



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

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

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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 11mm | 1 | Optional | Optional | No |
| | Minimum cross-sectional thickness greater than or equal to 11mm | 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 | | | |

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| | | | | | |
|-------------|--|---|----------|----------|----|
| 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.

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:

Name: *Mr. Lin, Hung-Liang*
Position in the company: *Marketing administrator*
Telephone: *+886 4 26306088 ext:3253*
E-mail address: *035223@dragonsteel.com.tw*
Facsimile number: *+886 4 26306030*
Address: *No.100, Longjing Ds, Longchung Rd 43401, Taichung City, Taiwan.*

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

Name: *John Bracic*
Address: *PO Box 3026 Manuka, ACT 2603*
Telephone: *+61 (0)499 056 729*
E-mail address: *john@jbracic.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.

DSC's accounting records are accessible at No.100, Longjing Ds, Longchung Rd 43401, Taichung City, Taiwan.

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

DSC's production records are accessible at No.100, Longjing Ds, Longchung Rd 43401, Taichung City, Taiwan.

A-2 Company information

1. What is the legal name of your business?

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Dragon Steel Corporation ("DSC") is a company limited by shares established in accordance with the Company Act of Taiwan.

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

DSC does not use other business names to sell goods.

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

DSC does not use other business names to sell goods.

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

A list of current board of director as of July 1, 2018 is provided as follows:

| <i>Chinese Name</i> | <i>English Name</i> |
|---------------------|------------------------|
| 王錫欽 | <i>Wang, Shi-Chin</i> |
| 翁朝棟 | <i>Weng, Chao-Dong</i> |
| 林弘男 | <i>Lin, Hung-Nan</i> |
| 常致泰 | <i>Chang, Zhi-Tai</i> |
| 劉敏雄 | <i>Liu, Min-Xiong</i> |
| 張秋波 | <i>Zhang, Qiu-Bo</i> |

The changes of board members in last two years are listed below:

| <i>Date</i> | <i>Changes</i> |
|-------------|----------------|
| | |
| | |
| | |
| | |
| | |

[illegible]

- DSC is a wholly-owned subsidiary of China Steel Corporation (“CSC”). Please refer to DSC-Exhibit A-2.5.a for CSC ownership chart showing all CSC’s affiliates.*

- If yes, please provide:

- If no, please provide:

- DSC itself is not publicly listed, but DSC is a wholly-owned subsidiary of China Steel Corporation (“CSC”) who is a publicly traded company listed on the Taiwan Stock Exchange Corporation. That is, CSC is 100% of DSC’s shareholder.*

DSC reports the shareholding information of CSC as of 31 December, 2018 as in Exhibit A-2.6.

- DSC is a producer of steel products. The steel products manufactured and sold by DSC are H-Sections, Flat Steel, Billet and Checkered H-Sections.*

DSC produces and sells the goods in the domestic market mainly. DSC also exports the goods to countries other than Australia including [REDACTED].

- (a) produce or manufacture;
- (b) sell in the domestic market;

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- (c) export to Australia; and
- (d) export to countries other than Australia.

All products sold by DSC are manufactured by DSC and all sales were done in the name of DSC in domestic market and foreign markets.

9. Provide your company's internal organisation chart.

A chart depicting DSC's internal organisation and operating structure is provided in Confidential Exhibit A-2.9.

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

DSC is organized into four principle divisions: (1) Production, (2) Commercial, (3) Finance, and (4) Administration. Please refer to Exhibit A-2.9. The functions of each division and some more distinct sections under each division are elaborated as follows:

(1) Production Division:

DSC's Production Division is responsible for DSC's production activities and plant-management. There are three departments directly responsible for manufactures within this division:

- a. The Iron-Making Department operates DSC's blast furnaces.*
- b. The Steel-Making Department operates DSC's basic oxygen furnaces and electric-arc furnaces, and casts molten steel into slabs, blooms or billets.*
- c. The Rolling Mill Department operates the rolling of steel slabs, blooms, and billets produced by the Steel-Making Department, making them into plates, coils, beams and other hot-rolled products.*

Rolling Mill Department is comprised of two mills:

- (a) The Section Mill, a "Universal Mill" used for production of "Narrow Plates" with width between 300 and 928 millimetres, as well as PUIs, i.e., H-Beams or H-Sections.*
- (b) The Hot Strip Mill, which is for hot-rolled coils production.*

In addition, DSC's Production division also encompasses Utilities, Production-planning, Safety-and-Hygiene, Electrical-control, Environmental-protection, and Metallurgical Departments. In this regard, the "Quality Assurance-Rolling" section under Metallurgical Department is responsible for DSC's research and development activities for process technologies, metallurgy, and new materials for products produced on the Section Mill (including PUI, H-Beam)

(2) Commercial Division

DSC's Commercial Division is responsible for DSC's procurement of input

materials, and for home-market sales and marketing activities. Domestic sales of DSC's products are handled by the Sales Section within DSC's Marketing Department under this division.

DSC's export sales are not handled by the Commercial Division, instead, it is China Steel Global Trading Corp. ("CSGT"), a wholly-owned subsidiary of CSC, which manages export sales through its Trade Team under its Business Division II (but all sales were made in the name of DSC Steel).

(3) Finance Division

DSC's Finance Division is responsible for DSC's financial and accountings, as well as for development, operation and maintenance of our information systems.

(4) Administration Division

DSC's Administration Division is responsible for general administration at DSC, comprised of Human Resources and Public Affairs Departments.

DSC's organization structure nominally includes an "Expansion Project Committee" alongside the above four divisions. This Committee was established to oversee the establishment of new manufacturing facilities at DSC. However, the "Expansion Project Committee" did not actually operate during the investigation period due to the lack of plant expansion projects at DSC in recent years.

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

DSC's product catalogue is provided in Exhibit A-2.11.

A-3 General accounting information

1. What is your financial accounting period?

DSC's accounting period is calendar year (from 1st January to 31st December).

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

Yes, DSC's financial accounts are audited by Deloitte.

3. What currency are your accounts kept in?

DSC's accounts are kept in NTD.

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

DSC uses a typical Enterprise Resource Planning ("ERP") system developed by InfoChamp for financial accounting system.

5. What is the name of your sales system?

DSC uses a typical Enterprise Resource Planning ("ERP") system developed by

InfoChamp for sales system

6. What is the name of your production system?

DSC uses a typical Enterprise Resource Planning ("ERP") system developed by InfoChamp for production 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.

As responded to Q.4~6, DSC uses the same ERP system to maintain and manage the systems, as well as to generate a variety of reports.

The ERP system runs electronically. Please refer to Confidential Exhibit A-3.7 for the chart demonstrating how the production, sales and financial accounting system and their modules interact. A detailed explanation is provided as follows:

Financial Accounting, Production and Sales are the three main modules under the ERP system. Data derived from daily business were classified by its nature and divided into each module, and each module has sub-systems collecting and processing each data, e.g. the sales system consists of pricing, order input, shipment and settlement sub-systems.

Production module collects data of quantity of production from all factories, then inducts and cumulates the raw data into different production centres. Data from purchasing system is processed the same way. Such inducted data would then be sent at the same time to costing (sub-) system or inventory system respectively, and the accounting module.

Sales module handles sales (orders), shipment and settlement. Data processed under this module would be input into Financial Accounting module, and any cost-related, expense-related data would also be sent into costing (sub-)system and expense system respectively.

Financial Accounting module is the final stop of all data collected and processed by the other modules. Data processed by costing (sub-)system would also be input into Financial Accounting module (recorded in the Ledger). After the expenses incurred from fixed assets and Personnel was input into the Financial Accounting Module, statements comprising the Financial Statements would finally be produced.

8. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If yes, please provide details.(description of the accounting rules to be added in from financial report)

The questions is not applicable to DSC because DSC's financial accounting policy and practices are in accordance with the generally accepted accounting principles ("GAAP") practiced in Taiwan (ROC). An additional description of the normal corporate accounting practices of DSC is provided in the notes to their financial statements, provided in Confidential Exhibit A-4.1.a.

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

No. DSC's accounting methods did not change during the last two years.

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.

Please refer to Confidential DSC-Exhibit A-4.1.a for DSC's Audited Financial Statements for 2017 and 2016.

The audited financial statement of DSC's related companies involved in H-Section production and sales of the merchandise under consideration are also provided in Exhibits A-4.1.b to e identified below:

Exhibits A-4.1.b — China Steel Corporation (CSC), who re-sold a very limited quantity coal and iron ore to DSC, as well as supplied steel scrap for DSC's production.

Exhibits A-4.1.c — China Steel Structure Co., Ltd., (CSSC) who supplied a very limited quantity of steel scrap for DSC's production.

Confidential Exhibits A-4.1.d — China Steel Express Corporation (CSEC), who provided logistical services for raw material procurement.

Confidential Exhibits A-4.1.e — China Steel Global Trading Corporation (CSGT), who manages export sales for DSC.

Please note that the audited financial statement for 2018 would not be released from auditors until 30 April 2019 as a practice of accounting in Taiwan. However, DSC is willing to provide its audited 2018 financial statement with a complete English translation when it is available.

Also, among the companies who submitted their financial statements above, DSC and CSEC are not public companies, so they are not required to publish English version of Audited Financial Statements by relevant regulations. We therefore provide the English translation of the four statements listed in Exhibit A-4.1.a through d.

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.

Not applicable. All available financial reports provided in A-4.1 are audited.

3. Does your company maintain different profit centres? If yes, provide profit & loss statements for the profit centre that the goods falls into for:

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DSC does not have divisional, factory/facility or product-specific income statements, i.e. we do not maintain different profit centres. All documents present the company as a whole.

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.

Not applicable. As the financial period of DSC accounting is kept in calendar years, it is the same as the investigation period. However it is the practice of accounting in Taiwan that the financial statements for a year would not be released until April 30th of the following year, DSC is unable to submit its 2018 financial statements yet.

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

Please refer to Confidential Exhibit A-4.5 for DSC's trial balance of year 2018.

6. Please provide your company's chart of accounts

Please refer to Confidential Exhibit A-4.6 for DSC's chart of accounts

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:

Please see Confidential Exhibit B-1-1-a for a flow chart explaining the sales process and Confidential Exhibit B-1-1-b for flow chart of distribution channel.

- (a) Marketing and advertising activities

DSC has no such activities.

- (b) Price determination and/or negotiation process

Price negotiation for Australian sales are done by China Steel Global Trading Corp ("CSGT", CSC's subsidiary) when approached by potential buyers. The negotiated price will be referred to DSC for internal approval [REDACTED]

[REDACTED]

DSC [REDACTED] for each deal [REDACTED]

- (c) Order placement process

Please see Confidential Exhibit B-1.1-a for a chart showing the order placement process.

- (d) Order fulfilment process and lead time

Please see Confidential Exhibit B-1.1-a for a chart showing the order fulfilment process.

Buyers are required to [REDACTED] after

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confirmation of the opening of L/C, DSC would then produce the ordered products. After being noticed the ETA (estimated arrival) for shipping, DSC would deliver the cargo to Kaohsiung Port for loading. Since the delivery term is [REDACTED], order is fully performed once on board.

The lead time for the whole process would be around [REDACTED].

(e) Delivery terms and process

Please see Confidential Exhibit B-1.1-a and Confidential Exhibit B-1.1-b for charts showing the delivery process and term.

Delivery term for all Australian sales is [REDACTED]. Thus, [REDACTED].

(f) Invoicing process

After loading and receiving the D/O, DSC would issue the invoice for the order. As the payment term is [REDACTED], the invoice is one of the required documents for cashing, it would be submitted to the re-negotiating bank, the bank would then send the invoice to the Australian issuing Bank, then the buyer would redeem at the issuing bank.

(g) Payment terms and process

Payment terms for all Australian sales is [REDACTED]. After all cargo is on board, DSC would receive [REDACTED], it will then present all required documents to the bank for cashing.

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

- (a) Do your customers pay you into a foreign currency denominated account? If yes, provide details;
- (b) Do you use forward contracts to lock in the foreign exchange rate relating to the export sales? If yes, provide details;
- (c) How is the exchange rate determined and how often is it updated in your accounting system?

DSC invoices Australian customers in USD; and the only foreign currency account DSC owns is confidentially provided as below:

[REDACTED]

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DSC does not use forward contracts to lock in the foreign exchange rate.

The exchange rate follows the rate published by Bank of Taiwan. Since the payment term is [REDACTED] and the payment is deposited to DSC's foreign currency account, the exchange rate would be determined upon settlement, and would follow the aforementioned rate published that day.

DSC renews the exchange rate in its system every day.

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.

DSC is not related to any of its Australian customers.

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

Not applicable. DSC negotiates its sales price to Australia case by case and the base price depends on general market situation.

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.

DSC exports through one channel [REDACTED], during the investigation period.

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.

[REDACTED] offered by DSC for 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.

[REDACTED] were issued by DSC for export sales to 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?

The date of sale for all Australian sales conforms to the invoice date.

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.
- 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.

DSC's Australian sales spreadsheet is provided in Confidential Exhibit B-2. as instructed.

For coding MCCs, additional relative information such as “[REDACTED]” and “Specmark: Section Designation/ Divison” are reported in the fields respectively, as well as a coding field for Section (please refer to response to Section C).

To reconcile to sales revenues, DSC reports all sales of H-sections and then identifies the like products in field “The goods? (Like Products)” for reference.

DSC does not have other costs, charges or expenses incurred in respect of the exports apart from the expenses reported in Confidential Exhibit B-2. The expenses in Confidential Exhibit B-2 are briefly explained as below:

- *Field [22] Packing, please refer to response to Section E-2 in detail.*
- *Field [24] Handling and other:*

This column includes [REDACTED]

- *Field [24] Commission and Service Charge*

Commission for [REDACTED]

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- *Field [28] Other Costs: Bank charges are included.*

Field [13] ~[15], Field [24] and [25] are left in blank due to no such expenses incurred.

For all Australian sales, the delivery terms agreed is [REDACTED], so the invoice price is [REDACTED] export price and [REDACTED].

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

Provided as instructed.in the second tab of Confidential Exhibit B-2 DSC's Australian sales spreadsheet.

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.

Please see Confidential Exhibits B-3.1.a and B-3.1.b for documentation in relation to the following two selected shipments to Australia:

- *Invoice number: [REDACTED]; and*
- *Invoice number: [REDACTED].*

Please note that as the quantity of products transported for each order is very large and required a lot of vehicles to finish the task, the loading and delivery memo for inland transports is also very large in quantity. To avoid the sample documents from becoming too bulky, DSC select loading memos of transports carried out by [REDACTED] as demonstration of how loading and delivery memos look like.

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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).

DSC has done so as instructed. Please see Confidential Exhibits B-3.1.a and B-3.1.b for annotations.

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.

A complete upward-sales is provided as instructed in Confidential Exhibits B-4.

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.

DSC’s internal income statement and the detailed list of sales revenues for POI are enclosed as instructed in the 2nd and 3rd tab of Confidential Exhibits B-4.

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.

DSC has done so in Confidential Exhibits B-4.

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.

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A complete upwards selling expense is provided in Confidential Exhibits B-5.

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.

DSC’s internal income statement and the detailed list of selling expenses for POI are enclosed as instructed in the 2nd and 3rd tab of Confidential Exhibits B-5.

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.

DSC has done the instructed in Confidential Exhibits B-5.

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.

DSC's coding of MCC follows the following logic and rationale:

DSC follows the mandatory parameters provided in the questionnaire, plus an added code "Section," which aims to reflect the different groups of combination of height and width of the cross-section of H-section.

The added code for Section is divided into [REDACTED]. Each of such code represents a unique "Section Designation" (for Australian sales) or "Division" (for domestic sales) under DSC's Metric Series that contains similar combinations of section height and flange width (hereinafter referred to as "the combination"). For example, Code 01 comprises Section Designation [REDACTED], and Division [REDACTED], under which encompassed combinations of [REDACTED]. Please refer to tab 2 of Confidential Exhibit C-1.2 for the concordance table.

The Section Code is added mainly because it affects the cost of production and selling prices. Both the process time and selling price vary significantly among different Section Codes. Indeed, DSC sets the standard machine hours by "combination", signifying different conversion costs assigned first to different combinations and, as a corollary, Section Codes.

As for price, different Sections are applied with different "price extras". For instance, in domestic sales, for steel grade [REDACTED]

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.

The only steel grade sold to Australia in POR is AS/NZS 3679.1:2016-300, of the

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general structural steel application.

Please see pages 29 and 38 of Exhibit A-2.11 product catalogue for further technical details and physical property.

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.

| Australian Market | Domestic Market |
|--------------------------|------------------------|
| P-H-B-01 | P-H-A-01 |
| P-H-B-02 | P-H-A-02 |
| P-H-B-03 | P-H-A-03 |
| P-H-B-04 | P-H-A-04 |
| P-H-B-06 | P-H-A-05 |
| P-H-B-07 | P-H-A-06 |
| P-H-B-08 | P-H-A-07 |
| P-H-B-09 | P-H-A-08 |
| P-H-B-10 | P-H-A-09 |
| P-H-B-11 | P-H-A-10 |
| P-H-B-12 | P-H-A-11 |
| | P-H-A-12 |
| | P-H-A-13 |
| | P-H-A-14 |
| | P-H-A-15 |
| | P-H-A-16 |
| | P-H-A-17 |
| | P-H-A-18 |
| | P-H-A-19 |
| | P-H-A-20 |
| | P-H-A-21 |
| | P-H-A-22 |
| | P-H-B-01 |
| | P-H-B-02 |
| | P-H-B-03 |
| | P-H-B-04 |
| | P-H-B-05 |

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| | |
|--|----------|
| | P-H-B-06 |
| | P-H-B-07 |
| | P-H-B-08 |
| | P-H-B-09 |
| | P-H-B-10 |
| | P-H-B-11 |
| | P-H-B-12 |
| | P-H-B-13 |
| | P-H-B-14 |
| | P-H-B-15 |
| | P-H-B-16 |
| | P-H-B-17 |
| | P-H-B-18 |
| | P-H-B-19 |
| | P-H-B-20 |
| | P-H-B-21 |
| | P-H-B-22 |
| | N-H-A-06 |
| | N-H-A-07 |
| | N-H-A-09 |
| | N-H-A-13 |
| | N-H-A-14 |
| | N-H-A-15 |
| | N-H-A-20 |
| | N-H-A-21 |
| | N-H-B-04 |
| | N-H-B-12 |
| | N-H-B-15 |
| | N-H-B-17 |
| | N-H-B-18 |
| | N-H-B-19 |
| | N-H-B-21 |

*The listing is for the goods under consideration only, including prime (with first digit of P) and non-prime (with first digit of N).

Please see Confidential Exhibit C-1.2 for the full detailed listing.

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.

Steel grades for the applications of general structure, welded structure, building structure, and High-Strength Low-Alloy Columbium-Vanadium Structural Steel were sold in domestic market in POR. The specifications include:

| <i>Application</i> | <i>Specification</i> |
|--|--|
| <i>General structural steel</i> | <i>JIS SS400 、CNS SS400 、ASTM A36</i> |
| <i>Rolled Steels for Welded Structure</i> | <i>CNS SM400B 、JIS SM490A</i> |
| <i>Rolled Steel for Building Structure</i> | <i>CNS SN400YB 、CNS SN490YB 、 CNS SN400B 、CNS SN490B 、CNS SN490B MOD</i> |
| <i>High-Strength Low-Alloy Columbium-Vanadium Structural Steel</i> | <i>ASTM A572 GR.50</i> |

Please also see pages 11 through 28 and 31 through 37 of Exhibit A-2.11, the product catalogue and refer to the sample test certificates provided in Confidential Exhibit D-3-1-a, and Confidential Exhibit D-3-1-b for further technical details.

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.

Please see Confidential Exhibit C-1.2.

C-3 Internal product codes

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

If yes:

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- (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.
- (b) Provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire.
- (c) Provide a table of showing the product or SKU codes for each MCC.

If no:

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

DSC does not set out product codes for SKU purposes. DSC's Quality Code is over-simplified, with Code [REDACTED] for prime goods, [REDACTED] for [REDACTED], and [REDACTED] for non-prime goods.

DSC identifies MCC through Quality Code, PSRNO and Spec-mark.

The PSRNO contains the physical / chemical characteristics of steel grade, through which DSC can identify the "minimum yield strength" of each steel grade.

The Spec-marks shows the combination of H section height and flange width. For example, H200X200X8/12 means the height of H section and flange width is both 200mm, therefore it falls in Section Code [REDACTED].

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:
 - (a) Marketing and advertising activities
 - (b) Price determination and/or negotiation process
 - (c) Order placement process
 - (d) Order fulfilment process and lead time
 - (e) Delivery terms and process
 - (f) Invoicing process
 - (g) Payment terms and process

DSC's sales team normally contacts its home-market customers for subject H-Beam products on a periodic basis by telephone or email. In the course of these discussions, DSC sales personnel will provide a quotation to the customer describing the quantity, price and expected delivery date for the specific products requested by the customer. The terms of the quotation are then recorded by DSC's sales personnel in an internal approval memorandum, which would be reviewed by the sales team's managers. After the [REDACTED], DSC generates an order number. The customers can then use DSC's e-commerce system to set out the intended specification, quantity and delivery schedule.

When production is complete and the products are ready for delivery, DSC notifies the customer and issues a delivery note. Upon delivery, DSC issues the GUI (which is the standard invoice required by the Taiwanese value-added tax law) for the transaction.

Please see Confidential Exhibits D-1.1.a and b for Flowchart of Domestic Sales Process and Chart of Domestic Distribution Channel. If the customer requires DSC to arrange delivery, DSC adds the inland freight to the goods value and such expense is included in the total billed value.

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.

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*During the Period of review, there were [REDACTED]
[REDACTED] accounting to [REDACTED] % of total yearly quantity sold.*

DSC's terms of sale and prices do not vary between affiliated and unaffiliated customers.

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

As explained above, price negotiation and the sales are made on a case-by-case basis.

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.

DSC's selling price differs among distributors/stockist and end-users. The prices for distributors/stockists is lower than the same to end-users due to additional sales functions passed on to the former by DSC.

The distributors/stockists provide inventory management and warehousing capability to smaller customers. Moreover, they often provide longer credit period to such smaller customers which would have not been able to obtain when buying directly from DSC. As such, the prices charged to distributors/stockists are generally lower than those to end users.

We take monthly weighted average net values (NTD/MT) of MCC P-H-B-12 to illustrate the price difference:

| <i>Month</i> | <i>End user</i> | <i>traders</i> |
|--------------|-----------------|----------------|
| <i>Jan</i> | [REDACTED] | [REDACTED] |
| <i>Feb</i> | [REDACTED] | [REDACTED] |
| <i>Mar</i> | [REDACTED] | [REDACTED] |
| <i>Apr</i> | [REDACTED] | [REDACTED] |
| <i>May</i> | [REDACTED] | [REDACTED] |
| <i>Jun</i> | [REDACTED] | [REDACTED] |
| <i>Jul</i> | [REDACTED] | [REDACTED] |
| <i>Aug</i> | [REDACTED] | [REDACTED] |
| <i>Sep</i> | [REDACTED] | [REDACTED] |
| <i>Oct</i> | [REDACTED] | [REDACTED] |
| <i>Nov*</i> | [REDACTED] | [REDACTED] |
| <i>Dec*</i> | [REDACTED] | [REDACTED] |

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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.

No on-invoice discounts and/rebate were provided by DSC to the domestic sales of the like good during the period. However, DSC grants a number of off-invoiced discounts, rebates and other adjustments to prices they charged its domestic customers. These are required due to competition pressure in the steel industry.

1. [REDACTED]

DSC grants a [REDACTED] During the POI, [REDACTED] varied respectively from NTD [REDACTED]/MT to NTD [REDACTED]/MT according to [REDACTED]. Please see Confidential Exhibit D-1.5.a for a schedule setting out the [REDACTED] for the domestic market during the POI. The [REDACTED] is accrued in the following month.

2. [REDACTED]

These [REDACTED] are given to domestic market customers [REDACTED]. This [REDACTED]. The amount of [REDACTED] is also calculated and accrued in next month at [REDACTED] per metric ton (around NTD [REDACTED] and NTD [REDACTED] per MT for [REDACTED]). For [REDACTED], NTD [REDACTED] is [REDACTED].

3. [REDACTED]

The [REDACTED], NTD [REDACTED] per MT, is granted to [REDACTED]. It is calculated and accrued by quarter.

4. [REDACTED]

The [REDACTED] is granted to [REDACTED]. Clients get NTD [REDACTED] per MT [REDACTED] by next month. DSC also offers [REDACTED].

5. [REDACTED]

This [REDACTED] is used to [REDACTED] and the clients [REDACTED].

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6. [REDACTED]

*DSC offers a [REDACTED]
[REDACTED]
[REDACTED].*

7. [REDACTED]

*DSC [REDACTED]. The [REDACTED] for 2018 sales was [REDACTED]
[REDACTED]
[REDACTED].*

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.

Yes, DSC issues credit notes for warranty claim, which is internally coded as [REDACTED]. The warranty amount is reported altogether with the field of "Rebate".

When a customer makes a claim for defective merchandise, DSC will have its personnel to determine the quantity and value of the defective merchandise. Based on this assessment, DSC will provide credit notes to resolve warranty issues and the customer will receive a refund of the price paid for the affected tonnage as compensation.

Please note that there is no separate account for warranty expenses in DSC's accounting ledgers. The refund would be recorded under "[REDACTED]" as a deduction in sales with the reason code of "[REDACTED]". Please refer to Confidential Exhibit D-1.5.b for a list of reason codes.

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:

(h) What date are you claiming as the date of sale?

(i) Why does this date best reflects the material terms of sale?

The date of sale for domestic sales is reported as the invoice date as instructed.

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.

Confidential Exhibit D-2 for DSC's domestic sales listing is provided as instructed.

For coding MCCs, additional relative information such as “Quality”, and “Specmark: Section Designation/ Division” are reported in the fields respectively, as well as a coding field for the section.

To reconcile to sales revenues, DSC reports all sales of H-sections and then identifies the like products in field “The goods? (Like Products)” for reference.

Except the expenses reported in Confidential Exhibit D-2, DSC does not have other costs, charges or expenses incurred in respect of the domestic sales listed.

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

Provided as instructed in the 2nd spreadsheet of Confidential Exhibit D-2.

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

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- Proof of payment and accounts receivable ledger
- Documents showing bank charges
- Delivery invoices

Please see Confidential Exhibit D-3.1.a and Confidential Exhibit D-3.1.b for domestic sales documentation in relation to these two sales: Invoice number [REDACTED] and Invoice number [REDACTED].

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).

Please see Confidential Exhibit D-3.1.a and Confidential Exhibit D-3.1.b for annotations.

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.

A complete upward-sales is provided as instructed in Confidential Exhibits B-4.

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.

DSC’s internal income statement and the detailed list of sales revenues for POI are enclosed as instructed in the 2nd and 3rd tab of Exhibits B-4.

3. For any amount in the “Upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:

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- 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.

DSC has done so in Exhibits B-4.

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:
 - (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:
 - i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
 - ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
 - (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?
 - (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?

No, all sales of like goods to domestic market during POR were [REDACTED] as such the questions are not applicable to DSC.
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:
 - (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:
 - i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
 - ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
 - (b) If your Australian customers pay you into a foreign currency denominated account (question B-1.2(a) refers):

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- iii. 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?
- iv. 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?

No, all sales of like goods to Australian market during POR were [REDACTED] basis as such the questions are not applicable to DSC.

E-2 Packaging

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

DSC uses steel strips and bucks for all sales to all markets.

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

Please refer to the response to foregoing question Q.E-2.2.

3. If there are distinct differences in packaging between your domestic and export sales:
 - (a) Provide details of the differences
 - (b) Calculate the weighted average packaging cost for each model sold on the domestic market
 - (c) Calculate the weighted average packaging cost for each model exported to Australia

There are two packing types for each domestic and export sales respectively, enumerated from ADM, BDM, AEX and BEX for this submission denoting the main packing methods. For packing, DSC packs seven H-Sections, maximum, for a bundle, no matter of domestic or Australian sales. The differences were how much the packing materials are used:

The type of “ADM” and “BDM” is for those domestic products packed in a bundle. Four steel strips for each bundle where the length of H-Section less than 15m is coded as “ADM”; for length over or equal to 15m, six steel strips are used for a bundle, which is coded as “BDM”.

The difference to export sales is that DSC uses double steel strips for a bundle. That is, there are eight steel strips for the length less than 15m (coded as “AEX”) and

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twelve for those length equal to or over to 15m (coded as "BEX").

| <i>Packing type</i> | <i>criteria</i> | <i>The number of strips used</i> | <i>Weighting factor</i> |
|---------------------|---|----------------------------------|-------------------------|
| <i>ADM</i> | <i>for domestic H-section, length <15 mm</i> | <i>4</i> | <i>1</i> |
| <i>BDM</i> | <i>for domestic H-section, length ≥15 mm</i> | <i>6</i> | <i>1.5</i> |
| <i>AEX</i> | <i>for export H-section, length <15 mm</i> | <i>8</i> | <i>2</i> |
| <i>BEX</i> | <i>for domestic H-section, length ≥15 mm</i> | <i>12</i> | <i>3</i> |

The total packing cost is recorded in factory overheads. During POR, packing cost incurred for H-Section sales were [REDACTED]. Please refer to cost account code [REDACTED] listed in the second spreadsheet of Confidential Exhibit G-3 & 5.

DSC uses the number of strips used as weighting factor to calculate packing cost by taking total packing cost divided from equivalent quantity sales quantity (i.e. total quantity H-section sold multiplying the weighting factors) and then getting unit packing costs for each packing type. Please see following illustration:

| <i>Packing type</i> | <i>Weighting factor</i> | <i>Sales quantity of all H-section in 2018 (MT)</i> | <i>Equivalent quantity (MT)</i> | <i>Packing Cost (NTD)</i> | <i>Unit Packing Cost</i> |
|---------------------|-------------------------|---|---------------------------------|---------------------------|--------------------------|
| <i>Remark</i> | <i>[A]</i> | <i>[B]</i> | <i>[C]=[A]*[B]</i> | <i>[D]</i> | <i>[E]=[D]/[C']*[A]</i> |
| <i>ADM</i> | <i>1</i> | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| <i>BDM</i> | <i>1.5</i> | [REDACTED] | [REDACTED] | | [REDACTED] |
| <i>AEX</i> | <i>2</i> | [REDACTED] | [REDACTED] | | [REDACTED] |
| <i>BEX</i> | <i>3</i> | [REDACTED] | [REDACTED] | | [REDACTED] |
| | | | [REDACTED] | | |

E-3 Delivery

- 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?

DSC reports inland transportation costs on an actual basis. DSC incurred freight expenses in transporting subject merchandise from its factories to the customers when the delivery term is "Delivered". The inland freight charges are determined according to the distance to the destination and weight of the shipment. DSC hired

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outside carriers to transport the subject merchandise. It does not use its own vehicles. The unit value of inland freight is reported in NT\$/kg.

The general ledger account is [REDACTED], inland freight-direct selling expense.

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

The delivery terms of the Australian sales agreed is [REDACTED].

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?

DSC has reported inland transportation costs on an actual basis.

The general ledger account is [REDACTED], inland freight-direct selling expense

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?

The delivery term for sales to Australia is [REDACTED] so [REDACTED].

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?

The delivery term for sales to Australia is [REDACTED] so there [REDACTED].

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?

The delivery term for sales to Australia is [REDACTED] so [REDACTED].

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.

DSC provides no commission for domestic sales.

As responded to question B-1.1 (b), DSC's export sales were handled by CSGT as such DSC pays CSGT [REDACTED] for the services provided.

For sales to customer

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?
 - How is VAT accounted for in your records in relation to sales of the goods and like goods?
 - Do you receive a VAT refund in relation to sales of the goods and/or like goods?
 - Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods or like goods?

Not applicable. No tax exemption or drawback applies.

3. Are there any other direct selling expenses 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

All direct selling expenses incurred in relation to domestic sales are reported in Confidential Exhibit D-2.

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

All direct selling expenses incurred in relation to Australian sales are reported in Confidential Exhibit B-2.

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.

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As responded to Section B, DSC sold to Australia via [REDACTED] which then resold to the Australian importers. In the home market, DSC sold to end-users and stockists, and the price trend was generally lower for the stockists because of additional sales functions passed on by DSC. DSC is benefited too from cost-effectiveness and potential sales expansion.

AS such DSC respectfully requests that ADC do the price comparison with the stockiest prices only reported in Confidential Exhibit D-2.

In the time available DSC has done its best to identify costs, charges or expenses which would need to be considered for adjustment purposes. DSC reserves the right to present further information before or during the verification process if such information is properly identified. DSC reserves the right to present further information before or during the verification process if such information is properly identified.

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.

No, the sales processes to any third country are the same as those of Australia.

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.

There are two related customers i.e. [REDACTED]. Please note that the sales [REDACTED].

Please refer to Confidential Exhibit F-2 for how the selling price was set.

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?

The question is not applicable because DSC does not make such claim.

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.

PUBLIC RECORD

Please see Confidential Exhibit 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).

The source of the field [1]~[2] related to customers is from DSC's customer management system, the field [3]~[6] & [9] pertaining to sales information like quantity and value are from DSC's sales system. The rest field [7]~[8] are from order system. Please see remark of the field number remarked in the last few line of Confidential Exhibit F-2 Third Country Sales.

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.

There may be a number of differences between DSC's sales to other third countries which would likely affect comparison, such as different trade terms.

SECTION G

COST TO MAKE AND SELL

G-1. Production process

- 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.

Please see Confidential Exhibit G-1 for production flowchart of the goods. Please note that the production for narrow plates and H-Sections use the same facilities, whereas the process for manufacture of narrow plates is different. For H-Section, it is processed by full dimension (V & H rolling). However, narrow plate is process without V-rolling.

There is no by-products produced in this process. The scrap, i.e. Iron Oxide Scale, generated in the production process is either sold to the market and deducted from COGS as recovery, or deducted from total input cost when used as production input at the arch furnace, both valued at the same standard cost.

- 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.

DSC lists all the related suppliers as follows, based on its draft 2018 financial statements, regardless of whether or not they are relevant to the manufacture of the goods and services supplied

| <i>Related Supplier (in Chinese)</i> | <i>Related Supplier (in English)</i> | <i>Product or Services supplied</i> |
|--------------------------------------|--------------------------------------|-------------------------------------|
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PUBLIC RECORD

| <i>Related Supplier (in Chinese)</i> | <i>Related Supplier (in English)</i> | <i>Product or Services supplied</i> |
|--------------------------------------|--------------------------------------|-------------------------------------|
| | | |
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G-2. Cost accounting practices

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

DSC's cost accounting system is based on actual costs. However, for book keeping purposes during the month, DSC first records the cost by a standard cost (for a given product group or product category), and then adjusted it at the end of the month to the actual cost by applying variance ratios when doing monthly closing. Therefore, DSC's production cost and inventory costs reflect the actual costs.

2. If you company uses standard costs:

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

The question is not applicable to DSC because its cost accounting system, as responded to Section G-2.1, is based on 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.

Please see Confidential Exhibit G-2.3 for the list of direct and indirect cost centres in relation to the goods.

In DSC's cost accounting system, a cost centre is the basic cost collection unit. There are 3 types of cost centres in DSC:

- *Producing Cost Centre - converts raw material or semi-finished material into product, which may be for captive use or for sale, such as slabs used as inputs to produce hot-rolled bands at the hot-strip mill.*
- *Service Cost Centre - renders services to other cost centres, e.g., the maintenance unit provides various machining and repair services, and the utility department provides various water and electricity services. Costs incurred by service cost centres are charged to the recipient cost centre.*
- *Auxiliary Cost Centre - provides services to a specific producing cost centre, e.g., the roll unit provides roll and guide design services to the rolling mill cost centre.*

In DSC's ordinary cost accounting system, costs are tracked and accumulated at cost centres on an aggregate, actual basis and by the processing cost method, i.e., one average cost for the product produced at a given cost centre. A group of relevant cost centres which are geared towards the production of a specific product group is termed "Allocation" in DSC's own parlance.

When one product is introduced as an input to the production of another product, the input cost is the average production cost of the upstream product. Within a product group, DSC does not calculate or maintain detailed cost for different specifications or types.

The costs captured in service or auxiliary cost centres, including those for water, electricity and maintenance, are allocated to producing cost centres based on the actual consumption of each producing cost centre.

When more than one producing cost centre is involved with one product, its total costs would be allocated to the output quantity of the product.

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

In DSC's ordinary cost accounting system, one average cost is recorded for the product produced at a given cost centre, and within such product group. DSC does not calculate or maintain detailed cost for different specifications or types.

PUBLIC RECORD

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

DSC maintains a standard product cost system for management accounting purposes. This is the only mechanism existing in DSC's management accounting system to facilitate the evaluation of production efficiency, pricing decisions and sales strategies. The system is updated regularly in accordance with the actual production experiences of a preceding period and reflects the product ingredients and production conditions of each product.

Please note that the foregoing system is not used for DSC's ordinary cost accounting practice or calculation (which is based on actual costs and tracked by the processing cost method).

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.

Not applicable. DSC did not engage in any relevant start-up operations relating 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)?

DSC uses the weighted average method in valuing inventory of 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?

In DSC's cost accounting system, total manufacturing cost is charged only to prime products. Non-prime products, including secondary, salvage and scrap, are valued at their standard costs, and then deducted from the total manufacturing cost as recovery.

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

Iron Oxide Scale is generated during the production process of DSC and treated as scrap. Scraps, i.e. Iron Oxide Scale, are valued at standard cost (based on the prevailing market price), and their recovery value is deducted from total input cost if

re-introduced into production. Otherwise, they are sold to the market and deducted from COGS.

DSC does not have joint products

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

No. It is not applicable to DSC because no management fee/corporate allocation is charged to DSC by CSC or related company.

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.

Please see Confidential Exhibit G-3 and 5 for the quarterly cost of MCC for all H-sections produced and sold by DSC on all markets.

Note that DSC cannot specify the market of H-Sections over the production process as such it is not applicable to list the quarterly cost to make the domestic models. To fulfill the inquiry, however, DSC reports the quantity of H-Sections sold to domestic and Australian markets in the added columns of "DOM sales" and "Australian Sales" for reference.

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

The total costs of H-Sections and its major input i.e. slab/billet/bloom are sourced from DSC's cost report, i.e. [REDACTED], kept in its ordinary cost accounting records. Please refer to the second tab enclosed in Confidential Exhibit G-3 & 5.

Regarding the specified data required in G-3 worksheet such as each raw material cost, and etc. as comprised in each MCC, DSC relies on its management accounting system to track them because DSC does not in its ordinary cost accounting practices maintain production costs at a type-specific level.

In order to report MCC unit costs and their respective cost elements, DSC has relied on its standard product cost system as mentioned in Q.G-2.5. Under this system, DSC sets standard cost for each specification of products by reference to standard consumption volume and standard production standards to address that product's specific specifications, physical characteristics and production process.

Such unit standard cost is then applied with an average variance ratio by comparing the actual aggregate cost to the aggregate standard cost produced in the same cost centre. As such, the MCC-specific costs reported in this response, taken as a whole, will reconcile with the aggregate cost of the cost centre in the cost accounting records.

The foregoing calculation is done per each quarter and, as a result, DSC reported quarterly unit cost of each MCC in the cost files. The calculation method in details is illustrated in Confidential Exhibit Selected MCC Cost Illustration (P-H-A-II).

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.

Please see Confidential Exhibit G-4.1 for SGA 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.

Please see Confidential Exhibit G-4.1 for the calculation.

G-5 Cost to make the goods exported to Australia

1. Complete the worksheet named "Australian CTM".
 - 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.

Please see Confidential Exhibit G-3 & 5 for H-Sections CTM spreadsheet.

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

Please refer to the response to the section G-3.2.

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
 - (b) Labour

(c) Manufacturing overheads



DSC then groups the relevant grades into one single MCC and report the unit raw material cost of that MCC in field [3.1]~[3.5] of Confidential Exhibit G-3 & 5:

Field [3.1] Raw material, including coal, iron ore, scrap steel, limestone

Field [3.2] Sub-materials such as alloys

Field [3.3] Recycle including scrap of steels [殘鋼、地金、廠內回收]

Field [3.4] VOH, in short of various overhead, including direct labour and energy

Field [3.5] FOH, abbreviated from fixed overhead, including indirect labour, rental etc.



Field [4] Recycle, including iron Oxide Scale, defective H-sections.

Field [5] VOH, including direct labour and energy

Field [6] FOH, including indirect labour, rental etc.

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.

Please refer to Confidential Exhibit G-6.2 for the Selected MCC Cost Illustration (P-H-A-II).

G-7 Major raw material costs

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

The primary raw materials for the goods under consideration are coal, iron ore, limestone and scrap steels. DSC reports the consumption costs in the field [3.1] "Raw material".

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.

DSC has reported the unit slab cost and H-section cost in Confidential Exhibit G-3 & 5. Please refer to the response to Question G-7.1. Slab/billet/bloom is the primary raw materials for H-section production and is DSC's self-produced product.

As instructed, the raw material CTM for the slab/billet/bloom has been reported and compiled in the Confidential Exhibit G-3 & 5 H-Section CTM.

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.

The total cost of subject H-Sections production reported in Field [8] of Exhibit G-3 & 5 is NTD[REDACTED]. The consumption cost of raw materia reported in the Field [3.1] is NTD[REDACTED], accounted for [REDACTED] of total production cost.

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.

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- 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.

Please see Confidential Exhibit G-7.4 for purchase listing of coal, iron ore and scrap, in which DSC identifies the suppliers, the relationship of the supplier with DSC, and the volume and value.

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

The data is mainly compiled from DSC’s [REDACTED], i.e. raw material acceptance system.

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.

Provided as Confidential Exhibit G-7.4. DSC selected one material code no. [REDACTED] in December 2018 to demonstrate the reconciliation from purchase record to inventory report, and then to DSC’s trial balance.

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.

Please see Confidential Exhibit G-7.4 for purchase summary of coal and iron ore, in which DSC identifies the suppliers, the relationship of the supplier with DSC, and the volume and value.

All of suppliers of coal and iron ore were unrelated to DSC except [REDACTED], which re-sold these materials with very limited volumes ([REDACTED]) to DSC in POR.

[REDACTED] also sold scrap steels to DSC in POR at market price. Please note that, in particular, the iron scraps (Sludge Iron) sold by [REDACTED] is of [REDACTED] quality than those sourced from other unrelated suppliers, that is, the former contains a higher percentage of [REDACTED]. The steel scraps, [REDACTED]. As a result, [REDACTED] price was slightly

lower than the prices charged by unrelated suppliers.

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.

Provided in Confidential Exhibit G-8 as instructed.

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

Provided in Confidential Exhibit G-8 as instructed

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.

Provided in Confidential Exhibit G-8