

**Response to the Exporter Questionnaire  
for the Continuation Inquiry No. 504 into  
the Anti-dumping Measures on Power  
Transformers Exported to Australia from  
the Republic of Indonesia, Taiwan and the  
Kingdom of Thailand**

**Submitted by:**

**Fortune Electric Co., Ltd.**

**Submitted on:**

**April 1, 2019**

## SECTION B EXPORT SALES TO AUSTRALIA

### 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:
  - (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

**Response: Please refer to Exhibit B-1.1 for Fortune's Australian export sales process. During the injury period, Fortune had only one Australian customer. The sales process began when the customer published a request for bids on its website. After Fortune performed a budget and cost analysis, it prepared a tender bid and submitted the requested documents to the customer. The price was determined according to the tender result.**

**Fortune was awarded with a contract through the above tender process. After Fortune received a purchase order from the customer, it issued a job order internally to proceed with the following steps: (1) design and submit drawings for the customer's approval, (2) purchase materials and components needed, (3) manufacture the ordered products, (4) deliver the products to the site designated by the customer on the delivery term of DDP. Fortune also supervised the installation of the products according to the time requested by the customer.**

**Fortune maintains a liaison office in Australia ("Australia Office") which was established as a separate company mainly for facilitating customs clearance operations and deal with collection and payment of GST in Australia. Fortune is responsible for all the operations of this liaison office and all sales activities are managed from Taiwan and the Australia Office did not have any employee. Fortune outsourced accounting services locally from an Australian firm to comply with Australian company laws. All the sales, accounts payable and accounts receivable records are kept in Taiwan.**

**The payment term for exports of the Goods to Australia during the injury period was as follows:**

**[REDACTED]. The payments were made by the Australia customer to [REDACTED]. The general average lead time (i.e., from confirmation of the purchase order to the delivery of the Goods) for exports of the Goods to Australia is around [REDACTED].**

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?

**Response: The currency used for Australian sales is AUD.**

**PUBLIC VERSION**

(a) The Australian customer made payments to the following AUD denominated bank account held by the Australia Office:

- Account Name: Fortune Electric Co. Ltd.
- Bank State Branch No.: [REDACTED]
- Bank Name: [REDACTED]
- A/C No.: [REDACTED]
- Branch Name: [REDACTED]
- Swift Code: [REDACTED]

(b) Fortune purchases forward exchange contracts from banks [REDACTED]

[REDACTED] [financial details]

(c) In the normal course of business, Fortune uses the exchange rate published by the primary bank with which Fortune has transactions on the date of the transaction. During the injury period, the exchange rates of two primary banks, i.e., [REDACTED] [REDACTED] were used. The exchange rates announced by the former were used for a transaction whose value is below [REDACTED] NTD (New Taiwanese dollars), and those by the latter were used for a transaction whose value is [REDACTED] or above NTD.

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: Not applicable because the Australian customer is not related to Fortune.**

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

**Response: Not applicable because the Goods are customized and Fortune provides only price quotations after receiving the specifications from the customer.**

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: Not applicable because Fortune's export prices do not vary among different distribution channels. The prices however mainly vary according to the MVA of the Goods.**

The Commission should consider comparing the selling prices of the Goods exported to Australia with those sold in Taiwan according to the identical or similar MVA, with the reasonable adjustment of the cost differences of the two. Specifically, during the injury period, Fortune exported to Australia only [REDACTED] types of MVAs which are [REDACTED], while it sold in Taiwan the MVA ranging from [REDACTED]. The power transformers with similar MVAs are similar because of the similar technologies and know-how for producing the Goods, although the parts incorporated therein may not be the same which is adjustable by the cost difference of the products sold in the two markets. On the other hand, the power transformers with great difference in the MVA are not like products, and it is an unfair comparison to use the price of, and/or the profit margin from, such power transformers sold in Taiwan as the normal value of the power transformers exported to Australia.

During the POI, Fortune sold in the domestic market the power transformers having MVAs similar to those exported to Australia, and thus the domestic average selling prices of such similar power transformers, after proper cost adjustments of the products sold in two markets, are comparable to those of the power transformers exported to Australia in accordance with Article 2.1 of the WTO Antidumping Agreement. The third country sales or the cost plus a reasonable amount for administrative, selling and general costs and for profits as specified in Article 2.2 of the WTO Antidumping Agreement are not applicable since Fortune had comparable sales of like products in Taiwan during the POI.

## PUBLIC VERSION

The table below lists the MVAs sold in Taiwan that are similar to those exported to Australia during the POI by Fortune, whose average selling prices, after reasonable cost adjustments, should be the comparable prices for purposes of determining whether the export prices are dumped prices:

MVA Sold to Australia	MVA sold in Taiwan
Range: 10 – 15	Range: 10 – 15
Range: 15 - 20	Range: 15 - 20
Range: 20 - 25	Range: 20 - 25
Range: 25 - 45	Range: 30 - 40

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: Not applicable because Fortune did not provide any of such discounts and/or rebates.**

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: Not applicable because Fortune did not issue any credit or debit notes.**

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: Fortune reports the date on which its accounting system records the revenue from the sales as the date of sales. As explained above, because Fortune issued an invoice when it received part of the payment from the customer. However, to comply with the Taiwan GAAP which is generally in line with IFRS, a sale can be recognized and recorded only when the title to the Goods is or is deemed to have been transferred. Therefore, Fortune reports the date of sale of a transaction according to the records maintained in its accounting system.**

## 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.
  - Where a contract has been won during the investigation period but the goods are not yet shipped, provide details of these goods with any expenses incurred to date and the scheduled delivery date specified in the contract.
  - 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.

## PUBLIC VERSION

**Response:** Please refer to Exhibit B-2 for Fortune's Australian sales data during the injury period. All Goods under the contract entered into by Fortune and the Australian customer were delivered. The installation fees paid by the customers to Fortune for the Goods sold are not reported in Exhibit B-2 because they are income from services, not the Goods.

The packing costs and the antidumping duties paid by Fortune for the Goods are reported in Exhibit B-2 and are also included in the CTMS reported in Exhibit G-5.

Fortune does not use model or product codes for the Goods. As the purchase order is confirmed by the customer, Fortune issues a job order for the production of the ordered Goods. Therefore, Fortune reports in Column "Model/product code" the job order number assigned to each Goods. Column "Gross invoice value" of Exhibit B-2 reports the selling price of the power transformer. Column "Other charges" reports the price adjustment because of the change, addition or deletion of certain parts needed by the power transformer sold.

Fortune has added Columns "P.O. NO." and "P.O. date" to report the purchase order number and date issued by the customer. Fortune has also added necessary columns to report the expenses incurred for exports of the Goods to Australia.

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

**Response:** Please refer to Exhibit B-2-2 for the source document used by Fortune to report each column of Exhibit B-2.

### 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:** Please refer to Exhibits B-3.1-1 to B-3.1-4 for the sales document packages of the two largest invoices in value, which covers [REDACTED] sets of power transformers (job order numbers): [REDACTED].

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:** Please refer to Exhibits B-3.1-1 to B-3.1-4.

### 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.

## PUBLIC VERSION

- If you have used formulas to complete this worksheet, these formulas must be retained.

**Response: Please refer to Exhibit B-4 for the worksheet demonstrating the reconciliation of the reported domestic, Australian and third-country sales to the information recorded in Fortune's accounting system. Fortune derives the information using the documentation kept in its accounting records as well as the amounts and quantities reported in Exhibits D-2, B-2 and F-2.**

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: Please refer to Exhibit B-4.2 for the accounting records of the data reported in Exhibit 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.

**Response: The source documents are included in Exhibit B-4.2.**

## 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: Please refer to Exhibit B-5 for the worksheet showing the reconciliation of the reported direct selling expenses in Exhibits B-2 and D-2 to its financial records. All the expenses are reported in NTD, the accounting currency of Fortune.**

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: The total direct selling expenses are reported from Exhibit G-4.1 whose totals tie to those stated in the financial statements of Fortune attached to Exhibits A-4.1-1 to A-4.1-2. In the normal course of business, Fortune does not record the direct selling expenses by markets or products. Therefore, the direct selling expenses for the Goods sold in the three markets are reported according to those reported in Exhibits B-2, D-2 and F-2 respectively.**

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: Please refer to the answer to Question B-5.2 above.**

## SECTION C EXPORTED GOODS & LIKE GOODS

### 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: Exhibit C-1 provides the specifications of the Goods sold to Australia during the injury period.**

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

**Response: Exhibit C-1 has provided MVA, KV and all other major specifications of the Goods exported to Australia during the injury period.**

### 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: Please refer to Exhibit C-2 for the specifications of the Goods sold in Taiwan during the injury period.**

2. List each unique unit of power transformer sold on the domestic market during the investigation period.

**Response: Exhibit C-2 has provided MVA, Kv and all other major specifications of the Goods sold in Taiwan during the injury period.**

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

**Response: Please refer to Exhibit C-2. As shown in Exhibits C-1 and C-2, during the injury period, the Goods sold by Fortune in Taiwan contained capacity ranging from [REDACTED], while the Goods it exported to Australia contained only smaller capacity, i.e., [REDACTED]. Although all Goods are custom-made, the Goods sold in the domestic market with capacity lower than [REDACTED] MVA should be considered comparable to those exported to Australia during the injury period.**

## 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

**Response: Please refer to Exhibit D-1.1 for Fortune's domestic sales process. All Fortune's domestic customers are end-users. The domestic sales process begins with a tender process. The price of the Goods will be in accordance with the tender result.**

**After Fortune was awarded with a contract through a tender process and/or received a purchase order, it issued a job order internally to proceed with the following steps: (1) design and submit drawings for the customer's approval, (2) purchase materials and components needed, (3) manufacture the ordered products, (4) deliver the products to the site designated by the customer on the delivery term of DDP. Fortune also supervised the installation of the products according to the time requested by the customer.**

**The payment term for sales of the Goods in Taiwan during the injury period was negotiated and agreed with the customer on a case by case basis. It is common that the payments are made in instalments according to the completion of the required stage of work, e.g., the issuance or confirmation of the purchase order, approval of the drawings and delivery of the products. The payments were made by the local customer to Fortune directly in NTD. The general average lead time (i.e., from confirmation of the purchase order to the delivery of the Goods) for sales of the Goods in Taiwan is around [REDACTED].**

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: Not applicable because none of Fortune's Taiwan customers during the injury period is related to Fortune.**

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

**Response: Not applicable because the Goods are customized and Fortune provides only price quotations after receiving the specifications from the customer.**

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: Not applicable because Fortune's domestic selling prices do not vary among different distribution channels. The pricing however is mainly affected by the MVA of the Goods.**

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.



**Response: Not applicable because Fortune did not provide any of such discounts and/or rebates.**

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: Not applicable because Fortune did not issue any credit or debit notes.**

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: Fortune reports the date on which its accounting system records the revenue from the sales as the date of sales. As explained above, because Fortune issued an invoice when it received part of the payment from the customer. However, to comply with the Taiwan GAAP which is generally in line with IFRS, a sale can be recognized and recorded only when the title to the Goods is or is deemed to have been transferred. Therefore, Fortune reports the date of sale of a transaction according to the records maintained in its accounting system.**

## **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: Please refer to Exhibit D-2 for Fortune's domestic sales data during the injury period. All Goods under the contract entered into by Fortune and the domestic customer were delivered. The installation fees paid by the customers to Fortune for the Goods sold are not reported in Exhibit D-2 because they are income from services, not the Goods.**

**The packing costs paid by Fortune for the Goods are reported in Exhibit D-2 and are also included in the CTMS reported in Exhibit G-3. Fortune does not use model or product codes for the Goods. As the purchase order is confirmed by the customer, Fortune issues a job order for the production of the ordered Goods. Therefore, Fortune reports in Column "Model/product code" the job order number assigned to each Goods. Column "Gross invoice value" of Exhibit D-2 reports the selling price of the power transformer. Column "Other charges" reports the price adjustment because of the change, addition or deletion of certain parts needed by the power transformer sold.**

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

**Response: Please refer to Exhibit D-2.2 for the source documents of each column in 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
- Proof of payment and accounts receivable ledger
- Documents showing bank charges
- Delivery invoices

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

**Response:** Please refer to Exhibits D-3.1-1 to D-3.1-3 for the sales document packages of the two largest invoices, which include [REDACTED] sets of power transformers (job order numbers): [REDACTED].

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:** Please refer to Exhibits D-3.1-1 to D-3.1-3.

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

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

**Response:** The reconciliation documents have contained in Exhibit 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?

**Response:**

- (a) **Not applicable because Fortune does not provide rolling credit facilities to the domestic customers.**
  - (b) **During the injury period, Fortune borrowed short-term (less than one year) loans from local banks. During the injury period, the interest rate of such loans from the primary bank, ██████████ was ████████. Exhibit E-1 provides the letter signed by Fortune and the bank confirming that the interest rate for years 2016 to 2018, along with the accounting ledgers of Fortune listing all the interests paid, the principal amounts and the dates of borrowings and repayments from and to the bank.**
  - (c) **Not applicable because Fortune does not have any of such products.**
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):
      - 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?
      - 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: The payment term for Fortune's Australian sales during the injury period is provided in the answers to Section B. Fortune does not provide rolling credit facilities to its Australian customer. During the injury period, Fortune did not borrow any AUD.**

### E-2 Packaging

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

**Response: Fortune subcontracted packaging to the packaging companies and paid subcontracting fees to them for all the Goods it sold. The main packaging material used for packing the Goods is wooden cases. The subcontracting fees paid by Fortune to the subcontractors included both the packaging services (labour) and the packing materials used. Fortune therefore reports the actual packaging fees paid to the subcontractors for each job order (power transformer).**

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

**Response: Please refer to the answer to Question E-2.1 above.**

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

**Response: Not applicable because the packaging methods used for domestic sales and Australian sales are the same. Fortune reports the actual fee paid to the packaging subcontractor for each power transformer (job order) in this response.**

### **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: Fortune was responsible for delivering the Goods to the sites designated by the domestic customers. It reports in the response the actual inland freight incurred by Fortune for delivering the Goods to the customer because Fortune's financial system records the inland freight paid for each power transformer (job order).**

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

**Response: The delivery term of the Australian sales during the injury period is DDP, pursuant to which Fortune is responsible for the transportation expenses and other expenses incurred from Fortune's factory to the site designated by the customer.**

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: Fortune reports the actual inland freight expense paid by Fortune for each power transformer. The reported port charges are also actual or if applicable are allocated to all power transformers delivered in one shipment according to the sales values of the shipment.**

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: Fortune reports in Exhibit B-2 the actual ocean freight incurred for each power transformer. If the Goods covered in one shipment are identical, the ocean freight is allocated equally to each power transformer. Otherwise, Fortune reports the actual negotiated freight expense agreed to by the transportation company for each of the power transformers sold.**

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: The marine insurance premium reported in Exhibit B-2 is allocated to the power transformers covered in one shipment on the basis of the sales value.**

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: Fortune reports the actual Australian customs clearance expenses in Column 31 of Exhibit B-2, which are actual or allocated on the basis of the sales value of the Goods covered in one shipment.**

**The actual inland freight incurred in Australia for each power transformer is reported.**

## **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: Not applicable because Fortune does not provide commissions for the sale 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?
- 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?

**Response: The VAT rate of domestic sales is 5%, which is collected by Fortune and paid to the tax authority from crediting the VAT paid by Fortune when purchasing goods or services in Taiwan. The "VAT received (the so-called "sales VAT)" and the "VAT paid"(the so-called "Purchases VAT") are recorded in separate accounts in the accounting system of Fortune.**

**GST for importing the Goods to Australia and for sales in Australia is 10%. GST paid by Fortune via the Australia Office is refundable from crediting the GST collected from its sales of the Goods to the Australian customer. The GST is recorded in the accounting system as "Other receivables" or "Other prepaid expenses."**

**In addition, Fortune received duty drawback when exporting the Goods containing imported materials for which Fortune paid import duty upon importation.**

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

**Response: In addition to the expenses discussed above, Fortune reports in Exhibit D-2 the following direct selling expenses:**

- (a) Warranty expenses: Fortune reports the actual expenses incurred for the bank guarantees provided as performance bonds, if any, to the customer for the power transformer. Please refer to Exhibit E-4.3-1 for the sample documents of the warranty expenses.**
- (b) Inland insurance Premium: Fortune reports the actual inland insurance premium paid, if any, for each power transformer sold in Taiwan. If a shipment covers more than one power transformer, the premium is allocated on the basis of the sales value of the Goods.**

(c) **Stamp duty:** Fortune reports the actual stamp duty, if any, paid for the power transformer. The stamp duty is payable by the seller and buyer for some contracts and such duty, once paid, is not refundable. Exhibit E-4.3-2 provides a sample stamp duty receipt for a power transformer sold in Taiwan during the injury period.

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:** In addition to the expenses mentioned above, Fortune reports in Exhibit B-2 the following direct selling expenses:

(a) The actual inland insurance premium, if any, paid for the power transformer. If a shipment includes more than one power transformer, the actual premium is allocated on the basis of the sales value of the shipment.

(b) The actual Anti-dumping duty paid for each power transformer.

(c) The actual Australian import duty paid for each power transformer.

(d) The actual fees paid for providing the performance bonds, if any, to the customer.

## **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:** Not applicable. Fortune has recorded all of the following exportation expenses and direct selling expenses outlined in the sections above which includes:

- Inland transport;
- Inland insurance;
- Packing;
- Handling;
- Ocean freight;
- Marine insurance;
- Import duties;
- Duty drawback;
- Liability insurance;
- Warranty; and
- Stamp duty.

## 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: Not applicable because the sales process for exports to third countries is similar to that for exports to 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.

**Response: During the injury period, Fortune had one related customer, i.e., [REDACTED]. The selling price of sales to this customer is at arms' length.**

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: Fortune uses the date on which its accounting system records and recognizes the sale as 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: Please refer to Exhibit F-2 for all the third country sales during the injury period.**

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

**Response: Please refer to Exhibit F-2-2 for the source document of each column of Exhibit F-2-1.**

### 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: Not applicable because the domestic market is a comparable market of Australia.**

## 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: Please refer to Exhibit G-1 for a production flowchart and description of the scrap resulting from the production of the Goods. The same equipment could be used to produce the power transformers with power ratings less than 10 MVA and a voltage rating more than 500kV, i.e., the power transformers that do not fall within the scope of the Goods. The production of the Goods does not result in any by-products.**

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: Fortune had**

[confidential related entity details]

### G-2. Cost accounting practices

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

**Response: Fortune uses the actual cost system.**

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.

**Response: Not applicable because Fortune does not use standard 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.

**Response: Not applicable because Fortune does not have cost centres.**

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

**Response: Fortune records production costs of the Goods per each job order.**

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

**Response: Not applicable because Fortune has only one cost system and its does not have a different system for the purpose of management accounting.**



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: Not applicable because Fortune did not have start-up operations during the injury period.**

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: Fortune evaluates the raw material, work-in-process, and finished goods inventories according to the monthly weighted average method.**

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

**Response: Not applicable because all Goods sold by Fortune meet the customer's requirements and no damaged or sub-standard goods generated during the injury period. The costs are absorbed by all the Goods produced.**

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

**Response: Not applicable. There were no by-products or joint products generated during the injury period. In the normal course of accounting, Fortune does not evaluate the scrap, whose costs are absorbed by the finished power transformer except that the scrap value is deducted from the cost of the finished power transformer if the scrap is generated by a specific job order. The sales amount of the scrap is a deduction of the cost of sales (COGS).**

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

**Response: Not applicable because Fortune does not charge its related companies. There is no corporate allocation within the group to which Fortune belongs.**

### **G-3 Cost to make and sell on domestic market**

1. Complete the worksheet named "G-3 Domestic CTMS".
- Please provide the actual cost to make and sell each model/type (as identified in section C) of the like goods sold on the domestic market. Provide this cost data for each unique unit of the goods invoiced during the investigation period.
  - Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.
  - 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.

**Response: Please refer to Exhibit G-3 for the cost to make and sell of the Goods sold in the domestic market during the injury period.**

2. Provide a table listing the source of the data for each column of the “Domestic CTMS” listing (G-3.1).

**Response: Please refer to Exhibit G-3-2 for the source documents used to report the data in Exhibit G-3.**

## **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: Please refer to Exhibit G-4.1 for a list of Fortune's SG&A expenses during the injury period.**

2. Complete the worksheet named "G-4.2 Domestic SG&A calculation".
  - This worksheet calculates SG&A as a percentage of revenue.
  - You must provide this list in electronic format using the template provided.
  - Please use the formulas provided.

**Response: Please refer to Exhibit G-4.2 for the calculation of Fortune's SG&A expenses as a percentage of the net revenue during the injury period.**

## **G-5 Cost to make and sell the goods exported to Australia**

1. Complete the worksheet named "Australian CTMS".
  - Please provide the actual cost to make and sell each model/type (as identified in section C) exported to Australia.
  - Provide this information for all goods invoiced during the investigation period and for all goods the subject of a contract that was entered into during the investigation period, but invoiced or delivered outside of the investigation period. Where actual costs are not yet incurred, provide an estimate of these costs, such as for example, the estimate of the costs that formed the basis of your winning tender bid.
  - Provide this information for each unique unit of the goods contracted for sale or invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.
  - 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 duration 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: Please refer to Exhibit G-5 for the cost to make and sell of the Goods exported to Australia during the injury period.**

2. Provide a table listing the source of the data for each column of the “Australian CTMS” listing (G-5.1).

**Response: Fortune uses the same source documents to report the costs in Exhibits G-3 and G-5. Please refer to Exhibit G-3-2 for the source documents used.**

## G-6 Cost allocation methodology

1. What is the allocation methodology used to complete in G-3 Domestic CTMS and G-5 Australian CTMs for:
  - (a) Raw materials
  - (b) Labour
  - (c) Manufacturing overheads

**Response: Fortune reports costs in Exhibit G-3 according to the cost of each power transformer recorded in its cost accounting system. In the cost accounting system, Fortune records costs of a job order as follows:**

- (a) **Raw materials: The actual raw material consumption cost is recorded for each power transformer.**
  - (b) **Package: The actual packaging fee paid to the subcontractor for each power transformer is recorded.**
  - (c) **Direct labour: The cost of direct labour is allocated to all products according to the actual processing time of the job order.**
  - (d) **Manufacturing Overheads: The manufacturing overhead of a plant is allocated to all products produced at the plant according to the actual production labour time of the job order.**
2. Select the domestic model (export model if you have no domestic production of like goods) with the largest production cost 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: Please refer to Exhibit G-6.2 for the worksheet demonstrating the calculation of the power transformer (job order number): [REDACTED].**

## G-7 Major raw material costs

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

**Response: The major raw materials input for producing the Goods include core steel, conductor, insulation, mild steel, tapchanger, CT & CT terminal box, fittings, fiber optics probes, fans, pumps, valves, control panel, oil, and bushings (HV, MV, LV).**

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, provide details of these in worksheet G-7.2.

**Response: Not applicable because Fortune did not produce any input raw materials. Fortune purchased input raw materials, of which only a small quantity of parts were sourced from [REDACTED]. The procurement of the parts was reported in Exhibit G-7.4.**

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: Please refer to Exhibit G-3.**

4. For each raw material identified in G-7.1 which individually accounts for 10% or more of the total cost to make, complete the worksheet named "G-7.4 Raw material purchases".

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- 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: Exhibit G-7.4 reports the purchases of input raw materials during the injury period. The "Purchase price" of Exhibit G-7.4 includes the delivery cost of raw materials.**

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

**Response: Please refer to Exhibit G-7.5 for the source documents used to report Exhibit G-7.4.**

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: Please refer to Exhibits G-7.6-1 to G-7.6-12 for the sampled purchases invoices.**

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: Please refer to the answer to Question G-1.2 above. The purchase prices of raw materials, regardless of the suppliers, are all determined through negotiations on a case by case basis.**

## 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: Please refer to Exhibit G-8 for the worksheet demonstrating the cost reconciliation.**

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

**Response: Please refer to Exhibit G-8.2 for the required documents.**

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: Please refer to Exhibit G-8.2 for the source documents of the reported costs.**

## G-9 Capacity Utilisation

1. Please complete the worksheet named "Capacity Utilisation".

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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.

**Response: Please refer to Exhibit G-9 for Fortune's capacity utilization during the injury period.**

## List of Exhibits of Sections B to G

Exhibit	Content	Status
Exhibit A-4.1-3	Fortune's Audited Consolidated 2018 Financial Statements	Completed
Exhibit A-4.1-4	Fortune's Audited Stand-alone 2016 Financial Statements	Completed
Exhibit A-4.1-5	Fortune's Audited Stand-alone 2017 Financial Statements	Completed
Exhibit A-4.1-6	Fortune's Audited Stand-alone 2018 Financial Statements	Completed
Exhibit B-1.1	Australian Export Sales Process	Completed
Exhibit B-2	Australian Sales	Completed
Exhibit B-2-2	Source Documents for Australia Sales	Completed
Exhibits B-3.1-1 to B-3.1-4	Sample Export Documents	Completed
Exhibit B-4	Upwards Sales Reconciliation	Completed
Exhibit B-4.2	Supporting Documents for Exhibit B-4	Completed
Exhibit B-5	Upwards Selling Expense Reconciliation	Completed
Exhibit C-1	Specification of the Goods Sold to Australia	Completed
Exhibit C-2	Specification of the Goods Sold in the Home Market	Completed
Exhibit D-1.1	Domestic Sales Process	Completed
Exhibit D-2	Domestic Sales	Completed
Exhibit D-2-2	Source Documents for Domestic Sales	Completed
Exhibits D-3.1-1-D-3.1-3	Sample Domestic Sales Documents	Completed
Exhibit E-1	Short Term Borrowing Rate	Completed
Exhibit E-4.3-1	Sample Documents for Warranty Expenses	Completed
Exhibit E-4.3-2	Sample Documents for Stamp Duty	Completed
Exhibit F-2	Third Country Sales	Completed
Exhibit F-2.2	Source Documents for Third Country Sales	Completed
Exhibit G-1	Production Process	Completed
Exhibit G-3	Domestic CTMS	Completed
Exhibit G-3-2	Source Documents for Domestic CTMS	Completed
Exhibit G-4.1	SG&A Listing	Completed
Exhibit G-4.2	Domestic SG&A Calculation	Completed
Exhibit G-5	Australian CTMS	Completed
Exhibit G-6.2	Allocation Methodology of the Sampled Job Order	Completed
Exhibit G-7.4	Raw Material Purchases	Completed
Exhibit G-7.5	Source Documents for Raw Material Purchases	Completed
Exhibits G-7.6-1-G-7.6-12	Sample Purchases Documents	Completed
Exhibit G-8	Upwards Costs	Completed
Exhibit G-8.2	Supporting Documents of Exhibit G-8	Completed
Exhibit G-9	Capacity Utilisation	Completed