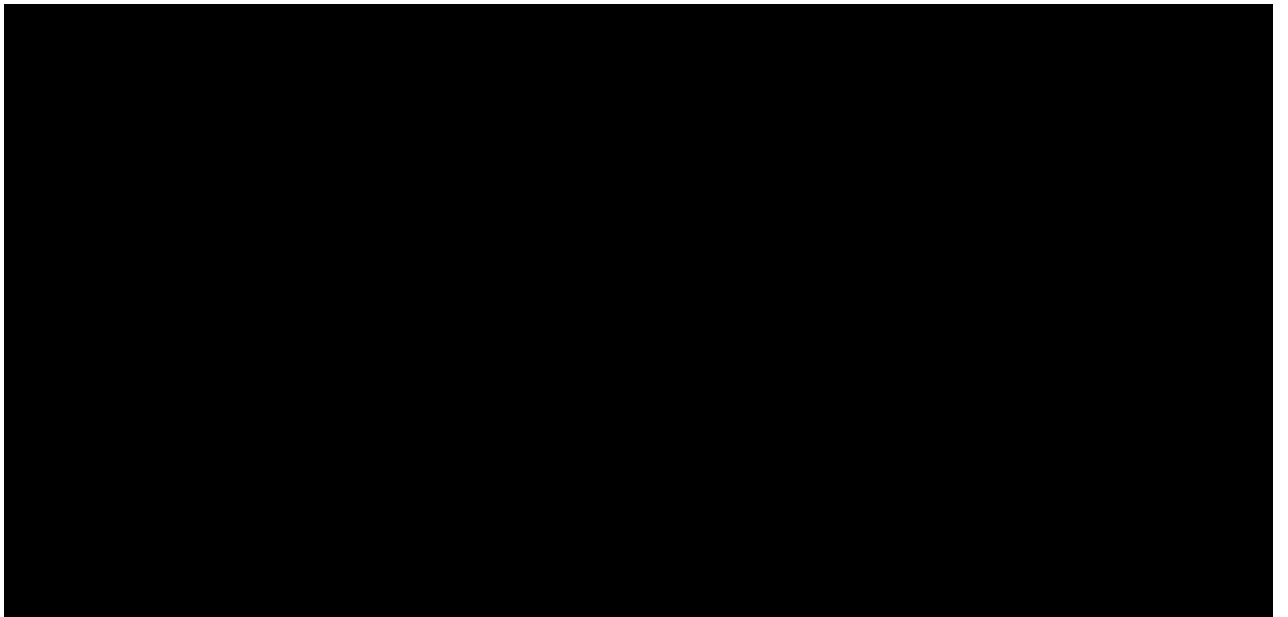
**Response:**



***[Confidential packaging information]***

(b) Calculate the weighted average packaging cost for each model sold on the domestic market

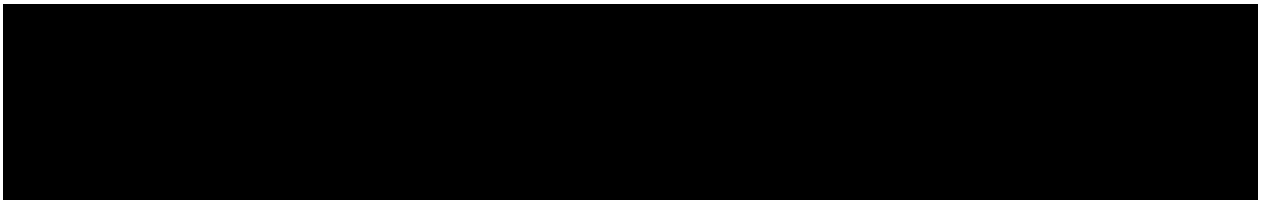
***Response:***

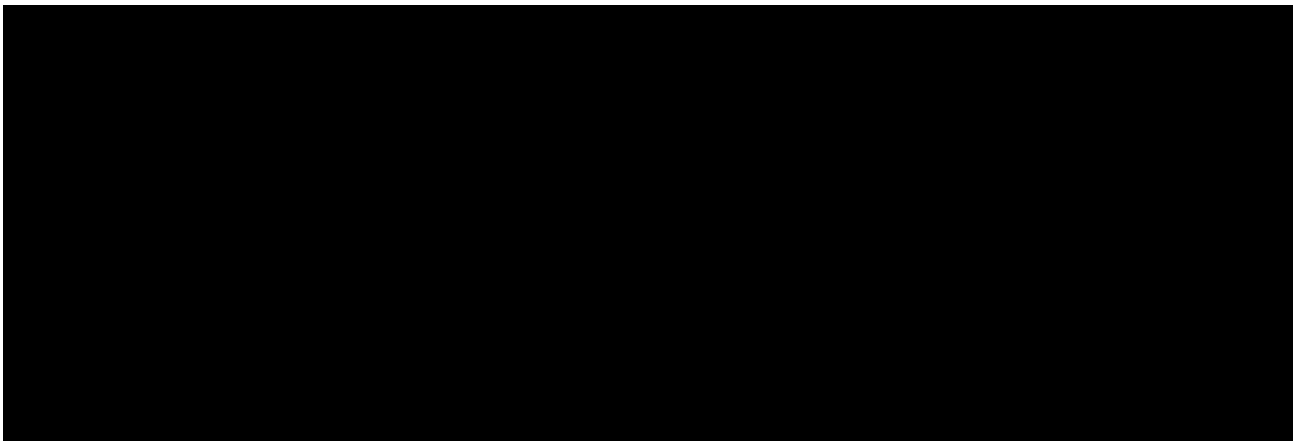


***[Confidential packaging information]***

(c) Calculate the weighted average packaging cost for each model exported to Australia

***Response:***





*[Confidential packaging information]*

### **E-3 Delivery**

1. Are any domestic sales of like goods delivered to the customer? If yes, how were the transportation costs calculated in the domestic sales listing in D-2?

**Response:**

***According to the destination of every ex-factory order, the computer system will calculate the cost per ton per destination, based on annual inland transportation agreement, times the total tonnages shipped. The result will be the total delivery expense per ex-factory order. Then, accountant will key in an accounting summons. It will be allocated in delivery expense of selling costs account.***

2. What are the delivery terms of the export sales of the goods to Australia?

**Response:**



*[Confidential delivery terms]*

3. If the delivery terms of the Australian sales includes delivery to the port, how were the inland transport and port charges calculated in the Australian sales listing in B-2?

**Response:**

***According to the destination of every ex-factory order, the computer system will calculate the cost per ton per destination, based on annual inland transportation agreement, times the total tonnages shipped. The result will be the total delivery expense per ex-factory order. Then, accountant will key in an accounting summons. It will be allocated in delivery expense of selling costs account.***

4. If the delivery terms of the Australian sales includes ocean freight, how was the ocean freight cost calculated in the Australian sales listing in B-2?

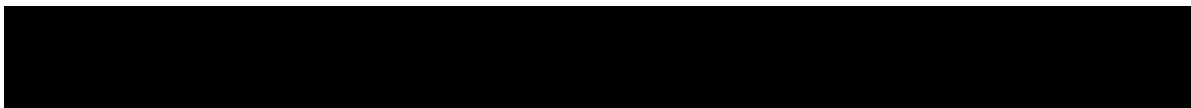
**Response:**



*[Confidential delivery terms]*

5. If the delivery terms of the Australian sales includes marine insurance, how was the marine insurance calculated in the Australian sales listing in B-2?

**Response:**



**[Confidential delivery terms]**

6. If the delivery terms of the Australian sales includes delivered duty paid, how were the Australian importation and delivery costs calculated in the Australian sales listing in B-2?

**Response:**



**[Confidential delivery terms]**

#### **E-4 Other direct selling expenses**

1. Do you provide sales commissions for domestic sales of like goods and/or export sales of the goods? If yes, provide details.

**Response:**

***This question is not applicable since we don't provide sales commissions for domestic sales of like goods and/or export sales of the goods.***

2. Are there any differences in tax liability between domestic and export sales? If yes, provide details, for example:

- What is the rate of value-added tax (VAT) on sales of the goods and like goods?

**Response:**

***According to Taiwan Value Added Tax (VAT) regulations, the prevailing VAT rate is 5% in the domestic sales and 0% for export sales. Since we are reporting domestic sales on price exclude VAT price, therefore there is no adjustment considered necessary.***

- How is VAT accounted for in your records in relation to sales of the goods and like goods?

**Response:**

***This question is not applicable since we don't record VAT to our domestic and Australia sales listing.***

- Do you receive a VAT refund in relation to sales of the goods and/or like goods?

**Response:**

***This question is not applicable since we don't receive any Vat refund.***

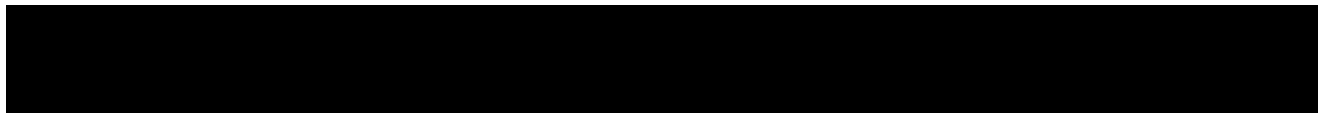
- Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods or like goods?

**Response:**

***This question is not applicable since we don't receive any remission or drawback of import duties on inputs consumed in the productions of the goods or like goods.***

3. Are there any other incurred by your company in relation to domestic sales of like goods?
  - These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5

***Response:***



***[Confidential direct selling expense]***

4. Are there any other direct selling expenses incurred by your company in relation to export sales of the goods to Australia?
  - These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5

***Response:***

***Custom Broker fee, Bank Charges & Letter of Credit fee, Export Inspection, Trade Promotion service fee, Pier thorough fee, Port services charge, and Bill of lading fee and handling and other.***

## **E-5 Other adjustment claims**

1. Are there any other adjustments required to ensure a fair comparison between the export price and the normal value (based on domestic sales, costs and/or third country sales)? If yes, provide details.
  - An adjustment will only be made where there is evidence that the difference affects price comparability.
  - Refer to Chapter 14 of the Dumping and Subsidy Manual for more information.

***Response:***

***No, there is no other adjustment need to claim.***

## SECTION F THIRD COUNTRY SALES

### F-1 Third country sales process

1. Are your sales processes to any third country (i.e. exports to countries other than Australia) different to the sales process described in B-1.1? If yes, provide details of the differences.

**Response:**

***This question is not applicable since our sales processes to third country are the same to the sales process described in B1.1.***

2. Are there any third country customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**Response:**

***[Confidential relationship]***

3. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:
  - (a) What date are you claiming as the date of sale?
  - (b) Why does this date best reflects the material terms of sale?

**Response:**

***This question is not applicable since our invoice date will be taken to be the date of sale.***

### F-2 Third country sales listing

1. Complete the worksheet named "F-2 Third country sales"
  - This worksheet lists all export sales, summarised by country and customer, to third countries of like goods invoiced within the period.
  - If you have claimed in F-1.3 that the date of sale is one other than the invoice date, then add sales with your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "F-2 Third country sales", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> F-2 Third country sales***

2. Provide a table listing the source of the data for each column in the export sales listing (F-2.1).

**Response:**

***In our AS400 system, there are all the data for each column in the export sales listing and we also have the paper documents store in rooms in the office, where we store the files. Since we need to fill out the total amount and quantity, we will also prepare a worksheet with all the export sales, we can show you if you need reconcile them.***



### **F-3 Differences in sales to third countries**

1. Are there any differences in sales to third countries which may affect their comparison to export sales to Australia? If yes, provide details.

***Response:***

***There are several differences in sales to third countries which may affect their comparison to export sales to Australia as detail below,***

1. ***THS offer "FAS and FOB" delivery term to Australia, while we offer other countries in varies terms; FAS, CFR, and CY-CY***
2. ***The level of trade is different.***
3. ***Inland transportation is different.***
4. ***Handling, loading, and ancillary cost is different.***
5. ***Packaging cost is different.***

## SECTION G COST TO MAKE AND SELL

### G-1. Production process

1. Describe the production process for the goods and 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:**

**Steel making is the process for producing steel from pig iron and steel scrap. In steelmaking, impurities such as sulphur, phosphorus, and excess carbon are removed from the raw steel, and alloying elements such as manganese, silicon, niobium and vanadium are added to produce different grades of steel. Limiting dissolved gases such as nitrogen and oxygen, and entrained impurities (termed "inclusions") in the steel is also important to ensuring the quality of the products cast from the liquid steel. Facilities are EAF (Electric Arc Furnace) and LF (Ladle Furnace) in Miaoli Works.**

**Semifinished casting is the process whereby molten steel is solidified into a "semifinished" billet, bloom, beam blank, or slab for subsequent rolling in the finishing mills.**

**Facilities are Bloom / Beam Blank, and Billet / Slab continuous combi-casters in Miaoli works.**

**Rolling is a metal forming process in which metal stock is passed through a few rolling stands. Prior to rolling in the Structural mil, the semifinished products are heated in the reheat furnace to the required temperature. Semifinished products are extracted from the reheat furnace, descaled and transferred to the rolling stands. The rolling stands contain a combination of Breakdown stand, Universal roughing stand, Horizontal Edger and Universal Finishing stand that are used to shape the product.**

**Facilities are one rolling mill in Miaoli for big size sections and plates, and one rolling mill in Kaohsiung for small size sections**

#### **Shapes Cold finishing Line**

##### **Miaoli Works:**

**After exiting the Universal Finishing stand, the shapes are cut with the hot saw into customer required lengths and transferred to the cooling beds. Samples for testing are taken at the hot saw.**

**After cooling, the shapes are straightened, inspected, labelled and bundled.**

##### **Kaohsiung Works:**

**After exiting the Universal Finishing stand, the shapes are transferred to the cooling beds. Samples for testing are taken at the hot saw.**

**After cooling, the shapes are straightened, cut with the cold saw into customer required lengths, inspected, labelled and bundled.**

#### **Material handling and dispatch**

**The products are then stored in Miaoli and Kaohsiung works prior to being sent to customer's warehouse or directly to their customer's facility or to ports for exported.**

**For production flowchart of Miaoli work, please refer to the Confidential Attachment G-1-a**

**For production flowchart of Kaohsiung work, please refer to the Confidential Attachment G-1-b**

**Scrap will consider as raw material and will be recycled in our factory. Iron oxide will be selling to others.**

**The scrap will come from the leftover liquid steel of slag tank, ladle, tundish, and also from the crop-end of continuous casting and rolling.**

**The iron oxide will come from scale pit, where the iron oxide will put together from rolling and continuous casting.**

2. Are any of your suppliers related to your company (regardless of whether it is relevant to the manufacture of the goods)? If yes, please provide details including the product or services supplied by the related company.

**Response:**

**The majority of scrap is from non-related domestic scrap distributors and overseas traders. Small portion are acquiring from the surplus of the production of our subsidiary "Tung Kang Steel Structure Corp." and "Katec Creative Resources Corp."**

## **G-2. Cost accounting practices**

1. Is your company's cost accounting system based on actual or standard costs (budgeted)?

**Response:**

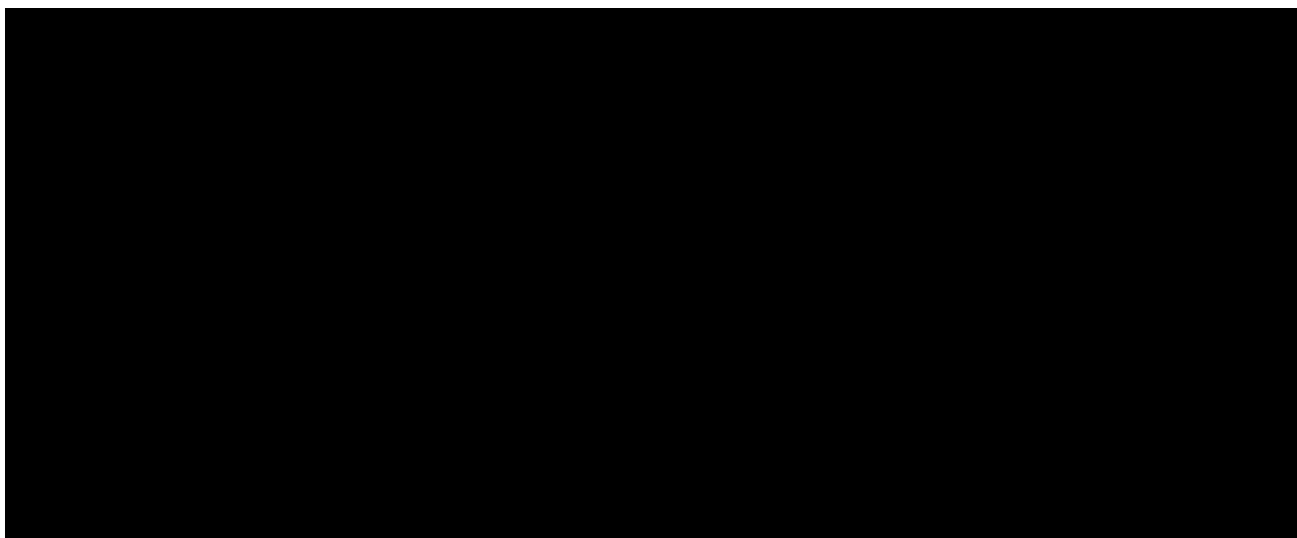
**THS's cost accounting system based on actual costs.**

2. If you company uses standard costs:
- Were standard costs used as the basis of actual costs in your responses G-3.1 & G-5.1?
  - Have all variances (i.e. differences between standard and actual production costs) been allocated to the goods?
  - How were those variances allocated?
  - Provide details of any significant or unusual cost variances that occurred during the period.

**Response:**

**This question is not applicable since the accounting system is not based on standard costs for THS, while we are adopting actual costs.**

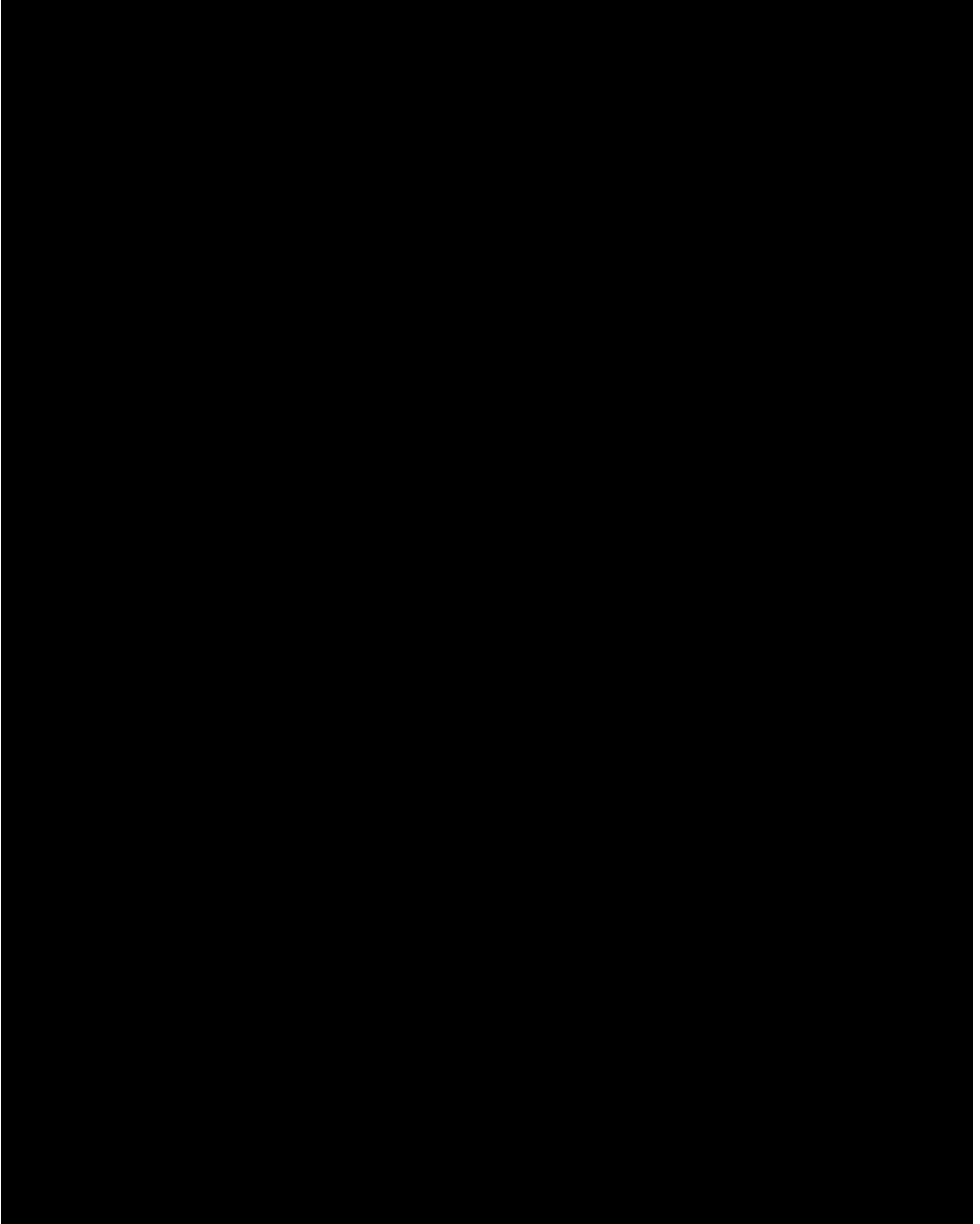
3. Do you have different cost centres in your company's cost accounting system? If yes, list the cost centres, provide a description of each cost centre and the allocation methodology used in your accounting system.

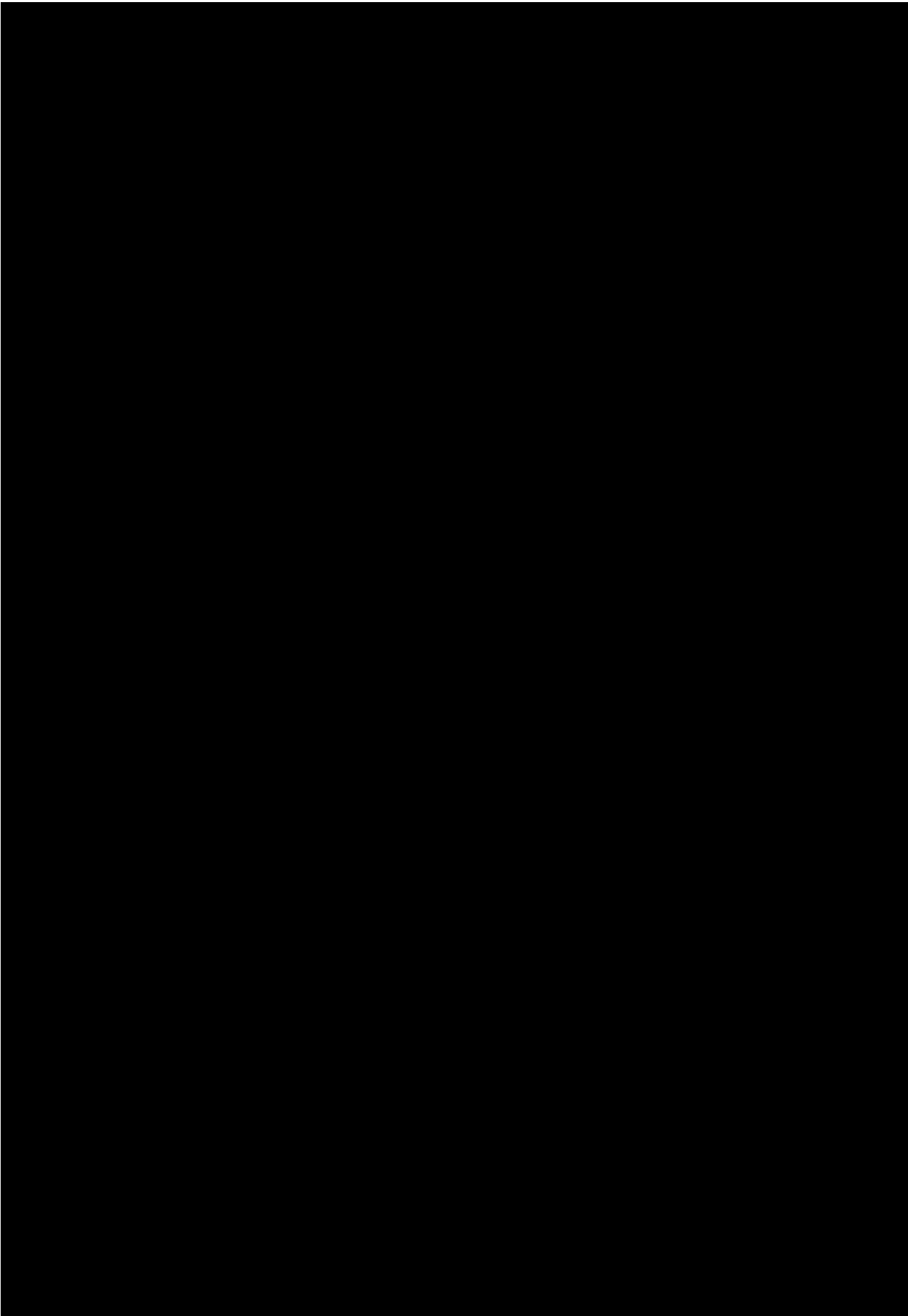


**[Confidential costing information]**

4. To what level of product specificity (models, grades etc.) does your company's cost accounting system normally record production costs?

***Response:***





*[Confidential costing information]*

**PUBLIC RECORD**

5. Are there any costs for management accounting purposes valued differently to financial accounting purposes? If yes, provide details of the differences.

**Response:**

***This question is not applicable since there are no such different between cost accounting purposes and financial accounting purposes.***

6. Has your company engaged in any start-up operations in relation to the goods ? If yes:  
(a) Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.  
(b) 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:**

***This question is not applicable since THS is not engaged in any start-up operations in relation to the goods.***

7. What is the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average)?

**Response:**

***THS uses the weighted average method in valuing inventory of the raw materials, work-in-process, and finished goods***

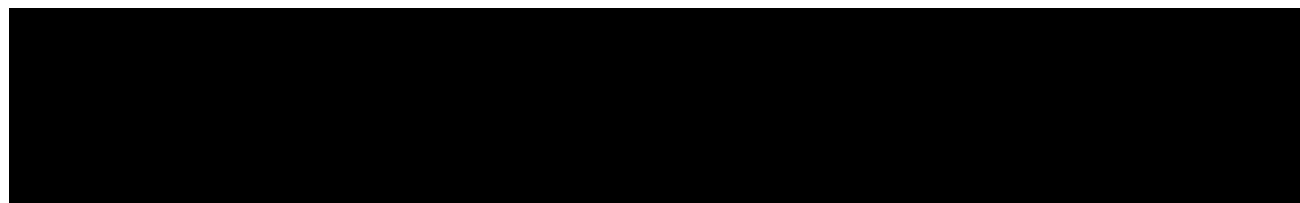
8. What are the valuation methods for damaged or sub-standard goods generated at the various stages of production?

**Response:**

***The production cost of damaged goods and the sub-standard goods will be calculating as same as the standard goods.***

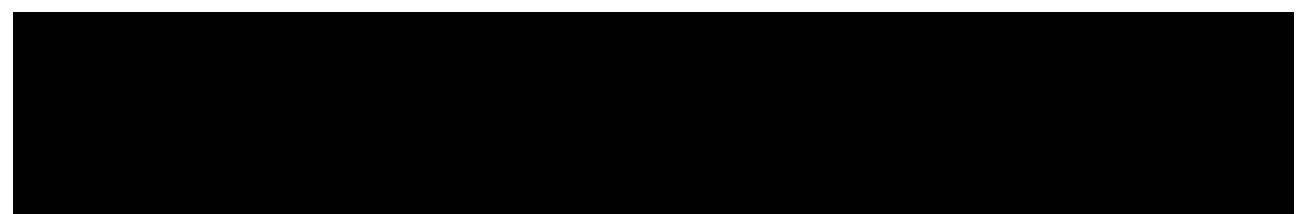
9. What are the valuation methods for scrap, by products, or joint products?

**Response:**



***[Confidential costing information]***

10. Are any management fees/corporate allocations charged to your company by your parent or related company? If yes, provide details



***[Confidential relationship]***

### G-3 Cost to make on domestic market

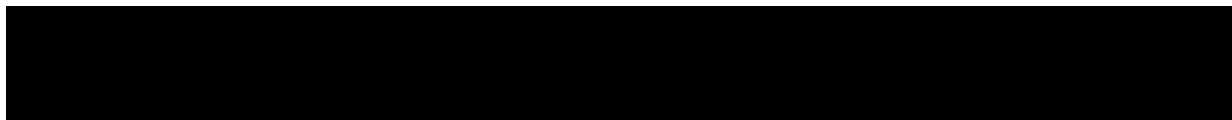
1. Complete the worksheet named "G-3 Domestic CTM".
  - This worksheet lists the quarterly cost to make the domestic models of like goods by MCC manufactured within the period, even if they are models not exported to Australia.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If you have claimed in D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**Response:**

***For the worksheet named "G-3 Domestic CTM", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> G-3 Domestic CTM***

2. Provide a table listing the source of the data for each column of the "Domestic CTM" listing (G-3.1).

**Response:**



***[Confidential accounting system]***

### G-4 Selling, General & Administration expenses

1. Complete the worksheet named "G-4.1 SG&A listing".
  - This worksheet lists all selling, general and administration expenses by account code for the most recent accounting period and the period.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "G-4.1 SG&A listing", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> G-4.1 SG&A listing.***

2. Complete the worksheet named "G-4.2 Domestic SG&A calculation".
  - This worksheet calculates the unit domestic SG&A for each MCC.
  - You must provide this list in electronic format using the template provided.
  - Please use the formulas provided.

**Response:**

***For the worksheet named "G-4.2 Domestic SG&A calculation", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> G-4.2 Domestic SG&A calculation.***

### G-5 Cost to make the goods exported to Australia

1. Complete the worksheet named "Australian CTM".

**PUBLIC RECORD**

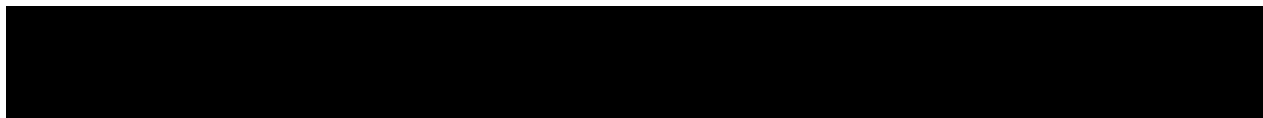
- This worksheet lists the quarterly cost to make the Australian models of the goods under consideration by MCC manufactured within the period.
- The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all Australian sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**Response:**

**For the worksheet named "Australian CTM", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> G-5 Australian CTM.**

2. Provide a table listing the source of the data for each column of the "Australian CTM" listing (G-5.1).

**Response:**



**[Confidential accounting system]**

**G-6 Cost allocation methodology**

1. What is the allocation methodology used to complete in G-3 domestic CTM and G-5 Australian CTM for:  
(a) Raw materials

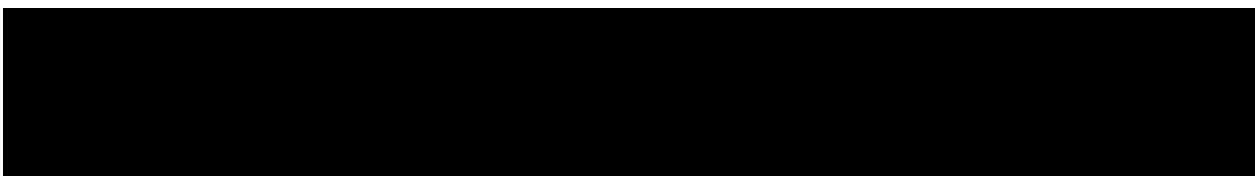
**Response:**



**[Confidential cost allocation methodology]**

- (b) Labour

**Response:**



**[Confidential cost allocation methodology]**

- (c) Manufacturing overheads

**Response:**







***[Confidential cost allocation methodology]***

2. Select the domestic model (export model if you have no domestic production of like goods) with the largest production volume over the period and provide worksheets demonstrating the allocation methodology described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

***Response:***

***For worksheets to demonstrate the allocation methodology with a domestic model with the largest production volume over the period, please refer to Confidential Attachment G-6-2 (FOR OFFICIAL USE ONLY)***

### **G-7 Major raw material costs**

1. What are the major raw materials used in the manufacture of the goods?

***Response:***

***Scrap, pig iron, and self-made shredded scrap***

2. Are any raw materials sourced as part of an integrated production process or from a subsidiary company which your company exercise control? If yes, complete the worksheet named "G-7.2 Raw material CTM" for these raw materials.
  - This worksheet lists the quarterly cost to make the raw material manufactured within the period.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold).
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the raw material, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

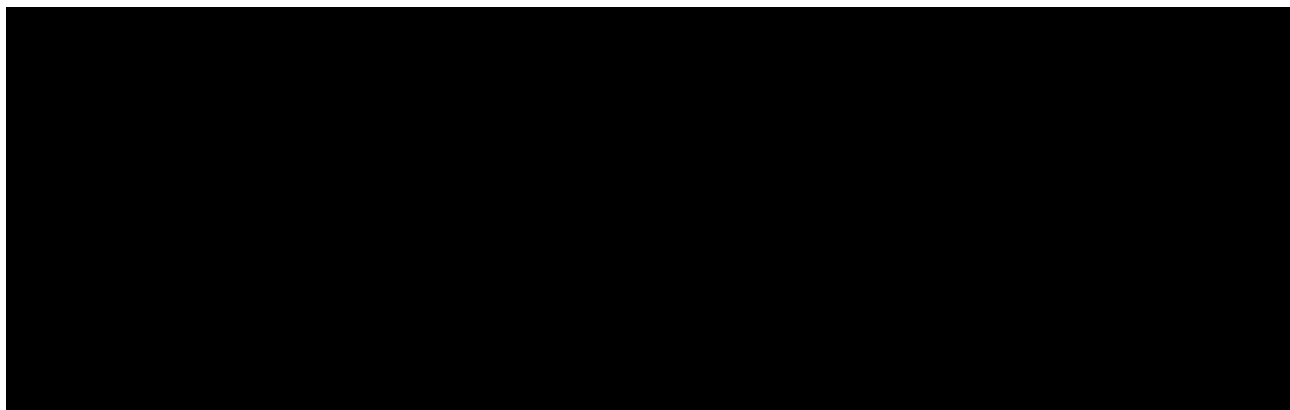
***Response:***



***[Confidential costing information]***

3. Using the domestic cost data in G-3, calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of total cost to make.

**Response:**



***[Confidential costing information]***

4. For each raw material identified in G-7.3 which individually account for 10% or more of the total cost to make, complete the worksheet named "G-7.4 Raw material purchases"
- This worksheet lists all raw material purchases (i.e. transaction by transaction) purchased by your company within the period.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "G-7.4 Raw material purchases", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> G-7.4 Raw material purchases.***

***For Supplier's code and Supplier's name chart, please refer to Confidential Attachment G-7-4***

5. Provide a table listing the source of the data for each column of the "Raw material purchases" listing (G-7.4).

**Response:**



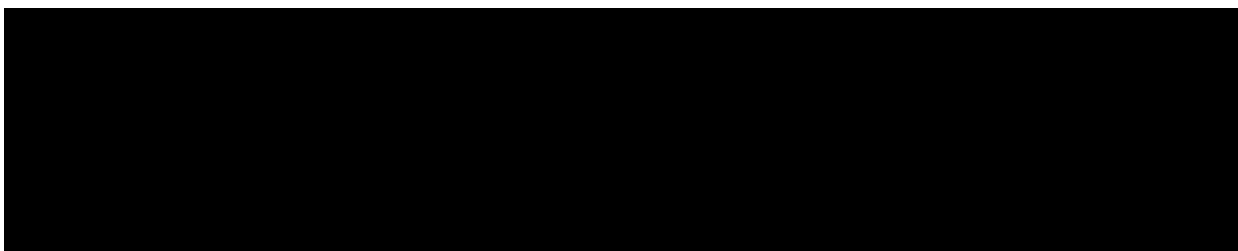
6. For each raw material:
- (a) Select the two largest invoices by value and provide the commercial invoice and proof of payment.
  - (b) Reconcile the total value listed of the purchases in G-7.4 to relevant purchase ledgers or trial balances in your accounting system. Provide copies of all documents used to demonstrate the reconciliation.

**Response:**

***For the two largest invoices by value, please refer to Confidential Attachment G-7-6-1 (FOR OFFICIAL USE ONLY) and Confidential Attachment G-7-6-2 (FOR OFFICIAL USE ONLY)***

7. Are any of the suppliers listed in G-7.4 related to your company? If yes, please provide details on how the price is set.

**Response:**



***[Confidential relationship]***

### **G-8 Reconciliation of cost to make to audited financial statements**

1. Please complete the worksheet named "Upwards costs".
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Response:**

***For the worksheet named "G-8 Upwards costs", please refer to 499 - Exporter Questionnaire Spreadsheet (FOR OFFICIAL USE ONLY) -> G-8 Upwards costs***

***Please noted that there are 3 notes in the worksheet named "G-8 Upwards costs".***

2. Please provide any documents, other than those in A-5, G-3 and G-5, required to complete the "Upwards costs" worksheet.

**Response:**

***For all documents of G-8, please refer to Confidential Attachment source documents for G-8 Upwards costs (FOR OFFICIAL USE ONLY)***

3. For any amount that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column F of the worksheet;  
and
  - highlight or annotate the amount shown in the source document.

**Response:**

***We have named the source document in column D of the worksheet.***

## EXPORTER'S DECLARATION

I hereby declare that.....TUNG HO STEEL ENTERPRISE CORP.....(company)  
have completed the attached questionnaire and, having made due inquiry, certify that the information  
contained in this submission is complete and correct to the best of my knowledge and belief.

Name :....**B. H. HUANG**.....

Signature : ..........

Position in

Company :....**VICE PRESIDENT OF SALES AND MARKETING DIVISION**....

Date :.....**March 2, 2019**.....

## APPENDIX GLOSSARY OF TERMS

This glossary is intended to provide you with a basic understanding of technical terms that appear in the questionnaire.

### **Adjustments**

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

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

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

### **Arm's length**

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

### **Constructed value**

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

### **Cost of production/manufacturing**

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

### **Cost to make and sell**

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

### **Country of origin**

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

### **Date of sale**

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

### **Direct labour cost**

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

### Dumping

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

### Dumping margin

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

### Export price

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

### Exporting country

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

### Factory overheads

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

### Goods under consideration (the goods)

The goods to which the application for anti-dumping action relates. That is, the goods that you have exported to Australia allegedly at dumped prices.

### Incoterms

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

EXW	ex works (the seller's minimum obligation as costs relate to goods being made available at the seller's premises)
FCA	free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs formalities, taxes etc. paid if required)
FAS	free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)
FOB	free on board (main carriage not paid by seller. Deliver the goods on board, provide export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc. payable upon exportation)
CFR	cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc. payable upon exportation)
CIF	cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance) the terms CFR and CIF are only used where goods are carried by sea or waterway transport
CPT	carriage paid to
CIP	carriage and insurance paid to the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc.
DAF	delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customer's disposal)
DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at

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	the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc. incurred upon importation)

### **The period**

A period defined by the Commission over which importations of the goods are examined.

### **Like goods**

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

### **Normal value**

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

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

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

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

Where domestic price generally, and the trade of the exporting country are determined or substantially influenced by the government of the exporting country, an alternative/surrogate market economy is selected by the Commission and the normal value is determined as if the surrogate country were the export source.

### **Ordinary course of trade**

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

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

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

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

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

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

The expenses must, however, reflect the selling, general and administration costs of the goods. Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.