



Australian Government
Department of Industry, Science,
Energy and Resources

FOR PUBLIC RECORD

Anti-Dumping
Commission

Supplementary Exporter Questionnaire

Case number: 543

Product: Aluminium extrusions

From: The People's Republic of China

Investigation period: 1 January 2019 to 31 December 2019

Response due by: Open of business Monday 11 May 2020

Return completed questionnaire to:
investigations4@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

TABLE OF CONTENTS

TABLE OF CONTENTS	2
INSTRUCTIONS	3
CHECKLIST	5
SECTION A CHINESE MARKET	6
A-1 PREVAILING CONDITIONS OF COMPETITION IN THE CHINESE MARKET	6
A-2 GOODS IN THE CHINESE MARKET	7
A-3 RELATIONSHIP BETWEEN PRICE AND COST	7
A-4 MARKETING AND SALES SUPPORT IN THE CHINESE MARKET	9
SECTION B PRODUCTION AND PRODUCTION COSTS	10
B-1 PRODUCTION OF THE GOODS.....	10
SECTION C AUSTRALIAN MARKET	11
C-1 PREVAILING CONDITIONS OF COMPETITION IN THE AUSTRALIAN MARKET	11
C-2 GOODS IN THE AUSTRALIAN MARKET	12
C-3 RELATIONSHIP BETWEEN PRICE AND COST IN AUSTRALIA	12
C-4 MARKETING AND SALES SUPPORT IN THE AUSTRALIAN MARKET	14
EXPORTER'S DECLARATION	15

INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is conducting a continuation inquiry into aluminium extrusions exported to Australia from the People's Republic of China (China).

The Commission will use the additional information requested in this supplementary questionnaire to determine normal values and export prices over the inquiry period (the period). This information will determine whether aluminium extrusions are dumped. The Commission will also use this information to determine whether aluminium extrusions have been in receipt of countervailable subsidies over the period.

What happens if you do not respond to this questionnaire?

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

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

Extension requests

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

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

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

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

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

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

Submitting a response to the exporter questionnaire

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

FOR PUBLIC RECORD

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

Confidential and non-confidential responses

You are required to lodge a confidential version (for official use only) and a non-confidential version (for public record) of your response to this exporter questionnaire by the due date. Please ensure that *each page* of information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record, and must contain sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

A person is not required to provide a summary for the public record if the Commission can be satisfied that no such summary can be given that would allow a reasonable understanding of the substance of the information.

All submissions are required to have a bracketed explanation of deleted or blacked out information for the non-confidential version of the submission. An example of a statement to accompany deleted/blacked out text is:

[Explanation of cost allocation through the divisions, by reference to machine hours or weight].

If such an explanation is not provided, the Commission may disregard the information in the submission. Where the public record version of your response to the exporter questionnaire does not contain sufficient detail, your company may be deemed to have significantly impeded the case and be deemed an uncooperative exporter.

Important instructions for preparing your response

- All questions in this exporter questionnaire must be completed. If a question is not applicable to your situation, please answer the question with "Not Applicable" and provide an explanation as to why.
- All questions must be answered in English. An English translation must be provided for documents not originally in English.
- Clearly identify all units of measurement (e.g. KG) and currencies (e.g. AUD) used. Apply the same measurement consistently throughout your response to the questionnaire.
- Label all attachments to your response according to the section of the questionnaire it relates to (e.g. label the chart of accounts as Attachment A-4.6)
- The data must be created as spreadsheet files in Microsoft Excel.
- If you have used formulas to complete spreadsheets, these formulas must be retained and not hard-coded.
- You must retain all worksheets used in answering the questionnaire. Be prepared to provide these worksheets during the Commission's verification of your data.
- If you cannot present electronic data in the requested format contact the case officer as soon as possible.

FOR PUBLIC RECORD

- Where possible, electronic data should be emailed or shared with the Commission via SIGBOX, a secure online document repository. Please contact the Commission to request access to SIGBOX if required.

CHECKLIST

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

Section	Please tick if you have responded to all questions
Section A Chinese market	✓
Error! Reference source not found.	✓
Error! Reference source not found.	✓
Error! Reference source not found.	✓
Non-confidential version of this response	✓

SECTION A CHINESE MARKET

A-1 Prevailing conditions of competition in the Chinese market

1. Describe the Chinese market for the goods and the prevailing conditions of competition within the market, including:
 - (a) Provide an overall description of the market in China which explains its main characteristics and trends over the past five years;

Answer:

In recent years, aluminum profile products have developed rapidly in the Chinese market, with diversified applications and involving a wide range of downstream industries, such as curtain walls, doors and windows, 3C certified electronic products, medical equipment, automobile industry, rail transportation, aviation, ships, industry, durable consumer goods, etc. The main conditions for the industry to compete in the marketplace are its own industry positioning, scale conditions, product quality etc. The main factors that distinguish the degree of development of enterprises in the Chinese market include technological innovation and research and development capabilities of the enterprise.

Meanwhile, with the rapid growth of China's economy in the past years, the scale of the industry have been continuously enlarged and the specialization has deepened. Relevant industrial fields and consumer markets have also been driven to develop at the same time, which lead to an annual increase in the output of the industry. In response to market changes, customers' product design update cycles are getting faster and faster, and the standards and quality requirements for aluminum products are being tightened continuously, testing the manufacturing capability of enterprises for new research and development, new processes and new uses. Enterprise technologies need to be upgraded continuously to meet market development.

- (b) Provide the sources of demand for the goods in China, including the categories of customers, users or consumers of the product;

Answer:

The demand for aluminum profiles in China mainly comes from the industrial sector and the consumer sector.

For the main categories of customers, the product design developers (merchant) is the first, followed by the product assembly plant (manufacturer), followed by the product components (replacement plant).

For the main categories of consumption, it can be divided into several major categories such as buildings (doors and windows, curtain walls), 3C electronic products (mobile phones, tablets, computers), communications (machine station accessories and heat dissipation components), medical machinery, automobile industry, rail transit, shipbuilding industry, industrial products (automatic worktables/tracks), durable consumer goods (household equipment, sanitary ware), etc.

- (c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);

Answer:

KAE has no knowledge for the whole Chinese market, but would like to give below information from its own experiences:

The estimated proportion of sales revenue from each sources of demand of KAE is: [Limited]*

[Limited]*

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (d) Describe the factors that influence consumption/demand variability in China, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;

Answer:

The main factors that affect the variability of China's consumption/demand are:

- 1) market supply and demand balance;**
- 2) fluctuations in peripheral financial markets and domestic economic environment; and**
- 3) marketing strategies of enterprises themselves**

- (e) Describe any market segmentations in China; such as geographic or product segmentations;

Answer:

The Chinese market is mainly based on product segmentation: 3C certified electronics materials, automobile materials, rail transposition materials, industrial purpose materials, materials for medical equipment, materials for constructions, such as curtain walls, doors and windows, household equipment, bathroom products, and so on, and most of them are concentrated in large cities with developed economies and booming manufacturing industries.

- (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);

Answer:

KAE's has no knowledge for overall Chinese market situation, however, it would like to provide some of its own experiences of the Commission's reference:

The estimated sales revenue from each market segments of KAE is: [Limited]*

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (g) Describe the way in which Chinese and imported goods compete in the Chinese market;

Answer:

China needs to import foreign goods to satisfied the product varities. The imported goods compete with Chinese product on marketplace, and the imports may have advantages such as their reputation and unique patented technologies, some of the imported products, because of their brand and quality, or irreplaceable positions, are welcomed by consumers.

- (h) Describe the ways that the goods are marketed and distributed in the Chinese market; and

Answer:

Generally, enterprises may choose to sell their products directly to the end customers or via general agents/distributors.

- (i) Describe any other factors that are relevant to characteristics or influences on the Chinese market for the goods.

Answer:

KAE has no comments on these general issues, as a manufacturer of product concerned, KAE has no knowledge about the market situation with can support an evaluation about the other factors that are relevant to characteristics or influences on the Chinese market for the goods.

Provide documentary evidence to support the responses made to questions 1(a) to (i).

Answer:

KAE does not have such documentary evidence to support the responses made to questions 1(a) to (i).

2. Provide a diagram which describes the Chinese market structure for the goods, ensuring that all categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Chinese market.

Answer:

KAE has no such knowledge and unable to give such a diagram.

3. Describe the commercially significant market participants in the Chinese market for the goods at each level of trade over the investigation period. Include in your description:
- names of the participants;

Answer:

There are some famous market players in the Chinese market, such as Liaoning Zhongwang Group Co., Guangdong Zhongya Aluminium Co., Ltd., Guangdong Weiye Aluminium Factory Group Co., Ltd., Press Metal International Ltd., Guangdong Haomei New Materials Co., Ltd., but it is beyond KAE's ability to judge which ones are the commercially significant market participants, or at which level of trade they are operating over the investigation period.

- the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);

Answer:

Again, KAE has no enough knowledge to answer this question, however, it is KAE's preliminary understanding that the main market participants are at the original equipment manufacturer (OEM) level.

- a description of the degree of integration (either vertical or horizontal) for each market participant; and

Answer:

KAE does NOT aware of the degree of integration (either vertical or horizontal) for each market participant.

- an estimation of the market share of each participant.

Answer:

KAE does NOT aware of the market share of each participant.

4. Identify the names of commercially significant importers in the Chinese market for the goods over the investigation period and estimate their market share. Specify the country each importer imports from and their level of trade in the Chinese market, if known.

Answer:

KAE does NOT aware of commercially significant importers in the Chinese market for the goods over the investigation period and their estimate market share.

5. Describe the regulatory framework of the Chinese market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

Answer:

KAE does NOT aware of the regulatory framework of the Chinese market for the goods.

6. Describe any entry restrictions for new participants into the Chinese market for the goods. Your response could include information on:
- resource ownership;
 - patents and copyrights;
 - licenses;
 - barriers to entry;
 - import restrictions; and
 - government regulations(including the effect of those government regulations).

In responding to question 6 ensure that relevant regulations are referenced.

Answer:

KAE does NOT think there's any entry restrictions for new participants into the Chinese market for the goods. The marketplace is quite open and participants can freely join and quit the market.

A-2 Goods in the Chinese market

1. Generally describe the range of goods offered for sale in the Chinese market. The description should include all like goods, including those produced by your company. Your description could include information about:
- quality differences;
 - price differences;
 - supply/availability differences;
 - technical support differences;
 - the prevalence of private labels/customer brands;
 - the prevalence of generic or plain labels;
 - the prevalence of premium labels; and
 - product segmentation.

Answer:

KAE notes that the products sold in China include products/materials for 3C certified electronic products, automobile industry products, rail transportation products, industrial production products, shipbuilding industry products, medical equipment, curtain wall, doors and windows, construction engineering, home furnishing, bathroom products and other industries.

For KAE's proportion of sales in domestic market, materials for 3C certified electronic products and automobile industries accounted for about [Limited]*, which are high priced goods and usually with much higher profits, for the materials for construction purposes (curtain walls, doors and windows), which that category is the mostl sold product in overall Chinese market, it onlyaccounted for around [Limited]* of KAE's domestic sales.

For the quality differences, the quality standard is especially strict on appearance and tolerance for the materials for 3C certified electronic products. The performance requirements and safety test standards for automobile industry are also very high - they must comply with IATF16949 quality management standard. KAE holds that materials for these two industries are different from goods destined to other industries– which generally only need to comply with ordinary quality standards.

For the price differences, the price for difference types of products can be very large, depending on product standards, production process and quality requirements. For instance, materials for 3C certified electronic products attach great importance to the control on alloy elements and usually need to make them within very specific range, therefore, such products have higher requirement on raw material and smelting process, and the surface quality control lowered the extrusion efficiency and yield rates. Similarly, the materials for automotive industry focuses on performance requirements of the metal, so it is necessary to develop different alloys according to the requirements of different components. In addition, it is necessary to meet the requirements for safety traceability of product production records, and each batch has to undergo destruction tests, all such requirements substantially increase the cost of production of such goods. Products to these two industries account for around 70% of the sales volume in KAE's overall domestic sales.

For the supply/availability differences, the supply/availability of products destined to the 3C certified electronic products are much higher, material suppliers, such as KAE, sometimes needs to develop and test the materials together with the users from the very beginning. During this process, the product needs to go through the whole process of tests on multi-batch sample, which usually takes at least half a year, such a practice dramatically increases the overall costs of the product. Similarly, the automotive industry products are manufactured in full accordance with IATF16949 standard from obtaining supplier access to sample processing and trial production. Usually, they are prepared one year before mass production, and samples are sent for testing in stages. The mass production period can be as long as [Limited]* years

For technical support differences, the technical support of products are different depending on product standards and manufacturing techniques. For instance, 3C certified electronic products are strictly controlled in research and development, smelting, metal refining and aluminum bar homogenization, and the extrusion temperature and speed are strictly controlled. And the automotive industry has invested more in testing equipment and technology than other industries in metal research and development, performance control and quality inspection.

For the prevalence of private labels/customer brands, KAE notes that there exists such prevalence in practice. For instance, KAE is one of the top 10 domestic and foreign brand recognition suppliers in the field of mobile phone products, and the supplier of Japanese, German, American and Chinese brands in the field of automobile products.

For the prevalence of generic or plain or premium labels, KAE notes that there exists such prevalence in practice. For instance, the products of KAE cover generic label, plain label as well as premium label.

For the product segmentation, KAE notes that the products are mainly classified into the following categories: 3C certified electronic products, automobile products, rail transit products, shipbuilding industry products, industrial production products, medical equipment, curtain wall, doors and windows, construction engineering, home furnishing, bathroom products, etc.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

2. Describe the end uses of the goods in the Chinese market from all sources.

Answer:

KAE notes that the end uses of the goods in the Chinese market include but not limited to the following categories:

- 1) Architecture and engineering: curtain wall, doors and windows, sunshade system, infrastructure construction, engineering or construction supplies, guardrails;**
 - 2) Transportation: logistics vehicles, subway screen doors, high-speed railway, offshore facilities, ships, aviation products;**
 - 3) Auto Parts: electric vehicle power system, suspension and structure system, safety and collision management system, steering system, transmission system, body components, externally mounted components, motor products, frequency conversion products, seat slide, chassis, safety lever, subframe, front longitudinal beam, instrument frame, sunroof slide, power battery tray, bushing;**
 - 4) Industrial production: aluminum mesh, medical equipment, power components, radiators, production line profiles, general profiles;**
 - 5) 3C certified electronic products: computer shell, AV products, smartphone shell;**
 - 6) Life optimization: bicycle, fitness equipment, home decoration, furniture, shower door.**
3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Chinese market. Rank these preferences or purchasing influencers in order of importance.

Answer:

KAE notes that the key product attributes that influence purchasing decisions or purchaser preferences in the Chinese market include but not limited to:

- 1) Brand reputation;**
 - 2) Reasonable prices;**
 - 3) Stable and good quality;**
 - 4) Advanced functions;**
 - 5) Aesthetic design.**
4. Identify if there are any commercially significant market substitutes in the Chinese market for the goods.

Answer:

KAE does NOT aware of any commercially significant market substitutes in the Chinese market for the goods.

5. Identify if there are any commercially significant market complements in the Chinese market for the goods.

Answer:

KAE does NOT aware of any commercially significant market complements in the Chinese market for the goods.

6. Have there been any changes in market or consumer preferences in the Chinese market for the goods in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

Answer:

KAE does NOT aware of significant changed in market or consumer preferences in the Chinese market for the goods in the last five years, the output and types of goods basically remain in a state of adjustment despite the increase or decrease in market demand.

A-3 Relationship between price and cost

1. Describe the importance of the Chinese market to your company's operations. In your response describe:
 - (a) The proportion of your company's sales revenue derived from sales of the goods in China; and
 - (b) The proportion of your company's profit derived from sales of the goods in China.

In responding to question 1 please provide evidence supporting calculations.

Answer:

Sales revenue obtained from the Chinese market accounted for [Limited]* of KAE's total sales revenue.

The proportion of KAE's profit derived from sales of the goods in China is as follows:

****[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]***

2. Is your organisation/business entity the price leader for the goods in the Chinese market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

Answer:

KAE is not the price leader for the goods in the Chinese market. Due to confidential concerns, KAE is not in a position to make such a judgement on who is the price leader in Chinese market.

3. Describe the nature of your product pricing (e.g., market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in China. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Answer:

KAE determines the price of goods mainly on the basis of: raw material cost + manufacturing fee (determined according to the degree of difficulty in evaluating the complexity of different process flows).

4. Explain the process for how the selling prices of the goods for the Chinese market by your business are determined. Provide copies of internal documents which support how pricing is determined.

Answer:

To determine the sales price, the KAE's technical department will usually firstly evaluate the hardness of production, and then the management meet to discuss and determine the price based on all considerations.

5. How frequently are your Chinese selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

Answer:

KAE determines the price review interval according to the length of the order. And the review interval would normally no longer than [Limited]* months.

The persons involved in the price review proceeding are as follows:

Name: [Limited]*; Position: [Limited]*;

Name: [Limited]*; Position: [Limited]*

****[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]***

6. Rank the following factors in terms of their influence on your pricing decisions in the Chinese market, with the most important factor ranked first and the least important factor ranked last:
- Competitors' prices
 - Purchase price of raw materials
 - Cost to make and sell the goods
 - Level of inventory
 - Value of the order
 - Volume of the order
 - Value of forward orders
 - Volume of forward orders
 - Customer relationship management
 - Supplier relationship management
 - Desired profit
 - Brand attributes
 - Other [please define what this factor is in your response]

Answer:

KAE ranks the following factors in terms of their influence on KAE's pricing decisions in the Chinese market as follows:

- 1) Purchase price of raw materials**
- 2) Cost to make and sell the goods**
- 3) Volume of the order**
- 4) Competitors' prices**
- 5) Value of the order**
- 6) Value of forward orders**
- 7) Volume of forward orders**
- 8) Desired profit**
- 9) Brand attributes**
- 10) Customer relationship management**
- 11) Supplier relationship management**
- 12) Level of inventory**

7. Describe the relationship between selling price and costs to make and sell in the Chinese market. Does your company maintain a desired profit margin for the goods?

Answer:

The sale price of KAE's goods will take into account the rising market manufacturing cost and the increase in sales cost, and it is difficult to keep the expected profit margin stable.

8. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Chinese market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents which support your claims in response to this question.

Answer:

Please refer to the answers to question D-1.5 and D-1.6 in the EQR KAE Response submitted on April 13, 2020..

9. Do you offer bundled pricing in the Chinese market? If yes, explain how the pricing for bundled sales is determined. Explain how the costs to make and sell are considered in establishing these bundled prices for the goods. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE does NOT offer bundled pricing in the Chinese market, as KAE tends to freely choose reasonable transactions.

10. Does the volume of sales to a customer or the size of an order influence your selling price in China? If yes, advise how volume is used to determine selling prices. Explain how the costs to make and sell are considered in establishing volume based prices for the goods. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE does NOT change selling price in China according to the volume of sales to a customer or the size of an order, as such factors could also lead to potential risks.

11. Does your organisation/business entity use sales contracts in the Chinese market? If yes:
(a) What proportion of your sales revenue would come from contracted sales versus uncontracted sales?

Answer:

[Limited]* of KAE's sales revenue come from contracted sales.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (b) Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?

Answer:

KAE adopts the project sales mode, therefore each contract and order is only provided for a single project and would not be locked in an exclusive contract.

- (c) How frequently are sales contracts renegotiated?

Answer:

The sales contract usually does not renegotiate after signed, it terminates with the completion of the sales order. If there's a new sale, there will be a new negotiation.

- (d) How frequently are price reviews conducted between contracts?

Answer:

The revision of the sales price is based on the fluctuation of raw materials. And such revision would normally not exceed [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (e) Do you provide opportunities for price reviews for customers within contracts? If yes, provide a description of the process and an explanation of the circumstances that might lead to a price review.

Answer:

KAE does NOT carry out or advocate this kind of practice.

- (f) Do changes in your costs to make and sell enable you to review prices for customers within contracts?

Answer:

KAE does NOT carry out or advocate this kind of practice.

- (g) Provide a list of the customers under contract during the investigation period and copies of the two largest contracts in terms of sales revenue. Provide a complete translation of the documents.

Answer:

Please refer to “Column D Customer name” in the Table “D-2 Domestic sales” and Exhibit D-3.1.1 and Exhibit D-3.1.2 submitted in KAE EQR dated April 13, 2020.

12. Provide copies of any price lists for the goods used in the Chinese market during the investigation period. If you do not use price lists, describe the transparency of your prices in the Chinese market.

Answer:

KAE does NOT use fixed price lists for the goods in the Chinese market during the investigation period.

13. How do you differentiate pricing for different products/models of the goods in the Chinese market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE differentiate pricing for different products/models of the goods in the Chinese market firstly by the difficulty of product manufacturing, and secondly by the different industries that the products belong to.

For instance, 3C certified electronic products attach great importance to the control of metal elements and generally need to make alloys within very specific ranges. Therefore, such products are different from ordinary products in terms of raw material selection and smelting process, and their extrusion efficiency and yield are generally lower than those of other general products. Similarly, the materials for automotive industry focuses on performance requirements, so it is necessary to develop different alloys according to the requirements of different components. In addition, it is necessary to meet the requirements for safety traceability of product production records, and each batch has to undergo destruction tests. These two categories of products account for [Limited]* of the sales volume of KAE's domestic sales, which are high priced and usually with high profit, while other normal products only need to meet ordinary quality standards or requirement, so the prices and profits are much lower.

Factors that affect the pricing of goods generally include but not limited to: the processing difficulty of the product, raw material composition, technical, performance/appearance requirements (relevant to the end-use purposes), applicable testing standards, etc.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

14. Do you tier or segment your Chinese customers for the goods in terms of pricing? If yes, provide:
- (a) a general description of how this is done;
 - (b) list the factors that influence pricing differentiation in different tiers or segments; and
 - (c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE generally tier or segment the Chinese customers according to their commercial integrity, company size, purchase volume, duration of cooperation years, and customer brand.

General applicable factors leading to pricing differences are mainly the difficulty of product processing, raw material composition, performance requirements, testing standards and other requirements.

For instance, 3C certified electronic products need develop raw material, conduct quality control from the source of raw material, applying different inspection methods, and applying different extrusion process parameters etc. And automotive products need develop raw materials, to conduct protect safety tests, applying special system standards and testing methods. These are factors that impacting the manufacturing costs and selling prices.

15. Do you sell the goods to related entities in China? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide a copy of any internal document relevant to establishing pricing to related parties.

Answer:

KAE does NOT sell the goods to related entities in China.

A-4 Marketing and sales support in the Chinese market

1. How does your company market the goods in the Chinese market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

Answer:

KAE has a long history in this industry. The products of KAE are of excellent quality, and KAE provides professional and honest services. Therefore, KAE stands out in the industry and has the advantages of being highly praised by the industry. Therefore, customers have their own positive comments towards KAE in mind.

2. Does your company conduct brand segmentation in the Chinese market for the goods? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

Answer:

KAE does NOT conduct brand segmentation in the Chinese market for the goods.

3. Provide examples of your Chinese advertising of the goods over the past five years. If you have not used advertising in China, provide examples of any other promotion campaigns for the goods you have conducted over the investigation period.

Answer:

KAE generally promotes its products through professional forums and exhibition platforms, and has not conducted any commercial advertising of the goods over the past five years.

4. How many people are in your Chinese market sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE has [Limited]* people in its domestic sales team, and they are located in the KAE's headquarter as well as different regional offices.

The sales team of KAE is remunerated on the basis of [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE provides the following pricing parameters to sales staff to assist in establishing pricing for the goods:

- 1) The difficulty of production**
- 2) Ordered Quantity**
- 3) Product life cycle**
- 4) Special technical input (research and development, testing)**
- 5) Product inspection standards (tolerance, performance, appearance)**

SECTION B PRODUCTION AND PRODUCTION COSTS

B-1 Production of the goods

1. Describe how your company determines its volume of production for the goods, product mix of production and the factors that contribute to these decisions. How frequently are production volumes determined for the goods? How frequently is the product mix determined for the goods? Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE generally [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

2. What lead times are typically needed to adjust volumes of production for the goods? Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE generally needs [Limited]* hours to adjust volumes of production for the goods.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

3. Do you have warehousing facilities for the goods? If no, what do you do with excess inventory? If yes:
 - (a) What is the volume capacity of these facilities?
 - (b) What was the monthly amount of inventory maintained during the investigation period?
 - (c) What is the average period of time that inventory is retained (describe how this is calculated)?

Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE has warehousing facilities for the goods, and the volume capacity of these facilities is [Limited]*MT.

The monthly amount of inventory maintained during the investigation period was average [Limited]*MT/month.

The average period of time that inventory is retained was around [Limited]*days, which is calculated as follows:

[Limited]*

**[The above information is provided in limited version, which include the details information regarding the company’s business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

4. Have there been any changes to the type of capital or technology utilised by your company in the manufacturing of the goods in the last five years? If yes, provide details.

Answer:

There is no change to the type of capital and technology utilised by KAE in the manufacturing of the goods in the last five years.

5. For each plant capable of producing inputs that could be utilised to make the goods, provide the date that production facility came into operation and the production capacity of the plant over the past five years. The production capacity should be based on an actual production capacity, not a budgeted production capacity. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE has an aluminium melting and casting workshop which began production in [Limited]*, with annual capacity of around [Limited]* MT of aluminium billets.

**[The above information is provided in limited version, which include the details information regarding the company’s business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

6. List any significant investments in the past five years to either upgrade, refurbish or build any of the plants used in the production of the goods.

Provide copies of internal documents which support your claims in response to this question.

Answer:

The significant investments in the past five years of KAE are as follows:

YEAR	Technical renovation project	Main construction contents of the project	Amount of investment
2015	[Limited]*		
2015			
2015			
2015			
2018			
2019			
Total			

Please refer to Exhibit 1 [Limited]* for the major investment record certificate in recent five years.

FOR PUBLIC RECORD

**[The above information and exhibit are provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

7. Confirm whether management reports are prepared on production costs. If yes:
 - (a) specify how often these cost reports are prepared;
 - (b) describe the level of detail in those reports and whether they enable the establishment of costs of producing the goods; and
 - (c) specify to whom within the company these reports are provided; and
 - (d) provide copies of these reports for each month of the investigation period.

Answer:

KAE does NOT prepare management reports on production costs.

SECTION C AUSTRALIAN MARKET

C-1 Prevailing conditions of competition in the Australian market

1. Describe the Australian market for the goods and the prevailing conditions of competition within the market, including:
 - (a) Provide an overall description of the Australian market for the goods which explains its main characteristics and trends over the past five years;

Answer:

KAE notes that the application of extrusions in Australia market are mainly focus on buildings/residential constructions, commercial and industries. Products for residential and commercial use dominate the Australia market for the past [Limited]*years, and the industry is pretty steady.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product;

Answer:

The customers of KAE are mainly wholesalers and manufactures.

- (c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);

Answer:

KAE has no particular proportions of sales revenue from each of those sources of demand listed in (b).

- (d) Describe the factors that influence consumption/demand variability in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;

Answer:

KAE notes that the demand variability in Australia could be affected by many reasons, such as the whole economic environment, property market changes, etc.

- (e) Describe any market segmentations in Australia; such as geographic or product segmentations;

Answer:

KAE conducts product segmentations in Australia by:

- 1) Residential product;**
- 2) Commercial product;**
- 3) Industrial product;**
- 4) Transportation product;**

5) Other products.

- (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);

Answer:

KAE has no particular proportions of sales revenue from each of the market segments listed in (e).

- (g) Describe the way in which Australian manufactured, Chinese and other imported goods compete in the Australian market;

Answer:

KAE notes that the goods from different resources may compete in Australia market by prices, quality and lead time.

- (h) Describe the ways that the goods are marketed and distributed in the Australian market; and

Answer:

KAE positions itself as good quality extruder. KAE mainly sell to big wholesalers and distributors.

- (i) Describe any other factors that are relevant to characteristics or influences on the market for the goods in Australia.

Answer:

KAE does not aware of other factors that are relevant to characteristics or influences on the market for the goods in Australia.

Provide documentary evidence to support the responses made to questions 1(a) to (i).

2. Provide a diagram which describes the Australian market structure for the goods, ensuring that all the categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.

Answer:

KAE does not aware of the whole Australian market structure for the goods, and therefore could not provide such diagram.

3. Describe the commercially significant market participants in the Australian market for the goods at each level of trade over the investigation period. Include in your description:
- names of the participants;

Answer:

KAE awares [Limited]* is a significant market participant in the Australian market.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);

Answer:

KAE awares [Limited]* is a wholesaler and distributor.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- a description of the degree of integration (either vertical or horizontal) for each market participant; and

Answer:

KAE does not aware of the degree of integration (either vertical or horizontal) for [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- an estimation of the market share of each participant.

Answer:

KAE does not aware of the market share of [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

4. Identify the names of commercially significant importers in the Australian market for the goods over the investigation period and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.

Answer:

KAE awares the commercially significant importers in the Australian market for the goods over the investigation period are: JS(Taiao), Zhongya, Panasia, Capral.

KAE does not aware of their market shares, the country each importer imports from and their level of trade in the Australian market.

5. Describe the regulatory framework of the Australian market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

Answer:

KAE is charged certain dumping and countervailing duty and have minimum AEP to apply.

6. Describe any entry restrictions for new participants into the Australian market for the goods. Your response could include information on:
- resource ownership;
 - patents and copyrights;
 - licenses;
 - barriers to entry;
 - import restrictions; and
 - government regulations(including the effect of those government regulations).

Answer:

KAE awares that the new participants could face high dumping duty rates. KAE is not aware of other entry restrictions for new participants into the Australian market for the goods.

In responding to question 6 ensure that relevant regulations are referenced.

C-2 Goods in the Australian market

1. Generally describe the range of the goods offered for sale in the Australian market. The description should include all goods under consideration including those produced by your company. Your description could include information about:
- quality differences;
 - price differences;
 - supply/availability differences;
 - technical support differences;
 - the prevalence of private labels/customer brands;
 - the prevalence of generic or plain labels;
 - the prevalence of premium labels; and
 - product segmentation.

Answer:

The range of the goods offered by KAE for sale in the Australian market have slightly better quality, and are slightly more expensive than the goods offered by other companies.

The lead time of the goods offered by KAE is [Limited]* than local suppliers.

There is no technical support differences between the goods offered by KAE and the goods offered by other companies.

Particular types of goods offered by the KAE are exclusive to certain customers.

KAE does not aware of the prevalence of generic or plain labels, the prevalence of premium labels and the product segmentation in the Australia market.

2. Describe the end uses of the goods in the Australian market from all sources.

Answer:

KAE awares that the end uses of the goods sold by **KAE** in the Australian market include: Home improvement, windows and doors, commercial shop fronts, manufactures, industrial, transportation, buildings, etc.

It's worthy to mention that the product mix of **KAE**'s domestic sale and exports to Australian market are quite different, while [Limited]* of **KAE**'s domestic sales are composed by materials for electronic products and car materials, the exports to Australian market are domined by products for ordinary uses, i.e. for buildings and constructions, as elaborated above. **KAE** respectfully requests the Commission to take this fact into consideration when making the dumping margin calculations.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influencers in order of importance.

Answer:

KAE does not aware of the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market.

4. Identify if there are any commercially significant market substitutes in the Australian market for the goods.

Answer:

KAE does not aware of any commercially significant market substitutes in the Australian market for the goods.

5. Identify if there are any commercially significant market complements in the Australian market for the goods.

Answer:

KAE does not aware of any commercially significant market complements in the Australian market for the goods.

6. Have there been any changes in market or consumer preferences in the Australian market for the goods in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

Answer:

KAE does not aware of any changes in market or consumer preferences in the Australian market for the goods in the last five years.

C-3 Relationship between price and cost in Australia

1. Describe the importance of the Australian market to your company's operations. In your response describe:
 - (a) The proportion of your company's sales revenue derived from sales of the goods in Australia; and
 - (b) The proportion of your company's profit derived from sales of the goods in Australia.

In responding to question 1 please provide evidence supporting calculations.

Answer:

The proportion of KAE's sales revenue derived from sales of the goods in Australia is [Limited]*, which is the same as the proportion of KAE's profit derived from sales of the goods in Australia.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

2. Is your organisation/business entity the price leader for the goods in the Australian market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

Answer:

KAE is not the price leader for the goods in the Australian market as KAE is not the main supplier for the goods. KAE does not aware of the price leader for the goods in the Australian market.

3. Describe the nature of your product pricing (e.g., market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Answer:

KAE determines the price of the product on the basis of [Limited]*. To be specific, the price of KAE's products is equal to [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

4. Explain the process for how the selling prices of the goods for the Australian market by your business are determined. Provide copies of internal documents which support how pricing is determined.

Answer:

KAE determines the price of the product on the basis of cost plus profit.

5. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

Answer:

The price of KAE's products vary [Limited]* according to the LME and ingot premium changes.

[Limited]*, the General Manager of KAU sends the monthly quotation to the customers.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

6. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:
- Competitors' prices
 - Purchase price of raw materials
 - Cost to make and sell the goods
 - Level of inventory
 - Value of the order
 - Volume of the order
 - Value of forward orders
 - Volume of forward orders
 - Customer relationship management
 - Supplier relationship management
 - Desired profit
 - Brand attributes
 - Other [please define what this factor is in your response]

Answer:

KAE notes that the following factors influence KAE's pricing decisions in the Australian market (the following factors have already been ranked):

- 1) Purchase price of raw materials;**
- 2) Cost to make and sell the goods;**
- 3) Desired profit;**
- 4) Volume of the order.**

7. Describe the relationship between selling price and costs to make and sell in the Australian market. Does your company maintain a desired profit margin for the goods? If not, does your company seek to maintain a desired profit margin for the goods? Provide copies of internal documents which support your response to this question.

Answer:

KAE's pricing strategy is that [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

8. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Australian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents which support your claims in response to this question.

Answer:

Please refer to the answers to question B-1.6 and B-1.7 in the EQR KAE Response submitted on April 13, 2020..

9. Do you offer bundled pricing in the Australian market? If yes, explain how the pricing for bundled sales is determined. Explain how the costs to make and sell are considered in establishing these bundled prices for the goods. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE does not offer bundled pricing in the Australian market.

10. Does the volume of sales to a customer or the size of an order influence the selling price? If yes, advise how volume is used to determine selling prices. Explain how the costs to make and sell are considered in establishing volume based prices for the goods. Provide copies of internal documents which support your claims in response to this question.

Answer:

The volume of sales to a customer or the size of an order influence the selling price does NOT influence the selling price of KAE's products.

11. Does your organisation/business entity use sales contracts in the Australian market? If yes:
(a) What proportion of your sales revenue would come from contracted sales versus uncontracted sales?

Answer:

KAE's sales to Australia are made per confirmed purchase orders.

- (b) Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?

Answer:

KAE [Limited]*. Estimately [Limited]* come from exclusivity contracts.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (c) How frequently are sales contracts renegotiated?

Answer:

As stated above, [Limited]* of the sales revenue of KAE comes from order confirmation sales. The price for the order of goods of KAE is redetermined once a month. As the sales contracts are determined on the basis of the price of the orders, it could be regarded as sales contracts are renegotiated once a month.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (d) How frequently are price reviews conducted between contracts?

Answer:

As stated above, the ordinary sales contracts can be regarded as being reviewed [Limited]*. And the [Limited]* are reviewed every [Limited]*.

**[The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]*

- (e) Do you provide opportunities for price reviews for customers within contracts? If yes, provide a description of the process and an explanation of the circumstances that might lead to a price review.

Answer:

KAE provides opportunities for price reviews for exclusive contracts. The factors that lead to the price review include the change of the LME price and the exchange rate.

- (f) Do changes in your costs to make and sell enable you to review prices for customers within contracts?

Answer:

Changes in KAE's costs to make and sell the goods could NOT enable KAE to review prices for customers within contracts.

- (g) Provide a list of the customers under contract during the investigation period and copies of the two largest contracts in terms of sales revenue.

Answer:

Please refer to "Column B Customer name" in the Table "B-2 Australian sales" and Exhibit B-3.1.1 and Exhibit B-3.1.2 submitted in KAE EQR dated April 13, 2020.

12. Provide copies of any price lists for the goods used in the Australian market during the investigation period. If you do not use price lists, describe the transparency of your prices in the Australian market.

Answer:

KAE does not have any fixed price lists for the goods used in the Australian market.

13. How do you differentiate pricing for different products/models of the goods in the Australian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents which support your claims in response to this question.

Answer:

Prices could vary according to the different alloy, large CCD, heavy mass, etc.

14. Do you tier or segment your Australian customers for the goods in terms of pricing? If yes, provide:
- (a) a general description of how this is done;
 - (b) list the factors that influence pricing differentiation in different tiers or segments; and
 - (c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

Provide copies of internal documents which support your claims in response to this question.

Answer:

KAE does not tier or segment its Australian customers for the goods in terms of pricing.

15. Do you sell the goods to related entities in Australia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide copies of any internal documents relevant to establishing pricing to related parties.

Answer:

KAE does not sell the goods to related entities in Australia.

C-4 Marketing and sales support in the Australian market

1. How does your company market the goods in the Australian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

Answer:

KAE markets the goods in the Australian market by its recognized high quality of goods, the good business reputation of KAE, and the reliable services provided.

2. Does your company conduct brand segmentation in the Australian market for the goods? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

Answer:

KAE does not conduct brand segmentation in the Australian market for the goods.

3. Provide examples of your Australian advertising of the goods over the past five years. If you have not used advertising in Australia, provide examples of any other promotion campaigns you have conducted over the investigation period.

Answer:

KAE/KAU does not conduct advertising of the goods or any other promotion campaigns in Australia over the past five years.

4. How many people are in your Australian sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents which support your claims in response to this question.

Answer:

KAU has [Limited]* full time employee and [Limited]*part-time employee in the Australian sales team. The office locates in Camberwell, VIC. The total income for the [Limited]* full time employees is [Limited]*As the performance evaluation is made by [Limited]* of KAU based on multiple, comprehensive indicators or overall considerations, there's not written document on the performance evaluation.

****/The above information is provided in limited version, which include the details information regarding the company's business information. Because the information relates to commercial activities and is sensitive business information, disclosure of them could bring the Company less competitiveness in the market.]***

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents which support your claims in response to this question.

Answer:

Apart from LME , KAE also provides ingot premium and exchange rates to sales staff to assist in establishing pricing for the goods.